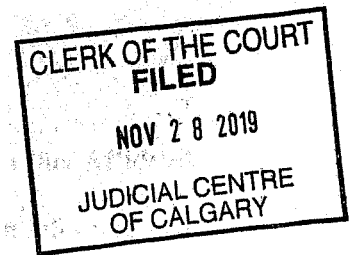


COURT FILE NUMBER: 25-2581252
25-2582159

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF TRAKOPOLIS IoT CORP.

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF TRAKOPOLIS SaaS CORP.

APPLICANTS: TRAKOPOLIS IoT CORP. and TRAKOPOLIS SaaS CORP.

DOCUMENT: **AFFIDAVIT OF CHRIS BURCHELL**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

OSLER, HOSKIN & HARCOURT LLP
Barristers & Solicitors
Suite 2500, 450 – 1st Street S.W.
Calgary, AB T2P 5H1

Solicitor: Randal Van de Mosselaer / Emily Paplawski
Telephone: (403) 260-7060 / 7071
Facsimile: (403) 260-7024
Email: rvandemossealer@osler.com / epaplawski@osler.com
File Number: 1205888

AFFIDAVIT OF CHRIS BURCHELL

Sworn on November 25, 2019

I, Chris Burchell, of the City of Calgary, in the Province of Alberta, make oath and say that:

1. I am the Chief Restructuring Officer of Trakopolis IoT Corp. ("**Trakopolis IoT**") and Trakopolis SaaS Corp. ("**Trakopolis SaaS**") and, together with Takopolis IoT, "**Trakopolis**"). I have served as Chief Restructuring Officer since November 2019, and have been a director of Trakopolis since October 2016. Prior to joining Trakopolis, I was a Managing Director, Investment Banking, at Cormark Securities Inc. ("**Cormark**"). Prior to joining Cormark in 2006, I held various investment banking positions with Scotia Capital Inc.

2. As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where stated to be based on information and belief, in which I believe such information to be true. In preparing this Affidavit, I have consulted with Trakopolis's management team and advisors and reviewed relevant documents and information concerning Trakopolis's operations, financial affairs and marketing activities.

3. I swear this Affidavit in support of an application by Trakopolis for an Order:

- (a) approving an extension of the time for Trakopolis to file a proposal to January 20, 2020, pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended ("**BIA**");
- (b) granting a first ranking administration charge to Alvarez & Marsal Canada Inc., in its capacity as Trustee under the Notice of Intention to Make a Proposal of Trakopolis (the "**Proposal Trustee**"), counsel to the Proposal Trustee and Trakopolis's counsel, as security for their professional fees and disbursements up to the maximum amount of \$400,000 (the "**Administration Charge**");
- (c) granting a second ranking interim financing charge up to the maximum amount of \$500,000 (the "**Interim Financing Charge**");
- (d) granting a third ranking charge to Trakopolis's directors and officers as security for the indemnity of Trakopolis's directors and officers against obligations and liabilities they may incur as directors and officer of Trakopolis after November 24, 2019, up to the maximum amount of \$150,000 (the "**D&O Charge**");
- (e) establishing a sales and investment solicitation process substantially in the form attached as **Exhibit "Q"** hereto (the "**SISP**"); and

- (f) sealing the Confidential Affidavit of Chris Burchell, sworn November 25, 2019 (the “**Confidential Burchell Affidavit**”) on the Court file until further order of this Honourable Court.

A. Notice of Intention to Make a Proposal

4. On November 7 and 9, 2019 (the “**Filing Date**”), Trakopolis IoT and Trakopolis SaaS (respectively) filed Notices of Intention to Make a Proposal with the Office of the Superintendent of Bankruptcy Canada pursuant to section 50.4(a) of the BIA in Court Nos. 25-2581252 and 25-2582159, respectively (the “**NOIs**”). The Proposal Trustee was appointed trustee under the NOIs. Attached as **Exhibit “A”** and “**B**” are copies of the NOIs.

B. Trakopolis’s Business

5. Trakopolis IoT is an Alberta company which trades publicly on the TSX venture exchange under the symbol “TRAK”. Trakopolis SaaS is a wholly owned subsidiary of Trakopolis IoT and operates Trakopolis’ business. Trakopolis IoT also has a U.S. based wholly-owned subsidiary, Trakopolis USA Corp. (“**Trakopolis USA**”), which is incorporated under the laws of Delaware. Trakopolis USA is not subject to any insolvency proceedings.

6. As at November 15, 2019, Trakopolis had 26,152,405 total common shares outstanding, with a fully diluted share structure of 35,659,170 (accounting for all issued warrants and options and all performance based shares).

7. Trading in the shares of Trakopolis IoT on the TSX Venture Exchange was halted on November 4, 2019.

8. Trakopolis is a Software as a Service business operating in the industrial “internet of things” domain with proprietary, cloud-based solutions for real-time tracking, data analysis and management of corporate assets. Trakopolis specializes in developing, marketing and delivering business intelligence to organizations that require the location, status and relevant data on corporate assets such as equipment, devices, vehicles and people through its proprietary platform “Trakopolis”.

9. Trakopolis’s platform operates in the industrial “internet of things”. The “internet of things” is the internet working of bodily gadgets, cars, buildings, and other items embedded with electronics, software program, sensors, actuators, and network connectivity that enable these objects to collect and exchange data. The internet of things permits objects to be sensed and/or controlled remotely across current community infrastructure, thereby creating possibilities for extra direct integration of the physical world into laptop based systems.

10. Trakopolis’s “internet of things” platform connects assets, manages the vast amounts of data they transmit and visualizes the output as useable business intelligence. For example, using Trakopolis’s platform:

- (a) A fleet manager can look at a single dashboard to assess the maintenance schedule of rental machinery spread across an entire continent;
- (b) An operations manager can re-calculate cycle time based on accurate analysis of logging trucks in remote forests; and
- (c) A finance department can streamline compliance requirements such as fuel tax calculations without having to wade through sheaves of paperwork.

11. Trakopolis's platform is built on proprietary software developed by Trakopolis which converts raw data from telematics devices into a presentable format for the end user. Trakopolis then incorporates third party hardware and technology licenses (for example, Microsoft Azure/imbedded Power BI, Google maps, and licensed GIS datasets) to create the end user experience, as presented on Trakopolis's platform. Trakopolis does not own patents covering its platform as: (a) the platform is, in many ways, an aggregate of third party licenses over which Trakopolis has no intellectual property rights; and (b) Trakopolis's software is developing so rapidly that any patent application would be obsolete before it was even received by the Canadian Patent Office.

12. Trakopolis's platform is an enterprise-grade platform which is designed for large organizations with a cross section of assets. While other companies have platforms which convert raw data from telematic devices into a presentable format for the end user, these platform typically relate to only one defined asset. Trakopolis's platform is agnostic to hardware and is designed to track assets of any variety (including equipment, vehicles, people, etc.) at an enterprise-based level, regardless of the type or location of the asset or hardware used.

13. Trakopolis's business has grown tremendously in the last 5 years. Until 2014, Trakopolis offered only basic asset tracking services showing the location and time of an asset displayed on a map. In 2014, Trakopolis introduced advanced asset tracking services providing custom features like geo-fences, analytics, driver behaviour and engine diagnostics. Since 2014, Trakopolis has introduced: (a) enterprise asset tracking providing audit and big data capabilities and advanced analytics; (b) ELD (i.e., "electronic logging device", being mobile technology to carry out pre and post-trip inspections and reporting during the 'walk round') through advanced API integration of

partner technologies with advanced asset tracking; and (c) enterprises asset tracking with Loneworker (safety solution) and connected gas monitors.

14. The significant increase of services offered by Trakopolis since 2011 has resulted in the rapid growth of Trakopolis's customer base and revenues. In 2011, Trakopolis had approximately 1,000 subscribers for its services. By March 2019, this number had grown to just under 18,000 subscribers. Similarly, in 2011, Trakopolis's subscription revenue totalled less than \$0.5 million. By 2018, its subscription revenues had grown to just under \$5 million. Trakopolis's monthly recurring revenue has grown from approximately \$275,000 per month in September 2016 to approximately \$400,000 per month in August 2019.

15. Trakopolis markets and sells subscriptions for its services both directly and through partnerships with various organizations. Directly, Trakopolis markets to companies and public entities of all sizes and across numerous industries, including oil and gas, forestry, transportation, construction, rentals, urban services, mining and government. Trakopolis's largest customers are Chesapeake Energy, Forbes Brothers, Driving Force Rentals, Compact Compression, Tarpon Energy, Layne Christensen Company, and Chalk Mountain Energy Services.

16. Trakopolis also markets through partnerships with the following entities:

- (a) Bell and Telus, both of which purchase Trakopolis services at wholesale rates and resell such services broadly to their customers;
- (b) Driving Force, which bundles Trakopolis's services with other fleet services it offers and sells such bundled services to its customers;
- (c) Honeywell, which bundles gas monitors with Trakopolis telematic solutions. While Trakopolis maintains the customer relationship and provides continuing services to

the customer following purchase of the gas monitor, Honeywell is provided with a share of the profits from every bundled solution sold by Trakopolis; and

- (d) Microsoft, which markets its Azure Cloud Computing Platform & Services (“**Microsoft Azure**”) and, indirectly, Trakopolis’s platform which incorporates Microsoft Azure. In marketing Trakopolis’s platform and services, Microsoft, in turn, increases usage of Microsoft Azure.

17. As at November 15, 2019, Trakopolis has approximately 440 customers and 75% of these customers are long-term, legacy customers of Trakopolis which purchase Trakopolis’s services on a month to month basis. The remaining 25% of Trakopolis’s customers have 12, 24 or 48 month contracts with the company. 60% of Trakopolis’s subscription revenue is generated from customers with fixed term contracts. Since 2018, the majority of all new customers of Trakopolis have executed one or more fixed term contracts.

18. Trakopolis’s business is administered from its head office in Calgary, Alberta. As at November 15, 2019, Trakopolis had 19 employees, all of which are based out of its head office in Calgary. Of the 19 employees, 2 employees have given Trakopolis their notice of resignations and are working through their notice period. One additional employee has been given his three-month working notice.

C. Assets and Liabilities of Trakopolis

19. There are no stand-alone financial statements for Trakopolis IoT, Trakopolis SaaS, or Trakopolis USA. Trakopolis’s financial reporting is done on a consolidated basis and reported through Trakopolis IoT. Attached as **Exhibit “C”** is a copy of Trakopolis IoT’s Consolidated Financial Statements for the years ended December 31, 2018 and 2017. Attached as **Exhibit “D”**

is a copy of Trakopolis IoT's Condensed Consolidated Financial Statements for the three and six months ended June 30, 2019 and 2018. At the time of swearing of this Affidavit, Trakopolis IoT's consolidated financial statements for the nine months ended September 30, 2019 have not yet been finalized.

20. A copy of Trakopolis IoT's draft consolidated statements of financial position for the month ended August 31, 2019 is attached hereto as **Exhibit "E"** (the "**Draft August Financials**"). A review of the information contained in the Draft August Financials is as follows:

(a) *Assets*

As at August 31, 2019, Trakopolis IoT had total assets of \$2,495,777 comprised of:

- Cash and Cash Equivalents – \$1,008,971
- Accounts Receivable – \$1,085,583
- Prepaid Expenses - \$63,288
- Inventory – \$247,610
- Property and Equipment - \$90,325

(b) *Liabilities*

- Accounts Payable and Accrued Liabilities – \$1,623,088
- Deferred Revenue - \$58,446

D. Financial Position of Trakopolis

(c) *ESW Credit Facility*

21. Trakopolis SaaS is indebted to ESW Holdings, Inc. (the "**Lender**") pursuant to a Loan and Security Agreement, dated November 15, 2018 (as amended and restated on November 27, 2018, March 15, 2019, and August 2, 2019, the "**Credit Agreement**"). Trakopolis SaaS's obligations under the Credit Agreement are secured by a continuing security interest in all of Trakopolis SaaS's personal property of every kind, whether presently existing or hereafter created or acquired, and wherever located including, but not limited to, accounts chattel paper, equipment, documents of title, intangibles, investment property and inventory. A copy of the Credit Agreement is attached hereto as **Exhibit "F"**.

22. To secure its obligations under the Credit Agreement, Trakopolis SaaS further provided the Lender with: (a) a Notice of Security Interest in Intellectual Property, attached hereto as **Exhibit "G"**; (b) an Assignment of Insurance Policies, attached hereto as **Exhibit "H"**; and (c) a General Security Agreement, attached hereto as **Exhibit "I"**.

23. Trakopolis IoT and Trakopolis USA:

- (a) guaranteed the obligations of Trakopolis SaaS to the Lender under the Credit Agreement pursuant to Guarantees granted November 27, 2018, attached hereto as **Exhibit "J"**; and
- (b) granted the Lender security over all their present and after acquired personal property pursuant to the terms of General Security Agreements granted November 27, 2018, to secure the obligations of Trakopolis SaaS under the Credit Agreement ("**General Security Agreements**"). Copies of the General Security Agreements are attached hereto as **Exhibit "K"**.

24. In addition to the foregoing, Trakopolis SaaS also pledged all equity interests it holds in Trakopolis USA pursuant to a Share Pledge Agreement, granted November 27, 2018 (“**Share Pledge Agreement**”), as security for Trakopolis SaaS’s obligations under the Credit Agreement. A copy of the Share Pledge Agreement is attached hereto as **Exhibit “L”**.

25. As at the Filing Date, approximately \$3.4 million USD was outstanding under the ESW Facility.

(b) ***Convertible Debentures***

26. On June 21, 2018, Trakopolis IoT completed a non-brokered private placement of 1,100 units (“**Units**”) comprised of \$1,000 unsecured subordinated convertible debentures (the “**Convertible Debentures**”) bearing an interest rate of 8% and 55.556 common shares in the capital of Trakopolis IoT, raising gross proceeds of \$1,100,000. The common shares component of the Units were recognized as a financing fee and upon closing, Trakopolis IoT issued 61,112 common shares. The Convertible Debentures mature on September 30, 2020 with interest payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The Convertible Debentures provide, among other things, that accrued interest may be paid by Trakopolis IoT in cash or, at its option and subject to any required regulatory approval, in common shares in the capital of Trakopolis IoT. A copy of the Convertible Debenture is attached hereto as **Exhibit “M”**.

27. Subsequent to June 30, 2019, Trakopolis, as per the terms of the Convertible Debentures notified the debenture holders that future interest payments will be paid in the form of common shares at a price equal to the volume weighted average trading price for the 20 days ending on the fifth day prior to the date on which the interest payments are due. Trakopolis has not paid any interest to the debenture holders, whether in cash or in common shares, since June 30, 2019.

28. As at the Filing Date, approximately \$1,135,770, comprised of \$1,100,000 of principal and \$35,770 of accrued and unpaid interest, was outstanding under the Convertible Debentures.

(c) ***Shareholders Loans***

29. Trakopolis is indebted to one or more shareholders pursuant to the following two shareholder loans:

(c) a \$50,000 unsecured convertible term loan due on February 8th, 2023 that has a 10% annual interest rate; and

(d) a \$175,000 unsecured convertible term loan due on February 8th, 2023 that has a 10% annual interest rate (together, the “**Shareholder Loans**”).

30. Both Shareholder Loans include a conversion feature that provide Trakopolis the right to convert a full or partial amount of the principal outstanding at any point throughout the term of the loan at a 20% discount to the last 20 days weighted average price of the common shares of Trakopolis IoT.

31. As at the Filing Date, approximately \$225,000 was outstanding under the Shareholder Loans.

(c) ***Promissory Notes***

32. As discussed further below, on August 2, 2019, the Lender and Trakopolis executed an Amending Agreement to the Credit Facility (the “**Amending Agreement**”) which provided, among other things, that Trakopolis’s liquidity must be at, or above, \$800,000 USD on or before August 12, 2019. Trakopolis raised \$74,000 in the form of promissory notes (the “**Promissory Notes**”) from friends, family, management and the Trakopolos board of directors prior to August

12, 2019 and achieved the liquidity milestone. The Promissory Notes bear a 10% annual interest payable, with interest accruing until maturity.

33. The Promissory Notes matured on November 15, 2019. As at the swearing of this Affidavit, the Promissory Notes remain outstanding. Trakopolis has not paid any principal or interest on the Promissory Notes.

(a) *Trade Debt*

34. Based on Trakopolis's books and records, as at the Filing Date, approximately \$1,367,253 is owed to unsecured trade creditors, comprised largely of amounts owing to third parties in relation to technology use licenses and data requirements for the proper functioning of the Trakopolis platform. Such amounts include:

- (a) approximately \$167,000 owing to Bell Mobility for data services;
- (b) approximately \$145,000 owing to Keep Truckin for use of its electronic logging device;
- (c) approximately \$107,000 owing to Microsoft Corporation for Microsoft Azure licensing fees; and
- (d) approximately \$288,000 owing to Skywave for hardware and satellite data.

35. As discussed above, Trakopolis is an aggregator of third party hardware and technology licenses (for example, Microsoft Azure, Google maps, and licensed GIS datasets) to create the end user experience, as presented on Trakopolis's platform. Payment of the foregoing unsecured trade obligations, among others, is critical to ensuring the continued operation of the Trakopolis

platform. Without continued access to necessary third party hardware and licensing rights, the Trakopolis platform will not function, thereby depleting the vast majority of Trakopolis's value.

E. Events Leading to Trakopolis Insolvency

(a) Trakopolis's Early Financing Efforts

36. As discussed above, Trakopolis has experienced rapid growth both from a development and project offering perspective, and from a customer perspective. Such rapid growth requires readily accessible capital to fund ongoing growth and development. In order to ensure access to such necessary capital, Trakopolis entered into a credit agreement (the "**SVB Credit Agreement**") in February 2018 with Silicon Valley Bank ("**SVB**") which provided Trakopolis with a \$1.5 million USD term loan and a \$2.0 million USD revolving line of credit (the "**SVB Facility**"). The SVB Facility was used, among other things, to retire Trakopolis's previous \$1.6 million credit facility with B.E.S.T. Funds and fund ongoing operations.

37. In late March 2018, Trakopolis determined that it would be non-compliant with one or more covenants under the SVB Credit Agreement for the quarter ended March 31, 2018 as the result of challenges posed by Trakopolis's earlier efforts to develop an electronic logging device ("**ELD**"). (This initiative was in response to a requirement introduced by the U.S. Federal Motor Carrier Safety Administration in December 2015 that all long haul carriers in the United States be equipped with an ELD by no later than December 2017.) Trakopolis saw the significant demand which would be caused by such requirement for, among others, Canadian trucking operators transiting through the United States. Trakopolis accordingly commenced development and marketing of ELDs in 2016.

38. Trakopolis shortly discovered that as ELDs are similar to a consumer-based product, and are not readily sold on an enterprise-based level, the administering and supporting of ELDs directly to the customer required enormous resources. Trakopolis's efforts to market and sell the ELDs soon began to overrun the business and consume all available resources. It became apparent to Trakopolis in 2017 that its business model did not accord with such customer supported sales and the only feasible solution was to find a partner better equipped to handle such customer demands. Trakopolis found, and eventually entered into a partnership with, Keep Truckin for the marketing and sale of its ELDs.

39. Trakopolis's venture into the development and marketing of ELDs was a significant drain on its resources, and left Trakopolis requiring a refocusing of its business strategy and personnel. It also left Trakopolis risking a covenant default under the SVB Credit Agreement as at March 31, 2018. In order to address Trakopolis's liquidity issues, Trakopolis completed a non-brokered private placement of Units consisting of the Convertible Debentures and common shares of Trakopolis IoT. The private placement closed on June 21, 2018, raising \$1.1 million CAD and resulted in the issuance of \$1.1 million CAD of Convertible Debentures and 61,112 common shares of Trakopolis IoT.

40. By the spring of 2018, it was clear to Trakopolis that it required an equity injection to ensure the ongoing and continued growth of the company. Accordingly, between April and June 2018, Trakopolis met with various investors and brokerages firms to assess the availability of equity financing for Trakopolis. As a result of such meetings, on June 21, 2018, Trakopolis received a Letter of Intent (the "**First LOI**") from a large, third party corporation (the "**First Interested Party**"), followed by a proposal from a second third party corporation (the "**Second**

Interested Corporation") on June 25, 2018 and a Letter of Intent on June 29, 2018 (the "**Second LOI**").

41. In response to the interest received by Trakopolis for a potential transaction, Trakopolis formed a special committee (the "**Special Committee**") of the Trakopolis Board of Directors (the "**Board of Directors**") on June 28, 2018, to consider the First LOI and the Second LOI. With unanimous support of the Board of Directors, Trakopolis executed the Second LOI on June 29, 2018 and engaged in ongoing due diligence and negotiations with the Second Interested Party throughout July. Throughout this period, discussions continued between Trakopolis and the First Interested Party.

42. On July 26, 2018, the Second Interested Party informed the Special Committee that it would not proceeding with a transaction due to the significant additional capital and resources necessary to advance the Trakopolis platform and products to the desired specification. While Trakopolis attempted to re-engage the First Interested Party in discussions about the First LOI and the potential for a transaction, the First Interested Party declined to participate.

43. With Trakopolis in significant need of an equity injection, and facing a requirement under an amendment to the SVB Credit Agreement requiring that Trakopolis execute a term sheet for subordinated debt or equity financing of not less than \$3 million CAD by July 31, 2018, Trakopolis engaged Canaccord Genuity ("**CG**") on August 31, 2018 to make best efforts to complete a private placement of \$3 million CAD in units consisting of unsecured subordinated convertible debentures and common shares of Trakopolis IoT. CG and Trakopolis determined it was unlikely the proposed private placement would be successfully completed.

(b) Trakopolis Engages Canaccord Genuity to Commence a Marketing Process

44. On October 11, 2018, Trakopolis engaged CG to solicit interest in a sale, refinancing or other corporate transaction involving Trakopolis or the assets of Trakopolis.

45. Concurrent with the engagement of CG, Trakopolis negotiated the Credit Agreement with the Lender which was used to retire the SVB Facility in mid-November 2018.

46. Between November 2018 and February 2019, CG and Trakopolis contacted 53 potential bidders. Of these parties, 22 executed non-disclosure agreements, were granted access to the Trakopolis data room, and engaged in ongoing due diligence and discussions with CG and Trakopolis. Trakopolis and CG provided management presentations to 22 parties. CG invited interested parties to submit a confidential, written and non-binding proposal on or before January 29, 2019 by 5:00 p.m. (EST). Attached as **Exhibit "N"** is a redacted example of CG's letter to potential bidders.

47. As a result of CG's and Trakopolis's efforts, two expressions of interest were received in February 2019 for the purchase of all issued and outstanding shares of Trakopolis. While Trakopolis, through CG, verbally accepted one expression of interest and commenced discussion with the third party regarding the terms of a transaction, in late February 2019, the third party declined to participate further in the process because of an internal issue. Further details of the two expressions of interest received by Trakopolis in February 2019 are included in the Confidential Burchell Affidavit.

48. Following termination of the third party expression of interest, the Board of Directors determined that Trakopolis must shift from a growth-oriented business plan to one focused on achieving a break-even level of EBITDA in order to attract potential bidders or a new financing. The Board of Directors was advised by CG that consistent feedback received from potential bidders during the initial months of the marketing process was that Trakopolis's significant secured

debt to the Lender and continued cash operating losses were significant deterrents to the viability of a transaction.

49. In accordance with this information, in March 2019, the Board of Directors engaged a third-party consultant to review the business and operations of Trakopolis, provide recommendations to streamline the sales and technology segments of the business, and achieve cost-saving measures. In April 2019, the consultant provided his recommendations to Trakopolis and, in accordance with such recommendations, Trakopolis:

- (a) terminated the employment of approximately 15 people;
- (b) initiated a relocation to a smaller office space with lower base rent;
- (c) consolidated environments and leveraged different pricing tools within Microsoft Azure; and
- (d) obtained the agreement of the Board of Directors to waive their previously-deferred fees from March 2018 onward.

50. Following implementation of the foregoing cost cutting measures, Trakopolis sought the agreement of ESW to relax certain covenants and extend the term under the Credit Agreement to assist in demonstrating to potential bidders that Trakopolis had made significant improvements to its operating and financial performance. On August 2, 2019, Trakopolis and the Lender agreed to amend the Credit Agreement (the “**Amending Agreement**”) to, among other things, relax Trakopolis’s liquidity covenant. Trakopolis agreed as part of the amendment to the Credit Agreement: (a) to meet a US\$800,000 liquidity covenant which was achieved through the issuance of \$74,000 of Promissory Notes; (b) that it would provide the Lender with a financing plan that contemplated full repayment of the ESW Facility by no later than September 30, 2019, which date

was subject to extension by the Lender; and (c) that it would pursue an equity raise in the aggregate amount of not less than \$3.0 million CAD and make a public announcement with respect to such financing by no later than August 7, 2019. Attached as **Exhibits “F” and “O”**, respectively, are copies of the Amending Agreement and Trakopolis’s August 7th public announcement.

51. As required under the Amending Agreement, CG reinvigorated its efforts to solicit interest in a sale, refinancing or other corporate transaction involving Trakopolis or the assets of Trakopolis, reaching out to all parties which had previously signed NDAs and/or expressed interest in a potential transaction. CG requested that all expressions of interest be received by Trakopolis on or before August 31, 2019. A copy of Trakopolis’s Confidential Information Memorandum circulated to all previously engaged parties remaining under NDA is attached as an Exhibit to the Confidential Burchell Affidavit.

52. Between August 13, 2019 and September 3, 2019, Trakopolis received four written expressions of interest and one verbal expression of interest proposing various transaction structures, including: (a) a sale of all the issued and outstanding shares of Trakopolis; (b) a sale of all, or substantially all, of Trakopolis’s assets; and (c) a refinancing. Further details of the five expressions of interest received by Trakopolis in August and September 2019 are included in the Confidential Burchell Affidavit.

53. Following receipt of the expressions of interest, the Board of Directors unanimously agreed to pursue negotiation of a potential transaction with the party determined to have made the highest or otherwise best expression of interest. Negotiations progressed over the next month before the party indicated to Trakopolis that it was revising the terms of its expression of interest to reduce the purchase price initially offered.

54. While Trakopolis was in negotiations with the party regarding the revised purchase price, an investor group made an unsolicited proposal to restructure Trakopolis's debt by means of a capital injection and new credit facility. Throughout October, Trakopolis, the Lender and the investor group negotiated various capital solutions and structures which were satisfactory to all three parties. On October 31, 2019, the investor group indicated to the Lender and Trakopolis that it required an additional 10-days to complete its financing. Further details of the unsolicited proposal and proposed restructuring are included in the Confidential Burchell Affidavit.

55. Various of the foregoing expressions of interest, if concluded, would have paid out the Lender in full.

56. On November 1, 2019, the Lender demanded under the Credit Agreement and served Trakopolis with a 10-day notice of its intention to enforce its security against all, or substantially all, of Trakopolis's assets. Attached as **Exhibit "P"** are copies of the Lender's demand letters and notices.

F. Requirement for an Extension of the Stay

57. Trakopolis requires an extension of the stay until January 20, 2020 so that it can conclude its marketing efforts to maximize value for the benefit of all stakeholders. Since the Filing Date, Trakopolis has continued canvassing a potential sale or refinancing transaction with numerous parties. As at the time of swearing of this Affidavit, Trakopolis, CG and/or the Proposal Trustee have been contacted by approximately 15 parties expressing an interest in a sale or refinancing transaction. To date, Trakopolis has already received one unsolicited bid, one indication of interest and one refinancing proposal from third parties which are sufficient to retire the ESW Facility and pay some or all of Trakopolis's unsecured debt. Other expressions of interest that have been received would, if concluded, likewise be sufficient to retire the ESW Facility and pay some of

Trakopolis's unsecured debt. Discussions remain ongoing with these three bidders/financers and with the other approximately 12 parties.

58. As discussed further below, the sale process being proposed by Trakopolis is extremely abbreviated as significant marketing efforts have already been completed throughout 2019 by Trakopolis and CG, and Trakopolis and the Proposal Trustee can leverage these previous efforts. A substantial portion of the third parties in discussions with Trakopolis and the Proposal Trustee regarding a potential transaction have already completed significant due diligence. A fulsome and extended sale process is therefore not required. What is required is a short period of time to permit Trakopolis to conclude a transaction to maximize value for the benefit of all stakeholders.

59. Trakopolis has significant value beyond its debt to the Lender. The unsolicited bid received by Trakopolis within these proceedings, and other expressions of interest that have been received by Trakopolis and the Proposal Trustee, would be sufficient to retire the ESW Facility and provide value to Trakopolis's unsecured creditors. Further, of the seven expressions of interest received by Trakopolis as part of its marketing process in 2019, six attributed value to Trakopolis beyond the ESW Facility. All indications of value point to the Lender being sufficiently secured and to the existence of value for Trakopolis's unsecured creditors and other stakeholders.

60. If Trakopolis were to cease operations and liquidate, it is likely that significant value would be lost. Trakopolis is not an asset-based company lending itself to a simple liquidation process. As discussed above, Trakopolis is an aggregator of third party technology and licenses to create an end user experience. Trakopolis has very little equipment and hardware which could be liquidated. The vast majority of value in Trakopolis is based on the monthly subscription revenue received from customers for their use of Trakopolis's platform and other services. Trakopolis's value is only realizable in its continued operation.

61. Further, the continued operation of Trakopolis's platform and the provision of Trakopolis's services requires a very unique and in-depth technical knowledge of Trakopolis's software and the interaction of such software with various third party technology licenses. Any interruption or loss of this expertise by the appointment of a Receiver could be disastrous to the value of Trakopolis. As the vast majority of value in Trakopolis is based in its monthly subscription revenue, any interruption in Trakopolis's services, any reduction in the level of service, or any loss of expertise could threaten the ongoing viability of Trakopolis's long-term customer relationships, thereby devastating Trakopolis's value.

62. If a Receiver were to be appointed, it would likely have to perform many of the same tasks being undertaken currently by Trakopolis and the Proposal Trustee, including conducting a sales and market solicitation process. However, the Receiver would have to perform such process without technical expertise, customer and partner relationships, and institutional knowledge. As a result, I do not believe that any creditor including, but not limited to, the Lender, will be materially prejudiced by the requested extension.

63. The requested extension is being sought to protect Trakopolis's business and operations to allow Trakopolis to realize value for its stakeholders and develop a viable proposal. Either through a refinancing or a sale of its highly specialized platform, I believe that preserving the value of the business in the proposed manner will achieve a better result for Trakopolis's stakeholders than would a liquidation. I believe that the extension of the period to make a proposal until January 20, 2020, should be enough time to: (a) allow Trakopolis to complete the proposed sale process, obtain offers from potential financiers or purchasers who have expressed interest in refinancing or acquiring Trakopolis's business, and select a successful bidder; and (b) formulate a viable

proposal. Accordingly, Trakopolis is proposing an abbreviated sales process, which is detailed below.

G. Requirement for Admin Charge

64. The requested relief contains a first ranking charge against Trakopolis's property as security for professional fees and disbursements incurred by its counsel, the Proposal Trustee and the Proposal Trustee's counsel both prior to and after filing the NOI. Trakopolis has not provided any retainer to its counsel, and has provided a \$75,000 retainer to the Proposal Trustee.

65. Trakopolis requires the services of its counsel, the Proposal Trustee and the Proposal Trustee's counsel to develop a viable proposal. I believe that the Administration Charge is reasonable and appropriate in the circumstances and critical to the success of Trakopolis's insolvency proceedings.

H. Requirement for DIP Financing

66. Trakopolis's 13-Week Cash Flow Forecast (the "**Cash Flow**") shows that Trakopolis will likely require an injection of funds to ensure its continued operation in or about week 12 of these Proceedings (January 31, 2020). The Cash Flow estimates that funds in the amount of \$250,000 CAD will be required largely to pay accrued professional fees within these Proceedings. Trakopolis is therefore proposing to secure interim financing in the amount of \$500,000 to provide a buffer against any contingencies that may arise. At the moment, Trakopolis only foresees that \$250,000 of the interim financing will be required.

67. Trakopolis proposes to secure the interim financing with an Interim Financer's Charge in these Proceedings, ranking only behind the Administration Charge.

68. While Trakopolis has not yet secured the proposed interim financing, it seeks an order approving the requested Interim Financer's Charge. Prior to Trakopolis drawing on, or otherwise accessing any interim financing it may secure, Trakopolis will apply to this Court, on notice to ESW and other interested stakeholders, for an order approving the terms of the interim financing facility.

I. Requirement for a D&O Charge

69. The requested relief contains a third ranking charge against Trakopolis's property as security for the indemnity of Trakopolis's directors and officers against obligations and liabilities they may incur as directors and officer of Trakopolis after November 24, 2019, up to the maximum amount of \$150,000.

70. Trakopolis held D&O insurance with Lloyd's of London/CFC Underwriting Limited with aggregate coverage limited to \$5.0 million (the "**Policy**"). Coverage under the Policy was to expire on October 24, 2019. In early October, Trakopolis contacted its insurance provider to renew the Policy but was advised that the underwriter declined further coverage due to Trakopolis's financial position. The insurer provided Trakopolis with a one month extension to the Policy to November 24, 2019 to secure alternative coverage. Trakopolis contacted both Marsh and Aon, the two largest providers of D&O liability insurance in Canada, but was informed that due to these Proceedings, they were uninsurable. As a result, Trakopolis has not been able to secure ongoing insurance coverage for its directors and officers.

71. Trakopolis requires the services of its directors and officers to develop a viable proposal. Its directors and officers have the technical and institution knowledge, experience, and relationships necessary to preserve the value of Trakopolis and maximize the chances of a successful restructuring.

J. Sale Process

72. Trakopolis is proposing to conduct a short, abridged sale process within these proceedings which builds on the previous work completed by CG and Trakopolis throughout late 2018 and 2019. In particular, Trakopolis is proposing to:

- (a) conduct a short marketing process to permit the approximately 15 third parties which have contacted the Companies, Proposal Trustee and/or CG since the Filing Date to express their interest in completing a transaction with the Companies (including the 8 new parties which have become involved in the marketing process since the Filing Date) to complete their due diligence and submit a bid to the Proposal Trustee;
- (b) establish a bid deadline of January 10, 2020 at 5:00 p.m. (MST);
- (c) preserve the ability of the Companies, in consultation with the Proposal Trustee, to select one or more interested parties to serve as a stalking horse bidder in order to maximize the value of the Companies for the benefit of all stakeholders;
- (d) establish a deadline for the Companies, in consultation with the Proposal Trustee, to identify the highest or otherwise best Qualified Bid(s) (as defined in the SISP) received and notify the Qualified Bidders of the identities of the Successful Bidders (as defined in the SISP) on or before January 24, 2020 at 5:00 p.m. (MST); and
- (e) establish a deadline for the Companies to finalize definitive agreements with the Successful Bidder(s), condition upon approval of the Court, by no later than February 7, 2020 at 5:00 p.m. (MST).

A copy of the proposed SISP is attached as hereto as **Exhibit "P"** ~~"Q"~~

73. The proposed SISP has been created by the Companies in consultation with the Proposal Trustee and with a view to both capitalizing on prior work conducted by CG in its marketing process and ensuring that third parties who were not previously involved in the CG marketing process have sufficient time to complete their due diligence and submit a bid to the Companies. The SISP is designed to permit a fair, efficient, competitive, and value-maximizing process for the assets or business of Trakopolis.

SWORN BEFORE ME at the City of
Calgary, in the Province of Alberta, this
25th day of November, 2019.



Commissioner for Oaths/Notary Public in
and for the Province of Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

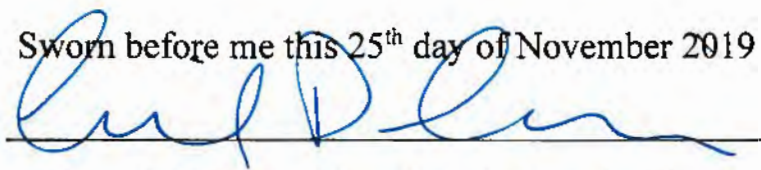


Chris Burchell

This is Exhibit "A" referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-2581252
Estate No. 25-2581252

In the Matter of the Notice of Intention to make a
proposal of:

Trakopolis IOT Corp.
Insolvent Person

ALVAREZ & MARSAL CANADA INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: November 07, 2019

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 08, 2019, 09:29

E-File/Dépôt Electronique

Official Receiver

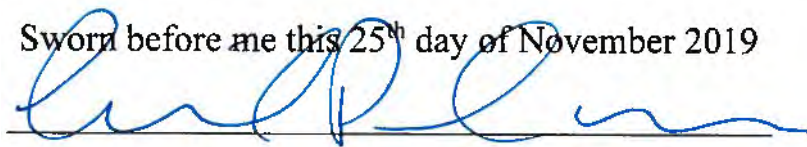
Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

This is Exhibit “B” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-2582159
Estate No. 25-2582159

In the Matter of the Notice of Intention to make a
proposal of:

Trakopolis SaaS Corp.
Insolvent Person

ALVAREZ & MARSAL CANADA INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: November 09, 2019

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 12, 2019, 09:37

E-File/Dépôt Electronique

Official Receiver

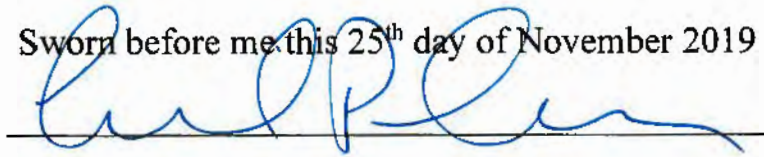
Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

This is Exhibit "C" referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

CONSOLIDATED FINANCIAL STATEMENTS OF
TRAKOPOLIS IOT CORP.
YEARS ENDED DECEMBER 31, 2018 AND 2017



KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB
T2P 4B9
Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Trakopolis IoT Corp.

Opinion

We have audited the consolidated financial statements of Trakopolis IoT Corp. (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2018 and December 31, 2017
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements which indicates that the Company incurred a loss of \$4,243,395 and utilized cash in operations of \$2,781,616 during the year ended December 31, 2018, and has net current liabilities of \$1,758,743 as at December 31, 2018.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with



them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this auditors' report is Lee Bardwell.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

April 30, 2019

TRAKOPOLIS IOT CORP.

Consolidated Statements of Financial Position
As at December 31, 2018 and December 31, 2017

	December 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$1,965,833	\$2,073,521
Accounts receivable (note 20)	1,152,270	1,763,390
Inventory (note 3)	454,871	570,821
Prepaid expenses	59,374	119,823
	3,632,348	4,527,555
Property and equipment (note 4)	107,879	106,193
	\$3,740,227	\$4,633,748
Liabilities and Shareholders' equity (deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	\$1,704,250	\$2,375,337
Deferred revenue	67,639	26,219
Provision for onerous lease (note 14)	-	35,962
Current shareholder loans (note 5)	45,263	223,461
Current portion of finance lease (note 18)	27,979	24,260
Current portion of debt (note 6)	3,545,960	230,171
	5,391,091	2,915,410
Shareholder loans (note 5)	210,812	-
Long term portion of lease (note 18)	13,428	20,974
Convertible Debenture (note 7)	917,037	-
Long term debt (note 6)	-	1,079,877
	1,141,277	1,100,851
Shareholders' equity (deficiency)		
Share capital (note 8)	25,922,643	25,859,383
Warrants (note 8(b))	1,056,081	763,835
Contributed surplus	2,429,754	2,098,208
Equity component of convertible debt (note 7)	163,702	29,057
Accumulated other comprehensive income	6,211	(5,859)
Deficit	(32,370,532)	(28,127,137)
	(2,792,141)	617,487
Going concern (note 1)		
Subsequent events (notes 6 and 21)		
	\$3,740,227	\$4,633,748

See accompanying notes to consolidated financial statements.

Approved by the Board:



Director

TRAKOPOLIS IOT CORP.

Consolidated Statements of Operations and Comprehensive Loss
For the year ended December 31, 2018 and 2017

	Year ended December 31, 2018	Year ended December 31, 2017
Revenue:		
Subscription sales	\$4,735,011	\$3,943,515
Hardware sales	1,582,643	5,381,081
Software development	-	151,781
Other revenue	20,962	25,110
	6,338,616	9,501,487
Cost of sales	2,758,888	6,251,550
Gross profit	3,579,728	3,249,937
Expenses:		
General and administrative	2,695,096	3,156,023
Sales and marketing	1,366,514	1,785,855
Services and Support	588,991	751,435
Technology	1,970,522	1,152,382
	6,621,123	6,845,695
Loss before undernoted	(3,041,395)	(3,595,758)
Finance expense:		
Derivative liability fair value adjustment	27,890	64,362
Interest on debt and loans	584,432	307,492
Other expense	96,056	27,056
Accretion expense	230,472	220,155
Loss on foreign exchange	229,451	-
	1,168,301	619,065
Amortization and depreciation expense	33,699	294,399
Gain on insured property and equipment	-	(22,997)
Gain on derecognition of intangible asset (note 19)	-	(390,970)
Net loss	(4,243,395)	(4,095,255)
Other comprehensive loss		
Foreign currency translation gain (loss)	12,070	(5,859)
Net loss and comprehensive loss	\$(4,231,325)	\$(4,101,114)
Loss per share:		
Basic and diluted (note 17)	\$(0.16)	\$(0.17)
Weighted average number of shares:		
Basic	26,117,603	24,215,200

See accompanying notes to consolidated financial statements.

TRAKOPOLIS IOT CORP.

Consolidated Statements of Changes in Equity
For the year ended December 31, 2018 and 2017

	Share capital	Warrants	Contributed surplus	Equity component of debt	Accumulated other comprehensive income	Deficit	Total equity (deficiency)
Balance, December 31, 2016	\$ 23,895,466	\$ 221,480	\$ 1,690,655	\$ 29,057	\$ -	\$(24,031,882)	\$ 1,804,776
Common shares issued (note 8)	2,311,378	-	(543,703)	-	-	-	1,767,675
Warrants issued (note 8(b ii))	(355,230)	355,230	-	-	-	-	-
Warrants on debt (note 8(b iii))	-	189,395	-	-	-	-	189,395
Vesting of RSUs	-	-	63,716	-	-	-	63,716
Share-based compensation (note 10(d))	-	-	887,540	-	-	-	887,540
Exercise of warrants	7,769	(2,270)	-	-	-	-	5,499
Foreign currency translation loss	-	-	-	-	(5,859)	-	(5,859)
Net loss for the year	-	-	-	-	-	(4,095,255)	(4,095,255)
Balance, December 31, 2017	\$ 25,859,383	\$ 763,835	\$ 2,098,208	\$ 29,057	\$ (5,859)	\$(28,127,137)	\$ 617,487
Balance, December 31, 2017	\$ 25,859,383	\$ 763,835	\$ 2,098,208	\$ 29,057	\$ (5,859)	\$(28,127,137)	\$ 617,487
Common shares issued (note 8)	13,148	-	(13,148)	-	-	-	-
Share based compensation (note 10 (d))	-	-	315,637	-	-	-	315,637
Debt issuance (note 6 and 7)	50,112	292,246	-	163,702	-	-	506,060
Debt extinguishment (note 5)	-	-	29,057	(29,057)	-	-	-
Foreign currency translation gain	-	-	-	-	12,070	-	12,070
Net loss for the year	-	-	-	-	-	(4,243,395)	(4,243,395)
Balance, December 31, 2018	\$ 25,922,643	\$ 1,056,081	\$ 2,429,754	\$ 163,702	\$ 6,211	\$(32,370,532)	\$(2,792,141)

See accompanying notes to consolidated financial statements.

TRAKOPOLIS IOT CORP.

Consolidated Statements of Cash Flows

For the year ended December 31, 2018 and 2017

	Year ended December 31, 2018	Year ended December 31, 2017
Cash flows (used in) from operating activities		
Net loss	\$(4,243,395)	\$(4,095,255)
Items not involving cash:		
Amortization and depreciation	33,699	294,399
Amortization of debt issuance costs	390,854	121,739
Provision for onerous lease	-	5,291
Share based compensation (note 10(c))	315,637	887,540
Fair value loss on RSUs	-	22,753
Derivative liability fair value adjustment	27,890	64,362
Accretion and accrued interest	267,892	220,155
Gain on disposal of intangible asset	-	(390,970)
Inventory write down	4,085	-
Unrealized loss on debt	132,619	-
Gain on insured property and equipment	-	(22,997)
	(3,070,719)	(2,892,983)
Changes in non-cash working capital:		
Accounts receivable	590,814	(653,920)
Inventory	115,950	(74,383)
Prepaid expenses	60,449	8,825
Accounts payable and accrued liabilities	(519,530)	429,076
Deferred revenue	41,420	(3,241)
	(2,781,616)	(3,186,626)
Cash flows (used in) from investing activities		
Additions to property and equipment (note 4)	(35,385)	(43,432)
Insurance proceeds	-	41,680
	(35,385)	(1,752)
Cash flows (used in) from financing activities		
Repayments of lease	(3,828)	(22,769)
Proceeds from shareholder loans	-	2,543
Repayments of shareholder loans	-	(51,720)
Restricted share units redeemed for cash	-	(100,000)
Payment of onerous lease (note 14)	(35,962)	(76,923)
Proceeds from convertible debenture (note 7)	1,100,000	-
Debt issuance costs paid on convertible debt (note 7)	(35,200)	-
Proceeds from exercise of warrants	-	5,499
Issuance of common shares	-	2,024,989
Common share issuance costs	-	(257,314)
Proceeds from debt (note 6)	5,844,900	-
Debt issuance costs paid (note 6)	(524,067)	-
Repayment of debt (note 6)	(3,636,530)	(574,286)
	2,709,313	950,019
Decrease in cash and cash equivalents	(107,688)	(2,238,359)
Cash and cash equivalents, beginning of period	2,073,521	4,311,880
Cash and cash equivalents, end of period	\$1,965,833	\$2,073,521
Supplementary Information: Interest paid	\$ 559,925	\$ 291,535

See accompanying notes to consolidated financial statements

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

1. Reporting Entity and Going Concern

Trakopolis IoT Corp. ("the Company") head office address is #300, 1711-10th Avenue SW Calgary, Alberta T3C 0K1. The Company's registered office address is 1600, 144 – 4th Avenue SW, Calgary, Alberta T2P 3N4. The Company is listed on the TSX Venture Exchange under the symbol TRAK.

Trakopolis IoT Corp. is a technology company that specializes in developing, marketing and delivering business intelligence to organizations that requires the location, status and relevant data on corporate assets such as equipment, devices, vehicles and people through its proprietary platform "Trakopolis".

These consolidated financial statements were authorized for issue by the Company's Board of Directors on April 30, 2019.

These consolidated financial statements have been prepared based on accounting policies applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. During the year ended December 31, 2018, the Company incurred a loss of \$4,243,395 utilized funds amounting to \$2,781,616 in its operations and had net current liabilities of \$1,758,743. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations, finance working capital and fund capital investments. The future of the Company is dependent on its ability to attain profitable operations and maintain compliance with covenants relating to the lending agreement, generate sufficient funds from operations, continue receiving financial support from its shareholders and lenders, and obtain new financing. There is no certainty that the Company will raise these necessary funds from financing or operations. As a result of these factors, there is a material uncertainty that may result in significant doubt as to the ability of the Company to meet its obligations as they come due and continue as a going concern.

These consolidated financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and the statement of financial position classification used.

2. Basis of preparation and significant accounting policies:

These annual consolidated financial statements for the year ended December 31, 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The annual consolidated financial statements are presented in Canadian Dollars (\$), which is the Company's functional currency.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented in these consolidated financial statements.

(a) Basis of measurement:

The consolidated financial statements have been prepared under the historical cost basis except for derivative liabilities, stated at fair value

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

(b) Basis of consolidation:

These financial statements consolidate the accounts of the Company and its wholly-owned subsidiary. The subsidiary is fully consolidated from the date on which control is obtained by the Company until the date that control ceases. Intercompany transactions, balances, income and expenses and profits and losses are eliminated upon consolidation. The Company's operating subsidiaries are as follows:

- Trakopolis SaaS Corp.
- Trakopolis USA Corp.

(c) Inventory:

Inventory consists of tracking unit hardware and is valued at the lower of cost and net realizable value with the cost being determined on a weighted average basis. Net realizable value is the expected selling price in the ordinary course of business, less any costs to complete and applicable selling expenses. If carrying value exceeds the net realizable amount, an impairment is recognized. The impairment may be reversed in a subsequent period if the circumstances which caused it no longer exist.

(d) Property and equipment:

Property and equipment are stated at cost less accumulated amortization and accumulated impairment losses. Property and equipment are amortized over their estimated useful lives at the following rates and methods.

Asset	Method	Rate
Computer equipment	Declining balance	30%
Furniture and office equipment	Declining balance	30%
Leasehold improvements	Straight-line	Lease term
Vehicle	Declining balance	20%
Signage	Declining balance	20%

(e) Intangible assets:

The Company incurs costs associated with the design and development of new products. Expenditures during the research phase are expensed as incurred.

Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available-for-use or sale; (ii) Its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditures attributable to the intangible asset during its development. If these criteria are not met, such expenditures are expensed as incurred.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

(f) Impairment of non-financial assets:

Property, equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indication of impairment is identified the carrying value of the asset or group of assets is measured against the recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

(g) Warrants:

The Company may borrow amounts from third parties in the form of shareholder loans or long-term debt. Those instruments may have warrants attached, which allow the lender to purchase common shares over a defined time period at a fixed price. The Company accounts for equity instruments such as warrants, which are issued with and detachable from the financial liability, by measuring the equity components using the residual value method. The fair value of the financial liability is calculated first, with any residual value allocated to the warrants. The residual value of warrants is included in the warrants line within shareholders' equity.

The Company engages in equity financing transactions to obtain funds necessary for operations, to explore and evaluate business opportunities and to develop products. These equity financing transactions may involve issuance of common shares or units. Each unit may be comprised of a certain number of common shares and a certain number of purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a fair value using the Black-Scholes option pricing model and are included in the warrants line within shareholders' equity.

The Company assesses the warrants issued to determine if each meet criteria under IFRS for presentation as equity. Where these criteria are not met, such warrants are recorded as a liability at fair value and remeasured each reporting period.

(h) Share based compensation:

The Company grants equity awards comprised of stock options, restricted share units ("RSU") and retention shares to certain employees and directors of the Company.

Each tranche of stock options is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. This number of options expected to vest is reviewed at least annually, with any change in estimate recognized immediately in compensation expense with a corresponding adjustment to contributed surplus.

RSUs are fair valued at the grant date and expensed to share-based compensation under a graded vesting schedule. RSUs allow for the holder to elect equity in the form of common shares or cash redemption for the

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

value of the restricted share award as determined at grant date. Unvested RSUs which have been recognized as an expense and for which the holder has not made an election for equity or cash and vested RSUs where the holder has elected for cash are recognized as a RSU liability and recorded as share based compensation.

When common shares are elected, the value is recognized in contributed surplus and moved to share capital upon issuance of the common shares.

Retention shares are fair valued at grant date and expensed to share based compensation under graded vesting. The value is recognized in contributed surplus and moved to share capital upon issuance of the related common shares.

(i) Income taxes:

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations and comprehensive loss except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting or taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liability are presented as non-current.

Deferred income tax is determined on a non-discounted basis using tax rates and law that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset is realized or liability is settled.

(j) Revenue recognition:

The Company adopted IFRS 15 Revenue from Contracts with Customers effective January 1, 2018. IFRS 15 establishes a single comprehensive model to address how and when to recognize revenue as well as requiring entities to provide users of the financial statements with more informative, relevant disclosures in order to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The application of IFRS 15 has not had any significant impact on the recognition of revenue.

The Company enters into a variety of contracts and recognizes revenue when performance obligations have been fulfilled. The following describes the recognition of revenue for each of the Company's contracts.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

Subscription Revenue

Subscription revenue is generated in the form of monthly service subscription access to the Company's proprietary software platform. The Company satisfies its performance obligations and recognizes subscription revenue over time based on the subscription service being provided. Revenue transactions do not contain significant financing components or variable considerations. Payment terms with customers are typically 30 days from invoice date; however, extended terms can be provided.

Hardware Revenue

Revenue is recognized when the customer obtains control of the equipment product. Revenue is not recognized before there are indicators that control has passed, including the customer having a present obligation to pay, physical possession or legal title and risks and rewards of ownership. Payment is due upon receipt of the invoice; however, extended terms can be provided.

(k) Government assistance:

The Company is entitled to certain Canadian investment tax credits for qualifying research and development activities performed in Canada. The investment tax credits are accounted for as a reduction of the related expenditures for items expensed in the consolidated statement of operations or a reduction of the related asset's cost for items capitalized in the consolidated statement of financial position provided that a reasonable assurance over collection of the tax credits exists and the Company will comply with any conditions attached.

(l) Foreign currency:

Transactions denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at transaction dates. Carrying values of monetary assets and liabilities are subsequently adjusted to reflect the exchange rates in effect at the reporting date. Non-monetary items denominated in a foreign currency are translated into Canadian dollars at historical exchange rates. Foreign exchange gains and losses are included in the determination of net loss for the year. The Company's functional currency is Canadian dollars.

(m) Use of estimates:

The preparation of financial statements in compliance with IFRS requires management to apply estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses as well as certain disclosures within the consolidated financial statements. It also requires management to exercise judgement in applying the Company's accounting policies. Estimates and other judgements are periodically evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results could differ significantly from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant areas requiring estimates and assumptions in determining the reported amounts in the financial statements are as follows:

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

(i) Provision for onerous lease:

The Company recognizes a provision on a head lease for space that is not occupied by the Company. Management determines the net recoverable amount on the space from a sublease and offsets this estimate against the head lease obligation. The carrying obligation is measured at each financial period.

(ii) Discount rate to fair value debt:

The Company will measure the fair value of debt where warrants and/or conversion features are attached. The Company estimates the discount rate based on current market rates for borrowing for a company of similar size and nature. The discount rate is used to first calculate the financial liability with the residual amount applied to equity.

(iii) Share-based compensation:

In measuring the grant date fair value of share-based payments, the Company makes estimates of risk-free interest rates, volatility, and expected life.

(iv) Intangible assets:

In measuring the fair value of intangible assets and corresponding liabilities the Company estimates the future cash flows using an appropriate discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. Estimating future cash flows involves significant judgements, estimates and assumptions, including those associated with the future cash flows of asset, discount rate and timing of cash flows.

(n) Financial instruments:

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Pursuant to IFRS 9, the classification of financial assets is based on the Corporation's assessment of its business model for holding financial assets. The classification categories are as follows:

- Financial assets measured at amortized cost: assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at fair value through other comprehensive income: assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

Financial assets measured at amortized cost are measured at cost using the effective interest method. Impairment of financial assets are recognized in accordance with IFRS 9's three stage process and credit losses expected to occur over the first 12 months of the life of the instrument are recognized immediately. The life time credit losses are recognized when the credit risk has increased significantly since the initial recognition. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets and the loss is recognized in the Consolidated Statements of Operations and Comprehensive Loss. When a trade receivable is uncollectible, it is written off against the allowance for doubtful accounts.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The new standard is effective retrospectively for financials years beginning on or after January 1, 2018 and the Company has concluded that the new standard will not have a material impact on the Company's financial statements.

(o) Provisions:

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reasonably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

The Company may provide limited warranties on certain products extending beyond the manufacturer's warranty. In such cases, it provides for the estimated cost of these product warranties.

(p) Earnings per share:

Basic earnings per share is calculated by dividing the net income for the period attributable to the Company's shareholders by the weighted average number of common shares outstanding during the period. Diluted

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

earnings per share are calculated by adjusting the weighted average number of shares outstanding for dilutive instruments. The number of dilutive instruments is computed using the treasury stock method. The Company's potential dilutive instruments include stock options, retention shares not issued, warrants, RSUs.

(q) Cost of sales:

Cost of sales includes the cost of purchasing and assembling inventory, provisioning the necessary hardware with custom software scripts, delivery and installation costs. Cost of sales also includes the cost of data from third party data providers in the form of cellular and satellite network data and communication services.

(r) Preference shares:

Preference shares are a financial instrument that may provide the holder with various rights including voting, conversion and retraction. Preference shares are recognized as equity or a financial liability dependent upon an assessment of these rights and the requirements under IFRS. Where preference shares contain both equity and liability characteristics the financial instrument is bifurcated into these separate components for presentation in the Company's statement of financial position.

(s) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, cash at the bank and Guaranteed Investment Certificates that are readily convertible into cash at the Company's discretion and are at no risk of changes in value.

(t) Accounting policies:

The IASB has issued the following new standards that will be relevant to the Company in preparing its consolidated financial statements in the future periods.

- (i) *IFRS Leases IFRS 16*, this standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The new standard is effective retrospectively for financials years beginning on or after January 1, 2019. The Company is still assessing the impact of IFRS 16 on its consolidated financial statements.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

3. Inventory:

During the year ended December 31, 2018, the Company recognized an expense of \$4,085 (year ended December 31, 2017 – \$nil) related to inventory for which the net realizable value has been determined to be less than the expected selling price, less any costs to complete and applicable selling expenses. This expense has been recorded within general and administration expense as an inventory impairment.

4. Property and equipment:

The following table summarizes the Company's property and equipment as at December 31, 2018 and December 31, 2017:

	Computer Equipment	Furniture & Office Equipment	Leasehold Improvements	Vehicles	Signs	Total
Balance December 31, 2016	\$51,725	\$119,159	\$7,083	\$15,825	\$9,247	\$203,039
Additions	40,547	2,885	-	-	-	43,432
Disposals	(51,725)	(1,705)	-	-	-	(53,430)
Balance December 31, 2017	40,547	120,339	7,083	15,825	9,247	193,041
Accumulated Depreciation, December 31, 2016	(32,528)	(47,648)	(6,946)	(2,434)	(1,433)	(90,988)
Addition	33,952	-	-	-	-	33,952
Depreciation for the period	(10,547)	(13,548)	(138)	(4,017)	(1,563)	(29,813)
Accumulated Depreciation, December 31, 2017	(9,123)	(61,196)	(7,083)	(6,451)	(2,996)	(86,848)
Net Book Value December 31, 2017	31,425	59,143	-	9,374	6,251	106,193
Balance December 31, 2017	40,547	120,339	7,083	15,825	9,247	193,041
Additions	25,619	9,766	-	-	-	35,385
Balance December 31, 2018	66,166	130,105	7,083	15,825	9,247	228,426
Accumulated Depreciation December 31, 2017	(9,123)	(61,196)	(7,083)	(6,451)	(2,996)	(86,848)
Depreciation for the period	(15,846)	(13,791)		(2,812)	(1,250)	(33,700)
Accumulated Depreciation December 31, 2018	(24,969)	(74,987)	(7,083)	(9,263)	(4,246)	(120,547)
Net Book Value December 31, 2018	\$41,197	\$55,119	-	\$6,562	\$5,001	\$107,879

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

5. Shareholder loans:

	December 31, 2018		December 31, 2017	
	Face value	Carrying value	Face value	Carrying value
Derivative liability	-	\$45,263	-	-
Shareholder loans	225,000	210,812	225,000	223,461
	\$225,000	\$256,075	\$225,000	\$223,461

As at December 31, 2017 the shareholder loans were comprised of an unsecured, due on demand convertible loan that had a 10% annual interest rate with a face and carrying value of \$50,000 and an unsecured convertible debenture due on January 31, 2018 that had a 10% annual interest rate with a face value of \$175,000 and a carrying value of \$173,461. The loans carried a conversion feature that provided the lender the right to convert either a full or partial amount of the value of the principal outstanding at any point throughout the term of the loan at a predetermined price of \$1.50 per common share. In accordance with the Company's accounting policy, loans that have equity features are recognized at fair value by first calculating the financial liability with the residual recognized in equity. As at December 31, 2017 the equity value of shareholder loans was \$29,057

On February 8th, 2018 both loans were amended with such amendment treated as an extinguishment of the shareholder loans with the associated equity value reclassified to contributed surplus. The amended shareholder loans comprise of a \$50,000 convertible term loan due on February 8th, 2023 that has a 10% annual interest rate and a \$175,000 convertible term loan due on February 8th, 2023 that has a 10% annual interest. Both shareholder loans include a conversion feature that provide the lender the right to convert a full or partial amount of the principal outstanding at any point throughout the term of the loan at a 20% discount to the last 20 days weighted average price of the common shares. The conversion feature is classified as a derivative liability due to the variable number of common shares that could be realized at time of conversion. As at December 31, 2018 the derivative liability was calculated at \$45,263 and included in the current shareholder loan balance.

6. Term debt:

	December 31, 2018		December 31, 2017	
	Face value	Carrying value	Face value	Carrying value
Term Debt (a)	\$4,092,600	\$4,130,639	-	-
Long term debt (c)	-	-	\$1,634,634	\$1,470,402
Unamortized issue costs	-	(584,679)	-	(160,354)
	\$4,092,600	\$3,545,960	\$1,634,634	\$1,310,048

- a) On November 15th, 2018 the Company terminated the SVB Facility and replaced it with a 12-month USD \$3.0 million secured term loan (the "Term Loan"). The Term Loan bears interest at an annual rate of prime (US)

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 and 2017

plus 4.5%. In accordance with the terms of the Term Loan, the Company is not required to make any interest or principal repayments until maturity. The Company used the proceeds to pay out the SVB Facility and to fund certain lender expenses in accordance with the terms of the Term Loan, with the remaining funds to be made available for general working capital purposes. The Term Loan is secured against all the assets of the Company and its subsidiaries.

As part of the Term Loan arrangement, the Company paid debt issuance costs of \$648,243 of which \$380,502 is in cash expense and as at December 31, 2018 \$332,939 of the debt issuance costs remained unamortized against the carrying value of the facility. The remainder of the debt issuance costs were in the form of warrants and these costs will be amortized over the remaining term of the facility. The provisions of the Term Loan provided for the issuance of 1,307,620 purchase warrants that allow for the lender to purchase one common share at an exercise price of \$0.34 per common share and which expire on November 15, 2023. The fair value of each warrant was estimated on the date of grant using the Black-Scholes option pricing model. The estimated value of the warrants was calculated to be \$267,741 using the following assumptions:

- Risk free interest rate: 2.21%
- Expected volatility: 72%
- Expected life in years: 5
- Expected dividend yield: nil

At the time of issuance of the Term Loan, the Company was subject to the following covenants, whereby it shall not:

- i) Permit its Liquidity, as of any date, to be less than \$1,000,000: "Liquidity" means, with respect to the Company, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by lender, held in one or more deposit accounts or securities accounts subject to a control agreement and a first-priority perfected lien in favor of lender.
- ii) Permit its in-force annual contract value to be less than the following amounts as at the last day of each of the following fiscal quarters of the Company:
 1. 4th quarter of 2018 – USD \$3,500,000;
 2. 1st quarter of 2019 – USD \$3,650,000;
 3. 2nd quarter of 2019 – USD \$3,850,000; and
 4. 3rd quarter of 2019 – USD \$4,000,000.
- iii) Permit its Net Retention Rate to be less than 90% as of the last day of any fiscal quarter of the Company. "Net Retention Rate" means, as measured for any month (a "Testing Month"), the quotient, expressed as a percentage, of (i) the monthly recurring revenue ("MRR") for the Testing Month from customers that have been active for more than twelve (12) full months, divided by (ii) the MRR for the corresponding month occurring one year prior to the Testing Month.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

As at December 31, 2018 the Company was compliant with all financial covenants.

Subsequent to year end, on March 15th, 2019 the Company and the lender agreed to amend the Term Loan. The Company made a principal repayment of USD\$200,000 of which \$102,240 was applied against accrued interest and the remainder applied as a permanent reduction of the principal amount. The amendment to the loan agreement revised the covenants to as follows:

- i) Permit its Liquidity, as of any date, to be less than \$800,000: "Liquidity" means, with respect to the Company, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by lender, held in one or more deposit accounts or securities accounts subject to a control agreement and a first-priority perfected Lien in favor of lender.
 - ii) Permit its in-force annual contract value to be less than the following amounts as at the last day of each of the following fiscal quarters of the Company:
 - 1. 4th quarter of 2018 – USD \$3,500,000;
 - 2. 1st quarter of 2019 – USD \$3,575,000;
 - 3. 2nd quarter of 2019 – USD \$3,775,000; and
 - 4. 3rd quarter of 2019 – USD \$4,000,000.
 - iii) Permit its Net Retention Rate to be less than 90% as of the last day of any fiscal quarter of the Borrower. "Net Retention Rate" means, as measured for any month (a "Testing Month"), the quotient, expressed as a percentage, of (i) the MRR for the Testing Month from customers that have been active for more than twelve (12) full months, divided by (ii) the MRR for the corresponding month occurring one year prior to the Testing Month.
- b) On February 14, 2018, the Company entered into a new USD \$3.5 million secured credit facility with California based Silicon Valley Bank (the "SVB Facility"). The SVB Facility consisted of a 36-month term loan of USD \$1.5 million (the "Loan Facility") and an accounts receivable line of credit of up to USD \$2 million (the "Revolving Line"). The Loan Facility bore interest at a rate of US prime plus 1.5% and the Revolving Line bore interest at a rate ranging from US prime plus 1.75% to prime plus 2.25% based on certain operating metrics. The proceeds from the Loan Facility have been used to repay and retire the Company's previous outstanding indebtedness under the B.E.S.T Funds facility.

The Silicon Valley Bank Loan Facility was secured against all of the assets of the Company and its subsidiaries. As part of the Loan Facility arrangement, the Company paid debt issuance costs of \$81,726. At the time of extinguishment there was \$50,726 of unamortized debt issuance costs which were expensed as an interest expense at time of extinguishment. The Company's Loan Facility was subject to covenants which were amended throughout the period.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 and 2017

- c) At December 31, 2017 the Company had a debt facility with a principal loan amount of \$2.3 million, of which the Company had \$1,634,634 outstanding bearing 11% annual interest and with a maturity date of April 28, 2019 (the "B.E.S.T Funds Facility"). The Company was required to make principal payments of 2% of the principal balance on a monthly basis, monthly interest payments and to assign any Scientific Research and Experimental Development ("SR&ED") rebates received in cash against the principal balance. If the combined SR&ED and 2% monthly repayments were equal to or greater than 24% of the principal amount, no further payments would be required until the trailing twelve months payments were less than 24% of the principal amount as of the applicable payment date. If the SR&ED rebates received and applied to reduce the outstanding facility balance in any twelve-month period were less than 10% of the outstanding principal at the beginning of the specified period, the Company was to make an additional payment at the end of that period. As part of the debt facility arrangement, the Company paid debt issuance costs of \$304,347. As at December 31, 2017, \$160,354 remained unamortized against the carrying value of the loan. In February 2018 the B.E.S.T. Funds Facility was terminated and the loan was replaced resulting in prepayment penalty fees of \$32,571 at the time of extinguishment.

7. Convertible Debenture:

	December 31, 2018		December 31, 2017	
	Face value	Carrying value	Face value	Carrying value
Long term debt	\$1,100,000	\$981,810	-	-
Unamortized issue costs	-	(64,773)	-	-
	\$1,100,000	\$917,037	-	-

On June 21, 2018 the Company completed a non-brokered private placement of 1,100 units ("Units") comprised of \$1,000 unsecured subordinated convertible debentures bearing an interest rate of 8% and 55.556 common shares in the capital of the Company, raising gross proceeds of \$1,100,000. The common shares component of the Units were recognized as a financing fee and upon closing the Company issued 61,112 common shares. The convertible debentures mature on September 30, 2020 with interest payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The first interest payment was on September 30, 2018.

As part of the convertible debenture arrangement, the Company paid debt issuance costs of \$85,312 inclusive of the value of the common shares issued. As at December 31, 2018, \$64,773 remained unamortized against the carrying value of the debenture. These costs will be amortized over the remaining term of the loan.

The debentures are convertible into common shares at the option of the debenture holder at any time at the conversion price of \$0.90 per common share. Additionally, the Company may force the conversion of the principal amount of the then outstanding debentures at the conversion price on not more than 60 days' and not less than 30 days' notice should the volume weighted average price of the Common Shares on the TSX Venture Exchange be greater than \$1.15 for any period of 30 consecutive trading days preceding the date of the notice. The conversion feature was fair valued on the date of issuance at \$163,702. This amount was allocated to the equity value of the convertible debenture.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

The Company may prepay the debentures at any time, in whole or in part, by payment of any portion of the principal amount plus a premium of 5% plus accrued but unpaid interest on such portion of the principal amount being paid.

8. Share capital

(a) Issued common shares:

	Shares (#)	Amount (\$)
Balance, December 31, 2016	23,194,629	\$ 23,895,466
Issued for RSUs (iii)	402,444	368,647
Issued for wages (iv)	197,375	175,056
Issued for warrants (v)	5,499	7,769
Issued for subscription receipts (vi)	2,249,988	2,024,989
Issued for corporate finance fee (vii)	19,444	17,500
Share issuance costs (viii)	-	(630,044)
Balance, December 31, 2017	26,069,379	\$25,859,383
Issued for wages (i)	21,914	\$13,148
Convertible debenture issuance (ii)	61,112	\$50,112
Balance, December 31, 2018	26,152,405	\$25,922,643

- (i) During the period ended December 31, 2018, the Company issued 21,914 common shares as equity-based retention compensation to management in accordance with vesting schedules set out in executive employment contracts.
- (ii) During the period ended December 31, 2018, the Company issued 61,112 shares upon issuance of subordinated convertible debentures (note 7).
- (iii) During the year ended December 31, 2017, the Company issued 402,444 common shares upon redemption of RSUs.
- (iv) During the year ended December 31, 2017, the Company issued 197,375 common shares as equity based retention compensation to management in accordance with vesting schedules set out in executive employment contracts.
- (v) During the year ended December 31, 2017, the Company issued 5,499 common shares for warrants exercised.
- (vi) During the year ended December 31, 2017, the Company completed a subscription receipt offering issuing 2,249,988 common shares at a value of \$0.90 per share for gross proceeds of \$2,024,989.
- (vii) The Company paid the agents a corporate finance fee in connection with the subscription receipt offering, comprised of 19,444 commons shares issued at \$0.90 per share, recognizing share issuance cost of \$17,500.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

- (viii) The Company incurred \$630,044 in financial transaction costs associated with the issuance of new shares for the subscription receipt offering, of which \$257,314 were cash expenses. The remaining are non-cash items relating to warrants issued (note 8 (b)) and common shares issued. In accordance with Company's accounting policy, the Company deducted the costs against the equity value issued.

(b) Warrants:

Balance, December 31, 2016	1,335,833
Issued (ii)	1,235,861
Exercised	(5,499)
Balance, December 31, 2017	2,566,195
Issued (i)	1,437,620
Expired	-
Balance, December 31, 2018	4,003,815
Weighted average exercise price	\$0.87
Equity balance, end of period	\$1,056,081

- (i) During the year ended December 31, 2018 the Company issued 130,000 warrants as part of fees associated with an amendment of the SVB Facility. Each purchase warrant entitles the holder to acquire one common share \$0.70 per share and expires October 24, 2023. The fair value of each warrant was estimated on the date of grant using the Black- Scholes option pricing model. The estimated value of the warrants has been recorded as a finance expense, the debt facility was retired on November 24, 2018 and was calculated to be \$24,505 using the following assumptions:

- Risk free interest rate: 2.12%
- Expected volatility: 72%
- Expected life in years: 5
- Expected dividend yield: nil

The Company issued 1,307,620 warrants during the year ended December 31, 2018 under the terms of the Term Loan (note 6). Each purchase warrant entitles the holder to acquire one common share at \$0.34 per share and expires November 15, 2023. In accordance with Company's accounting policy, the fair value of each warrant was estimated on the date of grant using the Black- Scholes option pricing model. The estimated value of the warrants was calculated to be \$267,741 using the following assumptions:

- Risk free interest rate: 2.21%
- Expected volatility: 72%
- Expected life in years: 5
- Expected dividend yield: nil

- (ii) During the year ended December 31, 2017, the Company issued 1,124,993 warrants as a financing fee upon completion of the subscription receipt offering (note 8(a)(vi)). Each purchase warrant entitles the

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

holder to acquire one common share at \$1.20 per share and expires on September 6, 2019. The fair value of each warrant was estimated on the date of the grant using the Black-Scholes option pricing model. The estimated value of the warrants is recorded as a share issuance cost and was calculated to be \$315,559 using the following assumptions:

- Risk free interest rate: 1.35%
- Expected volatility: 72%
- Expected life in years: 2
- Expected dividend yield: nil

The Company also issued an additional 110,868 warrants as a financing fee upon completion of the subscription receipt offering (note 8(a)(vi)). Each purchase warrant entitles the holder to acquire one common share at \$0.90 per share and expires on September 6, 2019. The fair value of each warrant was estimated on the date of the grant using the Black-Scholes option pricing model. The estimated value of the warrants is recorded as a share issuance cost and was calculated to be \$39,671 using the following assumptions:

- Risk free interest rate: 1.35%
- Expected volatility: 72%
- Expected life in years: 2
- Expected dividend yield: nil

- (iii) Upon expiry of a pricing discount attached to a debt facility established in 2016 and retired in 2017 on October 28, 2017, the related warrant liability was reclassified as an equity instrument. Prior to reclassification the warrants were remeasured using the Black-Scholes option pricing model resulting in a fair value loss of \$64,362. The estimated value of the warrants was \$189,395 as at October 28, 2017 using the following assumptions:

- Risk free interest rate: 1.40%
- Expected volatility: 72%
- Expected life in years: 2
- Expected dividend yield: nil

The rest of this page is left intentionally blank

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

9. Income taxes:

Reconciliation of effective tax rate:

	Year ended December 31, 2018	Year ended December 31, 2017
Net Income before taxes	\$ (4,243,395)	\$ (4,095,255)
Statutory Income tax rate	27%	27%
Computed income tax (recovery)	(1,145,717)	(1,105,719)
Increase (decrease) result from:		
Non-deductible expenses	107,228	311,321
Change in unrecognized deferred tax asset	1,055,987	811,019
Other	(17,498)	(23,379)
Foreign Tax Rate Differences	-	6,757
Total income tax expenses	\$ -	\$ -

Unrecognized deferred tax assets:

Deferred tax assets have not been recognized as follows:

	December 31, 2018	December 31, 2017
Unrecognized tax loss carry forward	\$ 4,863,082	\$ 3,830,328
Other deductible temporary differences	497,129	473,896
	\$ 5,360,211	\$ 4,304,224

The tax losses commence expiring in 2027. The deductible temporary differences and research and development expenses do not expire under current tax legislation. Deferred taxes have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

The rest of this page is left intentionally blank

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

10. Share based payments:

(a) Stock option plan:

The Company has a stock option plan to encourage ownership of the Company's common shares by its directors, officers, employees and other eligible service providers. The exercise price of each option equals the Company's stock price on the date of the grant. Stock option terms and vesting periods are specified in a stock option plan approved by the Board of Directors. The Board has the full power to administer the issuance of options. Option activity is as follows:

	Number of share options	Weighted Average Exercise Price
Balance, December 31, 2016	811,475	\$1.50
Issued (i)	1,642,000	1.06
Balance, December 31, 2017	2,453,475	1.21
Issued	-	-
Balance, December 31 2018	2,453,475	1.21
Exercisable at December 31, 2018	1,862,750	\$1.24

- (i) On May 5, 2017, the Company granted an aggregate of 920,000 stock options. The options vest one third on the grant date, one third January 1, 2018 and one third January 1, 2019. Each option represents the right to purchase one common share of the Company at an exercise price of \$1.19 per share for a period of five years from the grant date. The options were valued using the following assumptions:

- Stock price as of grant date \$1.19
- Risk free interest rate 0.89%
- Expected volatility 72%
- Expected dividend yield nil

On October 10, 2017, the Company granted an aggregate of 722,000 stock options. The options vest one third on the grant date, one third October 10, 2018 and one third October 10, 2019. Each option represents the right to purchase one common share of the Company at an exercise price of \$0.90 per share for a period of five years from the grant date. The options were valued using the following assumptions:

- Stock price as of grant date \$0.90
- Risk free interest rate 1.71%
- Expected volatility 72%
- Expected dividend yield nil

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

(b) Retention shares:

The Company utilizes a retention share plan to aid in retaining and motivating executives and employees. Retention shares are valued based on the fair market value of common shares at the date of grant. The following table summarizes retention share activity for the period:

	Number of retention shares
Outstanding, December 31, 2016	116,594
Vested	(94,680)
Outstanding, December 31, 2017	21,914
Vested	(21,914)
Outstanding, December 31, 2018	-

(c) Restricted Share Units:

The Company formerly utilized a restricted share unit ("RSU") plan as a component of the compensation plan for certain directors. The RSU program was terminated in 2016 with outstanding RSUs settled in 2017.

(d) Share-based compensation expense:

The stock option plan, restricted share unit plan and retention share based compensation expenses are summarized as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Stock options	\$314,229	\$ 775,504
RSUs	-	77,510
Retention shares	1,408	34,526
Share based compensation	\$315,637	\$887,540

The rest of this page is left intentionally blank

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

11. Commitments:

As at December 31, 2018, the Company has total commitments which require payments based on the maturity terms as follows:

	2019	2020	2021	2022	2023	Total
Finance Leases	\$30,653	\$11,661	\$3,060	-	-	\$45,374
Office Lease	366,030	-	-	-	-	366,030
Debt interest payments	438,168	88,560	22,500	22,500	-	571,728
Debt principal repayment	2,902,240	-	-	-	-	2,902,240
Total	\$3,737,091	\$100,221	\$25,560	\$22,500	-	\$3,885,372

12. Financial risk management and financial instruments:

(a) Credit risk:

Credit risk reflects the risk the Company may be unable to recover accounts receivable. To mitigate this risk the Company reviews the creditworthiness of material new customers, monitors customer payment performance, where appropriate, reviews the financial conditions of existing customers. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers and economic circumstances. The Company employs established credit approval and monitoring practices to mitigate the risk.

(b) Currency risk:

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial obligations (note 1). The Company manages liquidity risk through management of its capital structure, monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants, and maintaining unused credit facilities where possible to ensure there are available cash resources to meet the Company's liquidity needs.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

(d) Capital management:

The Company's objective when managing capital is to ensure it has the appropriate capital structure to execute its strategic business plan while not creating risk to its ability to operate as a going concern. The Company's liquidity needs in short term and long term can be sourced multiple ways including: funds from operations, available cash balances, new debt instruments, equity issuances and government funding. The Company monitors its financing requirements through regular forecasting of its cash position. Financing decisions are based on the timing and extent of expected operating and capital cash outlays.

(e) Fair value:

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The difference in fair value and carrying value of shareholder loans and long-term debt is due to the significant difference in interest rates that arises due to the attachment of equity features such as warrants and conversion optionality.

(f) Classification of financial instruments and fair value:

(i) Determination of Fair values

Under IFRS, fair values recorded on the consolidated statement of financial position are classified under a fair value hierarchy that reflects the significant inputs used in making the measurements.

- Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 inputs use inputs other than quoted prices in level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 inputs are inputs for the assets that are not based on an observable market data.

Recurring Measurements	Level 1	Level 2	Level 3
Cash	\$ 1,965,411	\$ –	\$ –
Derivative liability	\$ 45,263	\$ –	\$ –

13. Related party transactions:

The shareholder loans as described in note 6 are held by a director of the Company and a relative of the director. During the period the Company paid \$5,000 in interest expense to the director (December 31, 2017 - \$5,750) for interest owed on one of the shareholder loans and interest expense of \$17,500 to the relative of the director (December 31, 2017 - \$17,500). Both shareholder loans were amended in the period as per set out note 6.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

14. Provision for onerous lease:

Prior to 2016, the Company vacated its previous head office building and relocated to a new space. The Company had 48 months remaining on the lease. The Company sublet the office space to two subtenants for the remainder of the lease term reducing the net obligation. As at December 31, 2018, the Company no longer has a lease obligation and as such no longer carries any provision related to the lease.

15. Expenses by nature:

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries	\$3,103,497	\$3,215,159
Share-based compensation expense	315,637	887,539

16. Executive compensation:

Key management personnel include directors and officers of the Company. In addition to their salaries, key management personnel participate in the Company's stock option plan and retention share plan. The following table shows compensation paid to directors and officers:

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries	\$ 749,000	\$ 720,000
Share-based compensation expense	238,075	766,181
Total	\$987,075	\$1,486,181

17. Loss per common share

The effects of potentially dilutive instruments such as stock options, warrants and RSUs on loss per common share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per share.

	Year ended December 31, 2018	Year ended December 31, 2017
Weighted average common shares outstanding – basic and diluted	26,117,603	24,215,200
Loss for the period	\$(4,243,395)	\$(4,095,255)
Basic and diluted loss per common share	\$(0.16)	\$(0.17)

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements
For the year ended December 31, 2018 and 2017

18. Finance lease obligation

	As at December 31, 2018	As at December 31, 2017
Less than one year	\$30,653	\$27,365
Between one and five years	14,463	22,992
	45,116	50,357
Interest	(3,709)	(5,123)
Present value of minimum lease payments	\$41,407	\$45,234
Current portion of finance lease obligation	27,979	24,260
Long term portion of finance lease obligation	13,428	20,974

19. Intangible Asset

As at December 31, 2017 the Company determined to take a different approach to Electronic Logbook ("ELOG") product offerings through a strategic partnership and discontinued the development and commercialization of the ELOG software. Subsequent to the year ended December 31, 2017 the Company provided notice to the vendor of such discontinuance. As a result, no future revenue was expected to be earned from the discontinued ELOG software, and as such, no future payments would be owing to the vendor. As a result, management determined that the recoverable amount of the intangible asset and the value of the liability due to the vendor \$nil and adjusted the carrying values resulting in a non-cash gain on the disposal on the ELOG software of \$390,970. in the year ended December 31, 2017.

20. Trade Receivables:

	As at December 31, 2018	As at December 31, 2017
Trade receivables, net of allowances for doubtful accounts	\$1,076,227	\$1,695,721
Other receivables	76,043	\$67,669
	\$1,152,270	\$1,763,390

	As at December 31, 2018	As at December 31, 2017
Current	\$485,145	\$811,839
31-60 days	282,209	300,688
61-90 days	249,869	201,382
Greater than 90 days	59,004	381,812
	\$1,076,227	\$1,695,721

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 and 2017

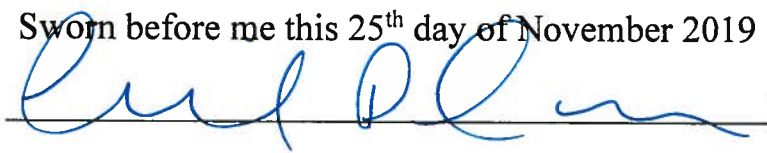
21. Subsequent events

Subsequent to year end, on March 15th, 2019 the Company and the Term Loan lender agreed to an amendment of the Term Loan. The Company made a principal repayment of USD\$200,000 of which \$102,240 was applied against accrued interest and the remainder applied as a permanent reduction of the principal amount. The amendment to the loan agreement revised the covenants as set out in note 6(a).

This is Exhibit “**D**” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
TRAKOPOLIS IOT CORP.
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of the accompanying unaudited condensed consolidated interim financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, appearing to be 'B. O'Brien', written in a cursive style.

Director
Trakopolis IoT Corp.

TRAKOPOLIS IOT CORP.

Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2019 and December 31, 2018

Unaudited

	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$1,078,536	\$1,965,833
Accounts receivable (note 14)	1,042,819	1,152,270
Inventory	263,910	454,871
Prepaid expenses	61,135	59,374
	2,446,400	3,632,348
Property and equipment	70,043	66,472
Right of use assets (note 3)	24,670	41,407
	\$2,541,113	\$3,740,227
Liabilities and Shareholders' equity (deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities	\$1,473,289	\$1,704,250
Contract obligations	84,771	67,639
Current shareholder loans (note 4)	-	45,263
Current portion of lease obligation	17,916	27,979
Current portion of term debt (note 5)	3,611,815	3,545,960
	5,187,791	5,391,091
Shareholder loans (note 4)	202,133	210,812
Long term portion of lease obligation	6,719	13,428
Convertible debenture (note 6)	970,250	917,037
	1,179,102	1,141,277
Shareholders' equity (deficiency)		
Share capital (note 7(a))	25,922,643	25,922,643
Warrants (note 7(b))	1,056,081	1,056,081
Contributed surplus	2,465,571	2,429,754
Equity component of convertible debt (note 6)	163,702	163,702
Accumulated other comprehensive income	1,720	6,211
Deficit	(33,435,497)	(32,370,532)
	(3,825,780)	(2,792,141)
Going concern (note 1)		
	\$2,541,113	\$3,740,227

See accompanying notes to condensed consolidated financial statements.

Approved by the Board:

Signature



Director

TRAKOPOLIS IOT CORP.Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
Unaudited

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Revenue:				
Subscription sales	\$1,209,163	\$1,167,893	\$2,388,439	\$2,380,781
Hardware sales	242,155	428,437	559,098	800,043
Other revenue	8,905	4,070	12,083	10,685
	1,460,223	1,600,400	2,959,620	3,191,509
Cost of sales	548,577	740,258	1,184,027	1,388,746
Gross profit	911,646	860,142	1,775,593	1,802,763
Expenses:				
General and administrative	383,613	770,163	928,268	1,407,797
Sales and marketing	172,393	385,025	397,986	780,333
Services and support	92,917	155,049	216,644	317,130
Technology	378,722	487,870	830,428	991,013
	1,027,645	1,798,107	2,373,326	3,496,273
Loss before undernoted	(115,999)	(937,965)	(597,733)	(1,693,510)
Finance expense:				
Derivative liability fair value (gain)/loss	(39,782)	37,810	(45,264)	67,019
Interest on debt and loans	222,192	75,134	446,955	332,565
Other expense	15,985	-	29,710	-
Accretion expense	75,186	5,041	146,905	171,393
Loss (gain) on foreign exchange	(85,090)	37,574	(124,238)	96,988
	188,491	155,559	454,068	667,965
Amortization and depreciation expense	6,581	6,848	13,163	13,522
Net loss	(311,071)	(1,100,372)	(1,064,965)	(2,374,997)
Other comprehensive loss				
Foreign currency translation gain (loss)	(6,499)	5,852	(4,491)	15,217
Net loss and comprehensive loss	\$(317,570)	\$(1,094,520)	\$(1,069,456)	\$(2,359,780)
Loss per share:				
Basic and diluted (note 13)	\$(0.01)	\$(0.04)	\$(0.04)	\$(0.09)
Weighted average number of shares:				
Basic	26,152,405	26,094,929	26,152,405	26,082,225

See accompanying notes to consolidated financial statements.

TRAKOPOLIS IOT CORP.

Condensed Consolidated Interim Statements of Changes in Equity

For the six months ended June 30, 2019 and 2018

Unaudited

	Share capital	Warrants	Contributed surplus	Equity component of debt	Accumulated other comprehensive income	Deficit	Total equity (deficiency)
Balance, December 31, 2017	\$ 25,859,383	\$ 763,835	\$ 2,098,208	\$ 29,057	\$ (5,859)	\$(28,127,137)	\$ 617,487
Common shares issued	13,148	-	(13,148)	-	-	-	-
Share-based compensation (note 8(c))	-	-	180,613	-	-	-	180,613
Debt extinguishment	-	-	29,057	(29,057)	-	-	-
Convertible debenture (note 6)	50,112	-	-	164,862	-	-	214,974
Foreign currency translation gain (loss)	-	-	-	-	15,217	-	15,217
Net loss for the year	-	-	-	-	-	(2,374,997)	(2,374,997)
Balance, June 30, 2018	\$ 25,922,643	\$ 763,835	\$ 2,294,730	\$164,862	\$ 9,358	\$(30,502,134)	\$ (1,346,706)
Balance, December 31, 2018	\$ 25,922,643	\$ 1,056,081	\$ 2,429,754	\$ 163,702	\$ 6,211	\$(32,370,532)	\$ (2,792,141)
Share based compensation (note 8(c))	-	-	35,817	-	-	-	35,817
Foreign currency translation gain (loss)	-	-	-	-	(4,491)	-	(4,491)
Net loss for the year	-	-	-	-	-	(1,064,965)	(1,064,965)
Balance, June 30, 2019	\$ 25,922,643	\$ 1,056,081	\$ 2,465,571	\$ 163,702	\$ 1,720	\$(33,435,497)	\$ (3,825,780)

See accompanying notes to consolidated financial statements.

TRAKOPOLIS IOT CORP.

Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2019 and 2018

Unaudited

	June 30, 2019	June 30, 2018
Cash flows (used in) from operating activities		
Net loss	\$(1,064,965)	\$(2,374,997)
Items not involving cash:		
Amortization and depreciation	13,163	13,522
Amortization of debt issuance costs	205,976	181,787
Share based compensation (note 8(c))	35,817	180,613
Derivative liability fair value (gain)/loss	(45,264)	67,019
Provision for onerous lease	-	(2,559)
Accrued interest on loan	194,513	-
Accretion expense	146,905	171,393
Unrealized foreign exchange loss (gain)	(82,167)	86,392
	(596,022)	(1,676,830)
Changes in non-cash working capital:		
Accounts receivable	79,116	604,710
Inventory	190,961	226,896
Prepaid expenses	(1,761)	52,305
Accounts payable and accrued liabilities	(293,112)	(740,873)
Contract obligation	17,132	31,378
	(603,686)	(1,502,414)
Cash flows used in investing activities		
Additions to property and equipment	-	(2,500)
	-	(2,500)
Cash flows (used in) from financing activities		
Repayments of lease	(16,771)	(14,616)
Payment of onerous lease	-	(33,402)
Proceeds from convertible debenture (note 6)	-	1,100,000
Proceeds from debt	-	1,884,300
Debt issuance costs paid	-	(81,726)
Repayment of debt (note 5)	(266,840)	(1,849,592)
	(283,611)	1,004,964
Decrease in cash and cash equivalents	(887,297)	(499,950)
Cash and cash equivalents, beginning of period	1,965,833	2,073,521
Cash and cash equivalents, end of period	\$1,078,536	\$1,573,571

See accompanying notes to consolidated financial statements

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

1. Reporting Entity and Going Concern

Trakopolis IoT Corp.'s ("the Company") head office address is #810, 940 -6th Avenue SW Calgary, Alberta T2P 3T1. The Company's registered office address is 1600, 144 – 4th Avenue SW, Calgary, Alberta T2P 3N4. The Company is listed on the TSX Venture Exchange under the symbol TRAK.

Trakopolis IoT Corp. is a technology company that specializes in developing, marketing and delivering business intelligence to organizations that require the location, status and relevant data on corporate assets such as equipment, devices, vehicles and people through its proprietary platform "Trakopolis".

These consolidated financial statements were authorized for issue by the Company's Board of Directors on August 22, 2019.

These consolidated financial statements have been prepared based on accounting policies applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. During the six-month period ending June 30, 2019, the Company incurred a loss of \$1,064,456 utilized funds amounting to \$603,686 in its operations and had net current liabilities of \$2,741,391. In order to continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations, finance working capital and fund capital investments. The future of the Company is dependent on its ability to attain profitable operations and maintain compliance with covenants relating to the lending agreement, generate sufficient funds from operations, continue receiving financial support from its shareholders and lenders, and obtain new financing. There is no certainty that the Company will raise these necessary funds from financing or operations. As a result of these factors, there is a material uncertainty that may result in significant doubt as to the ability of the Company to meet its obligations as they come due and continue as a going concern.

On August 2nd, 2019 the Company and the Lender ("Lender") agreed to amend the Term Loan ("Amending Agreement"). The Amending Agreement required the Company, by not later than August 7, 2019, to provide the Lender with a financing plan that contemplated full repayment of the senior secured credit facility by not later than September 30, 2019 which date is subject to extension by the Lender. That financing plan has been provided by the Company to the Lender. It was also a milestone to the Amending Agreement that the Company pursue an equity raise in the aggregate amount of not less than CAD\$3.0 million (the "Financing") and make a public announcement with respect to such Financing by no later than August 7, 2019. This milestone was met by the Company. See note 15. – Subsequent events.

These consolidated financial statements do not reflect adjustments that may be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and the statement of financial position classification used.

2. Basis of preparation and significant accounting policies:

These condensed consolidated interim financial statement for the three and six months ended June 30, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

These condensed consolidated interim financial statements are presented in Canadian dollars which is the Company's functional currency. In preparing these condensed consolidated interim financial statements, the accounting policies, methods of computation and significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2018 except adoption of the new lease standard disclosed in Note 3.

Certain information and disclosures normally included in the notes to the annual financial statements have been condensed or have been disclosed on an annual basis only. The disclosures herein are incremental to those included with the audited annual consolidated financial statements as at and for the year ended December 31, 2018 and should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2018.

3. Significant accounting policies:

There have been no significant accounting policy changes except as disclosed below; refer to the audited annual consolidated financial statements as at and for the year ended December 31, 2018.

Adoption of new and amended standards

IFRS Leases IFRS 16.

Effective January 1, 2019, the Company adopted IFRS 16, "Leases" ("IFRS 16"). The Company has applied the new standard using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Therefore, the comparative information in the Company's Consolidated Statement of Financial Position, Consolidated Statement of Operations and Comprehensive Income, Changes in Equity and cash flows have not been restated.

On adoption, Management elected to use the following practical expedients permitted under the standard:

- Apply a discount rate to the lease portfolio based on the implicit rate applied to each lease agreement.
- Account for leases with a remaining term of less than twelve months as at January 1, 2019 as short-term leases;
- Account for lease payments as an expense and not recognize a Right of use ("ROU") asset if the underlying asset is of a low dollar value (less than CAD\$5 thousand);
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease;
- This standard substantially carries forward the lessor accounting requirements of IAS 17.

The impacts of the adoption of IFRS 16 as at January 1, 2019 are as follows:

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

	As reported at December 31, 2018	Adjustments	Balance on adoption as at January 1, 2019
Assets			
Property and equipment	107,879	(41,407)	66,472
Right of use assets	-	41,407	41,407

i) Lease Liabilities

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as finance leases under the principles of IAS 17, "Leases" ("IAS 17"). Under the principles of the new standard these leases have been measured at the present value of the remaining lease payments, discounted using the implicit rate applied to each lease agreement. Total lease liabilities of \$41 thousand were recorded as at January 1, 2019, of which \$28 thousand is the current portion.

ii) Right of use assets

The associated ROU assets were measured at the amount equal to the lease liability on January 1, 2019.

4. Shareholder loans:

	June 30, 2019		December 31, 2018	
	Face value	Carrying value	Face value	Carrying value
Derivative liability	-	-	-	\$45,263
Shareholder loans	225,000	202,133	225,000	210,812
	\$225,000	\$202,133	\$225,000	\$256,075

As at June 30, 2019, the shareholder loans are comprised of a \$50,000 convertible term loan due on February 8th, 2023 that has a 10% annual interest rate and a \$175,000 convertible term loan due on February 8th, 2023 that has a 10% annual interest rate. Both shareholder loans include a conversion feature that provide the lender the right to convert a full or partial amount of the principal outstanding at any point throughout the term of the loan at a 20% discount to the last 20 days weighted average price of the common shares. The conversion feature is classified as a derivative liability due to the variable number of common shares that could be realized at the time of conversion. As at June 30, 2019 the derivative liability was estimated at \$0 and is included in the current shareholder loan balance.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

5. Term debt:

	June 30, 2019		December 31, 2018	
	Face value	Carrying value	Face value	Carrying value
Term Debt (a)	\$3,891,757	\$3,891,757	\$4,092,600	\$4,130,639
Unamortized issue costs	-	(279,942)	-	(584,679)
	\$3,891,757	\$3,611,815	\$4,092,600	\$3,545,960

On November 15th, 2018 the Company terminated a credit facility with the Silicon Valley Bank ("SVB Facility") and replaced it with a 12-month USD \$3.0 million secured term loan (the "Term Loan"). The Term Loan bears interest at an annual rate of prime (US) plus 4.5%. In accordance with the terms of the Term Loan, the Company is not required to make any interest or principal repayments until maturity. The Company used the proceeds to pay out the SVB Facility and to fund certain lender ("Lender") expenses in accordance with the terms of the Term Loan, with the remaining funds to be made available for general working capital purposes. The Term Loan is secured against all the assets of the Company and its subsidiaries and is due November 15th, 2019.

As part of the Term Loan arrangement, the Company paid debt issuance costs of \$641,436 of which \$373,695 were cash expenses and the remainder were in the form of warrants valued at \$267,741 as explained below. These costs will be amortized over the remaining term of the facility with the cash portion recognized as interest expense and the costs attributable to the warrants recognized as accretion expense. As at June 30, 2019, \$279,942 of the debt issuance costs remained unamortized and are netted against the carrying value of the facility. The provisions of the Term Loan provided for the issuance of 1,307,620 purchase warrants that allow for the Lender to purchase one common share at an exercise price of \$0.34 per common share and which expire on November 15, 2023. The fair value of each warrant was estimated on the date of grant using the Black- Scholes option pricing model. The estimated value of the warrants was calculated to be \$267,741 using the following assumptions:

- Risk free interest rate: 2.21%
- Expected volatility: 72%
- Expected life in years: 5
- Expected dividend yield: nil

At the time of issuance of the Term Loan, the Company was subject to the following covenants, whereby it shall not:

- i) Permit its Liquidity, as of any date, to be less than \$1,000,000: "Liquidity" means, with respect to the Company, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by Lender, held in one or more deposit accounts or securities accounts subject to a control agreement and a first-priority perfected lien in favor of Lender.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

- ii) Permit its in-force annual contract value to be less than the following amounts as at the last day of each of the following fiscal quarters of the Company:
- 4th quarter of 2018 – USD \$3,500,000;
 - 1st quarter of 2019 – USD \$3,650,000;
 - 2nd quarter of 2019 – USD \$3,850,000; and
 - 3rd quarter of 2019 – USD \$4,000,000.
- iii) Permit its Net Retention Rate to be less than 90% as of the last day of any fiscal quarter of the Company. “Net Retention Rate” means, as measured for any month (a “Testing Month”), the quotient, expressed as a percentage, of (i) the monthly recurring revenue (“MRR”) for the Testing Month from customers that have been active for more than twelve (12) full months, divided by (ii) the MRR for the corresponding month occurring one year prior to the Testing Month.

On March 15th, 2019, the Company and the Lender agreed to amend the Term Loan. The Company made a principal repayment of USD\$200,000 of which \$102,240 was applied against accrued interest and the remainder applied as a permanent reduction of the principal amount. The amendment to the loan agreement revised the covenants to as follows:

- i) Permit its Liquidity, as of any date, to be less than \$800,000: “Liquidity” means, with respect to the Company, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by lender, held in one or more deposit accounts or securities accounts subject to a control agreement and a first-priority perfected Lien in favor of Lender.
- ii) Permit its in-force annual contract value to be less than the following amounts as at the last day of each of the following fiscal quarters of the Company:
- 4th quarter of 2018 – USD \$3,500,000;
 - 1st quarter of 2019 – USD \$3,575,000;
 - 2nd quarter of 2019 – USD \$3,775,000; and
 - 3rd quarter of 2019 – USD \$4,000,000.
- iii) Permit its Net Retention Rate to be less than 90% as of the last day of any fiscal quarter of the Borrower. “Net Retention Rate” means, as measured for any month (a “Testing Month”), the quotient, expressed as a percentage, of (i) the MRR for the Testing Month from customers that have been active for more than twelve (12) full months, divided by (ii) the MRR for the corresponding month occurring one year prior to the Testing Month.

On June 27th, 2019 the Company and Lender began discussions to restructure and amend the Term Loan (“Amendment Discussions”). One of the topics being considered as part of the Amendment Discussions is modification of certain of the covenants set forth in the Loan Agreement. In order to allow the parties to complete the Amendment Discussions,

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

the Lender agreed by way of a letter agreement that during the period commencing on June 27th, 2019, the amount of the Company's minimum permitted liquidity would be \$700,000. Subsequent to the end of June 30, 2019 the Company and the Lender entered into an agreement to amend the Term Loan. See note 15, Subsequent events. As at June 30, 2019 the Company was compliant with all financial covenants.

6. Convertible Debenture:

	June 30, 2019		December 31, 2018	
	Face value	Carrying value	Face value	Carrying value
Long term debt	\$1,100,000	\$1,016,065	\$1,100,000	\$981,810
Unamortized issue costs	-	(45,815)	-	(64,773)
	\$1,100,000	\$970,250	\$1,100,000	\$917,037

On June 21, 2018 the Company completed a non-brokered private placement of 1,100 units ("Units") comprised of \$1,000 unsecured subordinated convertible debentures bearing an interest rate of 8% and 55.556 common shares in the capital of the Company, raising gross proceeds of \$1,100,000. The common shares component of the Units were recognized as a financing fee and upon closing the Company issued 61,112 common shares. The convertible debentures mature on September 30, 2020 with interest payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The first interest payment was on September 30, 2018.

As part of the convertible debenture arrangement, the Company paid debt issuance costs of \$85,312 inclusive of the value of the common shares issued. As at June 30, 2019, \$45,815 remained unamortized and is netted against the carrying value of the debenture. These costs will be amortized over the remaining term of the loan.

The debentures are convertible into common shares at the option of the debenture holder at any time over the term of the debentures at a conversion price of \$0.90 per common share. Additionally, the Company may force the conversion of the principal amount of the then outstanding debentures at the conversion price on not more than 60 days' and not less than 30 days' notice should the volume weighted average price of the Common Shares on the TSX Venture Exchange be greater than \$1.15 for any period of 30 consecutive trading days preceding the date of the notice. The conversion feature was fair valued on the date of issuance at \$163,702. This amount was allocated to the equity value of the convertible debenture.

The Company may prepay the debentures at any time, in whole or in part, by payment of any portion of the principal amount plus a premium of 5% plus accrued but unpaid interest on such portion of the principal amount being paid.

Subsequent to June 30, 2019, The Company, as per the terms of the convertible debenture has notified the debenture holders that future interest payments will be paid in the form of common shares at a price equal to the volume weighted average trading price for the 20 days ending on the fifth day prior to the date on which the interest payments are due. See note 15, Subsequent events.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

7. Share capital

(a) Issued common shares:

	Shares (#)	Amount (\$)
Balance, December 31, 2018 and June 30, 2019	26,152,405	\$25,922,643

(b) Warrants:

	Warrants (#)	Weighted average exercise price	Amount (\$)
Balance, December 31, 2018 and June 30, 2019	4,003,815	\$0.87	\$1,056,081

8. Share based payments:

(a) Stock option plan:

The Company has a stock option plan to encourage ownership of the Company's common shares by its directors, officers, employees and other eligible service providers. The exercise price of each option equals the Company's stock price on the date of the grant. Stock option terms and vesting periods are specified in a stock option plan approved by the Board of Directors. The Board has the full power to administer the issuance of options. Option activity is as follows:

	Number of share options	Weighted Average Exercise Price
Balance, December 31 2018	2,453,475	\$1.21
Exercisable at December 31, 2018	1,862,750	\$1.24
Issued	-	-
Balance, June 30 2019	2,453,475	\$1.21
Exercisable at June 30, 2019	2,431,779	\$1.20

(b) Retention shares:

The Company utilizes a retention share plan to aid in retaining and motivating executives and employees. Retention shares are valued based on the fair market value of common shares at the date of grant. The following table summarizes retention share activity for the period:

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

	Three months ended June 30, 2019	Three months ended June 30, 2018
Outstanding, beginning of period	-	21,914
Vested	-	(21,914)
Outstanding, end of period	-	-

(c) Share-based compensation expense:

The stock option plan and retention share based compensation expenses are summarized as follows:

	Three months ended June		Six months ended June	
	2019	2018	2019	2018
Stock options	\$17,611	\$87,073	\$35,817	\$179,205
Retention shares	-	-	-	1,408
	\$17,611	\$87,073	\$35,817	\$180,613

9. Financial risk management and financial instruments:

(a) Credit risk:

Credit risk reflects the risk the Company may be unable to recover accounts receivable. To mitigate this risk the Company reviews the creditworthiness of material new customers, monitors customer payment performance, where appropriate, reviews the financial conditions of existing customers. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers and economic circumstances. The Company employs established credit approval and monitoring practices to mitigate the risk.

(b) Currency risk:

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial obligations (see note 1 – Reporting Entity and Going Concern). The Company manages liquidity risk through management of its capital structure, monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants and maintaining unused credit facilities where possible to ensure there are available cash resources to meet the Company's liquidity needs.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

(d) Capital management:

The Company's objective when managing capital is to ensure it has the appropriate capital structure to execute its strategic business plan while not creating risk to its ability to operate as a going concern (see note 1 – Reporting Entity and Going Concern). The Company's liquidity needs in short term and long term can be sourced multiple ways including: funds from operations, available cash balances, new debt instruments, equity issuances and government funding. The Company monitors its financing requirements through regular forecasting of its cash position. Financing decisions are based on the timing and extent of expected operating and capital cash outlays.

(e) Fair value:

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The difference in fair value and carrying value of shareholder loans and long-term debt is due to the significant difference in interest rates that arises due to the attachment of equity features such as warrants and conversion optionality.

(f) Classification of financial instruments and fair value:

(i) Determination of Fair values

Under IFRS, fair values recorded on the consolidated statement of financial position are classified under a fair value hierarchy that reflects the significant inputs used in making the measurements.

- Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 inputs use inputs other than quoted prices in level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 inputs are inputs for the assets that are not based on an observable market data.

Recurring Measurements	Level 1	Level 2	Level 3
Cash	\$ 1,078,536	\$ –	\$ –
Derivative liability	\$ -	\$ –	\$ –

10. Related party transactions:

The shareholder loans as described in note 4 are held by a director of the Company and a relative of the director. During the period the Company paid \$1,250 in interest expense to the director for interest owed on one of the shareholder loans and interest expense of \$4,375 to the relative of the director.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

11. Expenses by nature:

	Three months ended June		Six months ended June	
	2019	2018	2019	2018
Wages and salaries	\$575,972	\$747,487	\$1,307,624	\$1,524,791
Share-based compensation	17,611	87,073	35,817	180,613

12. Executive compensation:

Key management personnel include directors and officers of the Company. In addition to their salaries, key management personnel participate in the Company's stock option plan and retention share plan. The following table shows compensation paid to directors and officers:

	Three months ended June		Six months ended June	
	2019	2018	2019	2018
Wages and salaries	\$147,000	\$183,750	\$339,750	\$367,500
Share-based compensation	11,274	63,947	23,146	135,814
	\$158,274	\$247,697	\$362,896	\$503,314

13. Loss per common share

The effects of potentially dilutive instruments such as stock options and warrants on loss per common share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per share.

	Three months ended June		Six months ended June	
	2019	2018	2019	2018
Weighted average common shares outstanding (basic and diluted)	26,152,405	26,094,929	26,152,405	26,082,225
Loss of the period	(311,071)	(1,100,372)	(1,064,965)	(2,374,997)
Basic and diluted loss per common share	\$(0.01)	\$(0.04)	\$(0.04)	\$(0.09)

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

Unaudited

14. Trade Receivables:

	As at June 30, 2019	As at December 31, 2018
Trade receivables, net of allowances for doubtful accounts	\$1,029,224	\$1,076,227
Other receivables	13,595	76,043
	<u>\$1,042,819</u>	<u>\$1,152,270</u>

15. Subsequent events:

- a) On August 2nd, 2019 the Company and the Lender ("Lender") agreed to amend the Term Loan ("Amending Agreement"). The Amending Agreement required the Company, by not later than August 7, 2019, to provide the Lender with a financing plan that contemplated full repayment of the senior secured credit facility by not later than September 30, 2019 which date is subject to extension by the Lender. That financing plan has been provided by the Company to the Lender. It was also a milestone to the Amending Agreement that the Company pursue an equity raise in the aggregate amount of not less than CAD\$3.0 million (the "Financing") and make a public announcement with respect to such Financing by no later than August 7, 2019. This milestone was met by the Company.

The Amending Agreement revised the liquidity covenant as follows:

The Company shall not:

Permit its Liquidity, as of the dates below, not to be less than the minimum amount: "Liquidity" means, with respect to the Company, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by lender, held in one or more deposit accounts or securities accounts subject to a control agreement and a first-priority perfected Lien in favor of lender.

- a) For the period beginning August 2nd, 2019 and ending August 31st, 2019 the minimum liquidity shall be \$700,000
- b) For the period beginning September 1, 2019 and ending September 15, 2019 the minimum liquidity shall be \$675,000
- c) For the period beginning September 16, 2019 and ending September 30, 2019 the minimum liquidity shall be \$650,000

A milestone requirement of the Term Loan Amending Agreement was for the Company liquidity to be at, or above \$800,000 on or before August 12, 2019. The Company raised \$74,000 \$CAD in the form of promissory notes prior to August 12, 2019 and achieved the liquidity milestone. The promissory notes bear a 10% annual interest payable, with the interest accruing until maturity. The promissory notes mature on November 15th, 2019 and can be extended 90 days by the Company upon written notice to the note holder.

TRAKOPOLIS IOT CORP.

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2019 and 2018

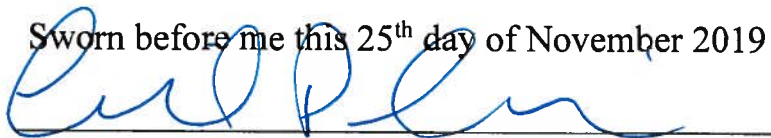
Unaudited

- b) Subsequent to June 30, 2019, The Company, as per the terms of the convertible debenture has notified the debenture holders that future interest payments will be paid in the form of common shares at a price equal to the volume weighted average trading price for the 20 days ending on the fifth day prior to the date on which the interest payments are due.

This is Exhibit “E” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

Trakopolis IoT Corp.									
DRAFT - Consolidated Statements of Operations and Comprehensive Loss									
Unaudited	DRAFT Only			Month over Month		Actuals v Budget			
	Jun-19	Jul-19	Aug-19	Change	% change	Aug Budget	Change	% Change	
Revenue									
Subscription sales	419,796	406,702	406,997	295	0%	414,037	(7,040)	-1.70%	
Hardware sales	96,042	91,066	74,779	(16,287)	-18%	60,000	14,779	25%	
Software development	-	-	-	0	0%		0		
Other Revenue	531	573	1,225	652	114%	0	1,225	0%	
	516,369	498,341	483,001	(15,340)	-3%	474,037	8,964	2%	
Cost of Sales	196,328	202,946	175,724	(27,222)	-13%	168,130	7,594	5%	
Gross Profit	320,041	295,395	307,277	11,882	4%	305,907	1,370	0%	
Total Gross margin	62%	59%	64%	4%	4%	65%	0	0%	
Expenses									
General and administrative	123,988	251,025	122,774	(128,251)	-51%	98,962	23,812	24%	
Sales and marketing	48,893	44,668	39,705	(4,963)	-11%	57,527	(17,822)	-31%	
Service and Support	27,613	28,723	24,174	(4,549)	-16%	29,497	(5,323)	-18%	
Technology	112,491	113,298	118,014	4,716	4%	124,933	(6,919)	-6%	
	312,985	437,714	304,667	(133,047)	-30%	310,919	(6,252)	-2%	
Operating loss before undernoted	7,056	(142,319)	2,610	144,929	-102%	(5,012)	7,622	-152%	
One-time expenses:									
Legal - oslers (debt restructuring)		56,000	0						
Legal - ESW council (debt restructuring)		64,000	0						
Legal - Socium Law			24,000						
Office move		16,000	0		* Includes moving and electrical costs				
Telephone - cancellation fees (non-operating lines)		3,000	0		* Cancellation fees, will result in permanent expense reduction of \$2000 per month (one-time hit)				
		139,000	24,000						
Adjusted Operating loss	7,056	(3,319)	26,610	29,929	-902%	(5,012)	31,622	-631%	
Share-based compensation	5,780	5,574	5,574			5,500	74	1%	
Finance expense:									
Derivative fair value (gain) loss	(53,272)	0	-	0	0%	-	-	0%	
Interest on debt and loans	74,989	74,063	73,663	(400)	-1%	72,727	936	1%	
Other expense	4,240	11,947	41,261	29,314	245%	15,000	26,261	175%	
Accretion interest	25,256	25,656	26,317	661	3%	25,000	1,317	5%	
Loss(gain) on foreign exchange	(81,718)	16,578	(6,738)	(23,316)	-141%	-	-	0%	
	(30,505)	128,244	134,503	6,259	5%	112,727	21,776	19%	
Amortization of property and equipment	2,194	2,194	2,194	0	0%	2,100	94	4%	
Net loss	29,587	(278,331)	(139,661)	138,670	-50%	(119,839)	(19,822)	17%	
Foreign currency translation loss (gain)	3,692	2,377	2,008	(369)	-16%	0	2,008	0%	
Comprehensive (loss) income	25,895	(280,708)	(141,669)	139,039	-50%	(119,839)	(21,830)	18%	

Trakopolis IoT Corp.

DRAFT - Consolidated Statements of Financial Position

Unaudited

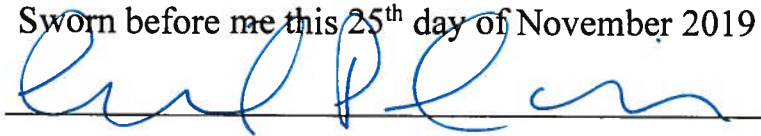
DRAFT only

	May-19	Jun-19	Jul-19	Aug-19
Assets				
Current assets:				
Cash & cash equivalents	1,122,010	1,099,253	843,284	1,008,971
Accounts receivable	1,007,306	1,023,254	1,110,634	1,085,583
Inventory	279,238	243,292	206,931	247,610
Prepaid expenses	59,841	59,000	62,087	63,288
	2,468,395	2,424,799	2,222,936	2,405,452
Property and equipment	96,907	94,713	92,519	90,325
	2,565,302	2,519,512	2,315,455	2,495,777
Liabilities and Shareholders' Deficiency				
Current liabilities:				
Accounts payable and accrued liabilities	1,499,767	1,460,112	1,436,797	1,623,088
Deferred revenue	77,146	84,146	78,274	58,446
Current shareholder loans	39,781	(13,491)	0	0
Current portion of lease	23,984	23,984	17,916	17,916
Current portion of long term debt	3,611,819	3,611,819	3,694,691	3,777,842
	5,252,497	5,166,571	5,227,678	5,477,292
Shareholder loans	203,718	203,718	202,422	200,837
Long term portion of lease	3,486	3,486	3,866	997
Convertible Debenture	961,530	970,530	979,255	988,261
	1,168,734	1,177,734	1,185,543	1,190,095
Shareholders' deficiency				
Share capital	25,922,643	25,922,643	25,922,643	25,922,643
Warrants	1,056,082	1,056,082	1,056,082	1,056,082
Contributed surplus	2,459,701	2,459,701	2,471,256	2,472,464
Equity component of convertible debt	163,702	163,702	163,702	163,702
Accumulated other comprehensive income	5,511	1,820	2,377	3,725
Deficit	(33,463,568)	(33,428,740)	(33,713,828)	(33,790,226)
	(3,855,930)	(3,824,793)	(4,097,768)	(4,171,610)
	2,565,302	2,519,512	2,315,453	2,495,777

This is Exhibit “F” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

TRAKOPOLIS IOT CORP.

LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT (this “**Agreement**”) is entered into as of November 15, 2018, by and between ESW Holdings, Inc. (“**Lender**”) and Trakopolis IoT Corp., a corporation continued under the laws of the province of Alberta (“**Borrower**”).

RECITALS

Borrower wishes to obtain credit from time to time from Lender, and Lender desires to extend credit to Borrower. This Agreement sets forth the terms on which Lender will advance credit to Borrower, and Borrower will repay the amounts owing to Lender.

AGREEMENT

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** As used in this Agreement, all capitalized terms shall have the definitions set forth on Exhibit A. Any term used in this Agreement and not defined herein shall have the meaning given to such term in the PPSA.

1.2 **Accounting Terms.** Except to the extent otherwise specified herein, any accounting term shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term “financial statements” shall include the accompanying notes and schedules.

1.3 **Currency.** Except as otherwise expressly provided herein, all dollar amounts herein are in Dollars (being, for greater certainty, the lawful currency of United States).

2. LOAN AND TERMS OF PAYMENT.

2.1 Credit Extensions.

(a) **Promise to Pay.** Borrower promises to pay to Lender, in lawful money of the United States, the aggregate unpaid principal amount of all Credit Extensions made by Lender to Borrower, together with interest on the unpaid principal amount of such Credit Extensions at rates in accordance with the terms hereof.

(b) **The Advance(s).**

(i) Subject to and upon the terms and conditions of this Agreement, Lender agrees to make a single Advance to Borrower during the Commitment Period. The Advance, to be made on the Closing Date, will be in an amount of up to \$3,000,000. The Advance, once repaid or prepaid, may not be reborrowed.

(ii) Borrower shall submit to Lender a borrowing notice (which notice shall be irrevocable) by electronic mail to be received no later than 3:00 p.m. Central time one (1) Business Day before the Closing Date. Such notice shall be substantially in the form of Exhibit C. The notice shall be signed by a

Responsible Officer. Lender shall be entitled to rely on any notice given in accordance with Section 10 hereof by a Responsible Officer, and Borrower shall indemnify and hold Lender harmless for any damages or loss suffered by Lender as a result of such reliance.

- (c) Use of Proceeds. The Line shall only be used by the Borrower to (a) refinance existing debt, and (b) for general corporate working capital needs.

2.2 Payments, and Calculations.

- (a) Interest Rate.

- (i) Borrower shall pay interest on the unpaid principal amount of the Advance, from the date of the Advance until such principal amount shall be paid in full, at a rate per annum equal to the Base Interest Rate. All interest shall be payable in accordance with Section 2.2(b). The Advance(s) and all other Obligations shall be immediately due and payable on the Maturity Date.
- (ii) Notwithstanding the foregoing, during the continuance of any Event of Default, Borrower shall pay interest on the outstanding Obligations at a rate per annum equal at all times to the Default Interest Rate and such interest shall be due and payable on demand (and in any event in arrears on the date the Obligations shall be paid in full).
- (iii) Interest Act. For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement. The Lender agrees that promptly upon request by the Borrower from time to time it will advise the Borrower of the Prime Rate in effect at such time (or during any other period prior to such time), and will assist the Borrower in calculating the effective annual rate of interest required to be disclosed pursuant to section 4 of the *Interest Act* (Canada).

- (b) Payments. Accrued interest shall be paid in kind by being capitalized and added to the principal amount of the Advances on the first Business Day of each month. Lender shall, at its option, charge such interest and all Lender Expenses against the Line, in which case those amounts shall thereafter accrue interest at the rate then applicable hereunder. Interest shall be compounded by becoming a part of the Obligations, and such interest shall thereafter accrue interest at the rate then applicable hereunder.

- (c) Computation. All interest and fees chargeable under the Loan Documents shall be computed on the basis of a 360 day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue.
- (d) Mandatory Prepayment(s). Upon receipt of any Excess Customer Payment Amount, Borrower will immediately prepay the Obligations in an amount equal to 70% of such Excess Customer Payment Amount. There will be no Prepayment Premium applied to any such prepayment.
- (e) Voluntary Prepayments. Borrower shall have the option to prepay all or part of the Advance(s) so long as and provided that (i) the Borrower provides written notice to Lender if its election to prepay such Advance at least three (3) Business Days prior to making such prepayment, and (ii) any prepayments, whether in whole or in part of the Advance hereunder, shall be made together with payment of the Prepayment Premium due with and in respect of each such prepayment.
- (f) Payments Generally. Except to the extent otherwise provided herein, all payments of principal, interest, Lender Expenses and other Obligations and other amounts to be made by Borrower under this Agreement and the other Loan Documents, and, except to the extent otherwise provided herein and therein, shall be made in Dollars, in immediately available funds, without deduction, set off or counterclaim, to Lender, not later than 3:00 p.m. Central time on the date on which such payment shall become due.

2.3 Crediting Payments. Prior to the occurrence of an Event of Default, Lender shall credit a wire transfer of funds, check or other item of payment to such Obligation as Borrower specifies. After the occurrence and during the continuance of an Event of Default, Lender shall have the right, in its sole discretion, to immediately apply any wire transfer of funds, check, or other item of payment Lender may receive to conditionally reduce Obligations, but such applications of funds shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Lender after 3:00 p.m. Central time shall be deemed to have been received by Lender as of the opening of business on the immediately following Business Day. Whenever any payment to Lender under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

2.4 Fees and Lender Expenses. Borrower agrees to and shall pay to Lender the following:

- (a) Facility Fee. On the Closing Date, a non-refundable fee equal to \$60,000, which amount shall be earned and payable upon the execution by the Borrower of this Agreement.

- (b) Lender Expenses. (i) On the Closing Date, all Lender Expenses incurred through the Closing Date, and (ii) thereafter, all Lender Expenses, as and when they become due and/or upon demand by Lender to Borrower.
- (c) Prepayment Premium. A Prepayment Premium due immediately upon the date of any voluntary prepayment, whether in whole or in part, made by Borrower of the Advances. In addition, Borrower shall pay to Lender a Prepayment Premium immediately upon the earliest to occur of (i) any early termination of this Agreement, and (ii) any acceleration of the Obligations pursuant to Section 9.1(a). For the avoidance of doubt, each Prepayment Premium shall be fully earned when the Advance is made.
- (d) Generally. Except as otherwise set forth herein, all fees set forth in this Section 2.4 shall be fully earned and irrevocable when paid and shall not be refundable for any reason whatsoever.

2.5 Term. This Agreement shall become effective on the Closing Date and, subject to Section 12.8, shall continue in full force and effect for so long as any Obligations remain outstanding or Lender has any obligation to make Credit Extensions under this Agreement. Notwithstanding the foregoing, Lender shall have the right to terminate its obligation to make Credit Extensions under this Agreement immediately and without notice upon the occurrence of an Event of Default.

2.6 Taxes.

- (a) Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made free and clear of, without deduction or withholding for or on account of, any present or future, Taxes, except as required by Applicable Law. If any Taxes are required to be withheld or deducted, Borrower shall pay such additional amounts as necessary to result in Lender receiving the same amounts of money as it would have if no such Taxes had been required to be withheld or deducted; provided, however, that Borrower shall not be required to pay such additional amounts on account of Taxes imposed on or measured by Lender's overall net income that are imposed by a jurisdiction where Lender is a tax resident, unless such Taxes would not have been imposed on Lender but for the mere receipt of payment by Lender from Borrower.
- (b) If the Borrower is required by Applicable Law to make any deduction or withholding on account of any Taxes or other amount from any sum paid or expressed to be payable to the Lender under this Agreement or any other Loan Document, then: (a) the Borrower shall notify the Lender of any such requirement or any change in any such requirement as soon as it becomes aware of it; (b) the Borrower shall pay any such Taxes or other amount before the date on which penalties attached thereto become due and payable; (c) without duplication, the sum payable by the Borrower in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, the recipient receives on the due date and retains (free from any liability in respect of any such deduction,

withholding or payment) a sum equal to that which it would have received and so retained had no such deduction, withholding or payment been required or made; and (d) within thirty (30) days after payment of any sum from which the Borrower is required by Applicable Law to make any deduction or withholding, and within thirty (30) days after the due date of payment of any Taxes or other amount which it is required by clause (b) above to pay, it shall deliver to the Lender all such certified documents and other evidence as to the making of such deduction, withholding or payment as (i) are reasonably satisfactory to the Lender as proof of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority and (ii) are reasonably required by the Lender to enable it to claim a Tax credit with respect to such deduction, withholding or payment. If the Borrower fails to pay any Taxes when due to the appropriate taxing authority, the Borrower shall indemnify the Lender for any incremental Taxes, interest or penalties that may become payable by the Lender as a result of any such failure. The provisions of this Section 2.6 shall survive the satisfaction and payment of all Obligations and the termination of this Agreement.

- (c) Lender is authorized to withhold Taxes from any payment or transfer made hereunder and remit such Taxes to the relevant taxing authorities to the extent required by law, and shall not pay any additional amounts in respect of any withheld amounts.

3. CONDITIONS OF LOANS.

3.1 Conditions Precedent to Credit Extension. The obligation of Lender to make the Credit Extension is subject to the condition precedent that Lender shall have received, in form and substance satisfactory to Lender, the following:

- (a) this Agreement;
- (b) the Warrant Certificate;
- (c) an officer's certificate of Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents;
- (d) an officer's certificate of Guarantor with respect to incumbency and resolutions authorizing the acknowledgment of this Agreement and the execution and delivery of the other Loan Documents;
- (e) the Intellectual Property Security Agreement, together with evidence that all action Lender may deem necessary or desirable in order to perfect the Liens created under the Intellectual Property Security Agreement has been taken;
- (f) the Pledge Agreement, together with the original share certificates representing all Equity Interests in the Guarantor, accompanied by undated powers of attorney to transfer shares;

- (g) the Guarantee;
- (h) the General Security Agreement;
- (i) a payout and release letter from the Existing Lender providing for a release of all Liens and confirming the repayment in full of all Indebtedness under the Existing Credit Facility;
- (j) a financing statement identifying Borrower as debtor;
- (k) a financing statement identifying Guarantor as debtor;
- (l) evidence that the insurance policies required by Section 6.5 are in full force and effect, together with appropriate evidence showing loss payable and additional insured clauses or endorsements in favor of Lender;
- (m) payment of the fees and Lender Expenses then due;
- (n) current searches on applicable databases indicating that except for Permitted Liens, there are no other security interests or Liens of record in the Collateral and customary searches with respect to tax liens, bankruptcy filings and litigation matters, the results of which are satisfactory to Lender and its counsel;
- (o) current financial statements, including company prepared consolidated balance sheets and income statements for the month ended August, 2018, and such other financial information as Lender may reasonably request;
- (p) current Compliance Certificate in accordance with Section 6.2;
- (q) such other documents or certificates, and completion of such other matters, as Lender may reasonably deem necessary or appropriate;
- (r) timely receipt by the Lender of the borrowing notice as provided in Section 2.1(b)(ii) above;
- (s) no event(s) or circumstance(s) shall have occurred that could reasonably be expected to have a Material Adverse Effect;
- (t) the representations and warranties contained in Section 5 shall be true and correct in all material respects on and as of the date of such borrowing notice and on the effective date of the Credit Extension as though made at and as of each such date (provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date); and
- (u) no Event of Default shall have occurred and be continuing, or would exist after giving effect to such Credit Extension.

The making of the Credit Extension shall be deemed to be a representation and warranty by Borrower on the date of the Credit Extension as to the accuracy of the facts referred to in this Section 3.1.

3.2 Post-Closing Conditions. Borrower shall, on or before the date which is thirty (30) days after the Closing Date, cause to be delivered to Lender PPSA estoppel letters or similar confirmation from each of Dell Financial Services Canada Limited and Meridian OneCap Credit Corp., in respect of their Alberta PPSA registration against the Guarantor relating to specific collateral.

4. CREATION OF SECURITY INTEREST.

4.1 Grant of Security Interest. Borrower grants and pledges to Lender a continuing security interest in the Collateral to secure prompt repayment of any and all Obligations and to secure prompt performance by Borrower of each of its covenants and duties under the Loan Documents. Except as set forth in the Schedule, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in later-acquired Collateral. Except for any Permitted Lien, Borrower also hereby agrees not to sell, transfer, assign, mortgage, pledge, license, lease grant a Lien in or upon or encumber any of its Intellectual Property. Notwithstanding any termination of this Agreement, Lender's Lien on the Collateral shall remain in effect for so long as any Obligations are outstanding.

4.2 Perfection of Security Interest. Borrower authorizes Lender to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of Borrower of the kind pledged hereunder, and (ii) contain any other information required by the PPSA for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, including whether Borrower is an organization, the type of organization and any organizational identification number issued to Borrower, if applicable. Borrower shall from time to time endorse and deliver to Lender, at the request of Lender, all Negotiable Collateral and other documents that Lender may reasonably request, in form satisfactory to Lender, to perfect and continue perfection of Lender's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents. Borrower shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where Lender chooses to perfect its security interest by possession in addition to the filing of a financing statement. Where Collateral is in possession of a third party bailee, Borrower shall take such steps as Lender reasonably requests for Lender to (i) obtain an acknowledgment, in form and substance satisfactory to Lender, of the bailee that the bailee holds such Collateral for the benefit of Lender, and (ii) obtain "control" of any Collateral consisting of investment property, deposit accounts, securities accounts, letter-of-credit rights or electronic chattel paper (as such items and the term "control" are defined in the PPSA) by causing the securities intermediary or depositary institution or issuing bank to execute a Control Agreement in form and substance satisfactory to Lender. Borrower will not create any chattel paper without placing a legend on the chattel paper acceptable to Lender indicating that Lender has a security interest in the chattel paper.

4.3 Right to Inspect. Lender (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours but

no more than twice a year (unless an Event of Default has occurred and is continuing), to inspect Borrower's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

5. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants as follows:

5.1 Due Organization and Qualification. Borrower and each Subsidiary is (a) an entity duly existing under the laws of the jurisdiction in which it is organized and qualified and (b) licensed to do business in any state in which the conduct of its business or its ownership of property requires that it be so qualified, except, solely in the case of clause (b), where the failure to do so could not reasonably be expected to cause a Material Adverse Effect.

5.2 Due Authorization; No Conflict. The execution, delivery, and performance of the Loan Documents are within Borrower's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in Borrower's organizational documents, nor will they constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement by which it is bound, except to the extent such default would not reasonably be expected to cause a Material Adverse Effect.

5.3 Collateral. Borrower has rights in or the power to transfer the Collateral, and its title to the Collateral is free and clear of Liens, adverse claims, and restrictions on transfer or pledge except for Permitted Liens. All Inventory is in all material respects of good and merchantable quality, free from all material defects, except for Inventory for which adequate reserves have been made. Except as set forth in the Schedule, none of the Collateral is maintained or invested with a Person other than Lender. The contracts that generate fees included in the calculation of Monthly Recurring Revenue are bona fide existing obligations and are in full force and effect as of the date of such inclusion, and the report with respect to Monthly Recurring Revenue most recently provided to Lender contains a true, correct and complete list of all such contracts. Borrower has not received notice of an actual or imminent Insolvency Proceeding of any counterparty to a contract that generates fees included in the calculation of Monthly Recurring Revenue.

5.4 Intellectual Property. Borrower is the sole owner or valid licensee of the Intellectual Property, except for licenses granted by Borrower to its customers in the ordinary course of business. Except as set forth on the Schedule, Borrower owns or licenses or otherwise has the right to use all Intellectual Property and related rights that are necessary for the operation of its business, without infringement upon or conflict with the rights of any other Person with respect thereto. Except as set forth in the Schedule, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Borrower infringes upon or conflicts with any rights owned by any other Person, and no claim or litigation regarding any of the foregoing is pending or threatened in writing. To the best knowledge of Borrower, no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or proposed, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. To Borrower's knowledge, each of the Copyrights, Trademarks and Patents is valid and enforceable, and no part of the Intellectual

Property has been judged invalid or unenforceable, in whole or in part, and no claim has been made to Borrower that any part of the Intellectual Property violates the rights of any third party except to the extent such claim could not reasonably be expected to cause a Material Adverse Effect. Other than this Agreement, Borrower is not a party to, nor bound by, any agreement that restricts the grant by Borrower of a Lien in the Intellectual Property.

5.5 Name; Location of Chief Executive Office; Location of Inventory and Equipment. Except as disclosed in the Schedule, Borrower has not done business under any name other than that specified on the signature page hereof, and its exact legal name is as set forth in the first paragraph of this Agreement. The chief executive office of Borrower is located at the address indicated in Article 10 hereof. Except as disclosed in the Schedule, all Collateral of Borrower is located at the address indicated in Article 10 hereof.

5.6 Actions, Suits, Litigation, or Proceedings. Except as set forth in the Schedule, there are no actions, suits, litigation or proceedings, at law or in equity, pending by or against Borrower or any Subsidiary before any court, administrative agency, or arbitrator in which a likely adverse decision could reasonably be expected to have a Material Adverse Effect.

5.7 No Material Adverse Change in Financial Statements. All consolidated financial statements related to Borrower and any Subsidiary that have been delivered by Borrower to Lender fairly present in all material respects Borrower's consolidated financial condition as of the date thereof and Borrower's consolidated results of operations for the period then ended. There has not been a material adverse change in the consolidated financial condition of Borrower since the date of the most recent financial statements submitted to Lender.

5.8 Solvency, Payment of Debts. Borrower is able to pay its debts (including trade debts) as they mature; the fair saleable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; and Borrower is not left with unreasonably small capital after the transactions contemplated by this Agreement.

5.9 Compliance with Laws and Regulations. Borrower and each Subsidiary have met the minimum funding requirements with respect to any employee benefit plans and Pension Plans, as applicable. No event has occurred resulting from Borrower's failure to comply with its pension requirements that is reasonably likely to result in Borrower's incurring any liability that could reasonably be expected to have a Material Adverse Effect. Borrower has complied in all material respects with all Environmental Laws. Borrower has not violated any statutes, laws, ordinances or rules applicable to it, the violation of which could reasonably be expected to have a Material Adverse Effect. Borrower and each Subsidiary have filed or caused to be filed all Tax returns required to be filed, and have paid, or have made adequate provision for the payment of, all Taxes reflected therein except those being contested in good faith with adequate reserves under GAAP or where the failure to file such returns or pay such Taxes could not reasonably be expected to have a Material Adverse Effect.

5.10 Investments. Borrower does not own any Equity Interests of any Person, except for Permitted Investments.

5.11 Government Consents. Borrower and each Subsidiary have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary for the continued operation of Borrower's business as currently conducted, except where the failure to do so would not reasonably be expected to have or result in a Material Adverse Effect.

5.12 Restricted Agreements. Except as disclosed on any Schedule hereto, Borrower is not a party to, nor is bound by, any Restricted Agreement.

5.13 Anti-Corruption Laws and Sanctions. Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Borrower, its Subsidiaries and their respective officers and directors and to the knowledge of Borrower its employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in Borrower being designated as a Sanctioned Person. None of (a) Borrower, any Subsidiary, any of their respective directors or officers or employees, or (b) to the knowledge of Borrower, any agent of Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Advance, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

5.14 Full Disclosure. No representation, warranty or other statement made by Borrower in any certificate or written statement furnished to Lender taken together with all such certificates and written statements furnished to Lender contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading, it being recognized by Lender that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not to be viewed as facts and that actual results during the period or periods covered by any such projections and forecasts may differ from the projected or forecasted results.

6. AFFIRMATIVE COVENANTS.

Borrower covenants that, until payment in full of all outstanding Obligations, and for so long as Lender may have any commitment to make a Credit Extension hereunder, Borrower shall do all of the following:

6.1 Good Standing and Government Compliance. Borrower shall maintain its, and each of its Subsidiaries', organizational existence and good standing in the jurisdiction in which it is organized, shall maintain its and each of its Subsidiaries' qualification and good standing in each other jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect, and shall, upon the request of the Lender, furnish to Lender the organizational identification number issued to Borrower by the authorities of the jurisdiction in which Borrower is organized, if applicable. Borrower shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of any employee benefit plans. Borrower shall comply in all material respects with all applicable Environmental Laws, and maintain all material permits, licenses and approvals required thereunder where the failure to do so could reasonably be expected

to have a Material Adverse Effect. Borrower shall comply, and shall cause each Subsidiary to comply, with all statutes, laws, ordinances and government rules and regulations to which it is subject, and shall maintain, and shall cause each of its Subsidiaries to maintain, in force all licenses, approvals and agreements, the loss of which or failure to comply with which would reasonably be expected to have a Material Adverse Effect. Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by Borrower, any Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

6.2 Financial Statements, Reports, Certificates. Borrower shall deliver to Lender:

- (a) The following financial statements:
 - (i) As soon as available, but in any event within 60 days after the end of each fiscal quarter, a company prepared consolidated balance sheet and income statement covering Borrower's and each Subsidiaries' operations during such period, prepared in accordance with GAAP, and in a form reasonably acceptable to Lender and certified by a Responsible Officer;
 - (ii) As soon as available, but in any event within 120 days after the end of each of Borrower's fiscal years, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an opinion which is unqualified or otherwise consented to in writing by Lender on such financial statements of an independent certified public accounting firm reasonably acceptable to Lender. Notwithstanding the foregoing, Lender may waive the requirement for audited financial statements upon Borrower's written confirmation of unanimous approval by the Board of Directors that it will not be obtaining audited financial statements for such year. In such case, Borrower shall deliver company prepared consolidated financial statements prepared in accordance with GAAP within 60 days after the end of such fiscal year;
 - (iii) Promptly upon receipt of notice thereof, a report of any legal actions pending or threatened against Borrower or any Subsidiary that could reasonably be expected to result in damages or costs to Borrower or any Subsidiary of CAD\$100,000 or more;
 - (iv) Promptly upon receipt, each management letter (if any) prepared by Borrower's independent certified public accounting firm regarding Borrower's management control systems;
 - (v) To the extent prepared, as soon as available following the end of each fiscal year of Borrower, Borrower's financial and business projections and budget for the then current or immediately following year, as applicable, with evidence of approval thereof by the Board of Directors, if applicable; and
 - (vi) Such other budgets, sales projections, operating plans or other financial information as Lender may reasonably request from time to time.

- (b) Concurrently with delivery of the financial statements set forth in Subsections 6.2(a)(i) and 6.2(a)(ii) above, as applicable, a Compliance Certificate certified as of the last day of the applicable quarter and signed by a Responsible Officer in substantially the form of Exhibit D hereto.
- (c) On the last Business Day of each month, a MRR report for the previous month, including computation of Net Retention Rate, in form and substance reasonably satisfactory to Lender.
- (d) On the first Business Day of each month, a copy of the Borrower's bank account statements and, on the 15th day of each month, a report of its Liquidity, and certifying its (i) compliance with Section 7.13(a) of this Agreement for each day during the previous month and (ii) projected compliance with Section 7.13(a) of this Agreement for each day during the following fiscal quarter; *provided*, however, if an Event of Default has occurred and is continuing, Borrower shall deliver the report described in this Section 6.2(d) on the first Business Day of each week.
- (e) Within 30 days after the last day of each fiscal quarter, a report of its In-Force Annual Contract Value, and certifying its (i) compliance with Section 7.13(b) of this Agreement for each day during the previous quarter and (ii) projected compliance with Section 7.13(b) of this Agreement for each day during the following fiscal quarter; *provided*, however, if an Event of Default has occurred and is continuing, Borrower shall deliver the report described in this Section 6.2(d) on the first Business Day of each week.
- (f) Within 30 days after the last day of each fiscal quarter, a report of its Net Retention Rate, and certifying its (i) compliance with Section 7.13(c) of this Agreement for each month during the previous quarter; *provided*, however, if an Event of Default has occurred and is continuing, Borrower shall deliver the report described in this Section 6.2(d) on the first Business Day of each week.
- (g) Immediately upon becoming aware of the occurrence or existence of an Event of Default hereunder, a written statement of a Responsible Officer setting forth details of the Event of Default, and the action which Borrower has taken or proposes to take with respect thereto.

Borrower may deliver to Lender on an electronic basis any certificates, reports or information required pursuant to this Section 6.2, and Lender shall be entitled to rely on the information contained in the electronic files, provided that Lender in good faith believes that the files were delivered by a Responsible Officer. Upon request by the Lender, Borrower shall also deliver to Lender by registered mail, reputable overnight courier service, hand delivery, facsimile or .pdf file within five (5) Business Days of submission of the unsigned electronic copy the certification of monthly financial statements, the intellectual property report, and the Compliance Certificate, each bearing the physical signature of the Responsible Officer.

Lender shall have a right from time to time hereafter to audit Borrower's Accounts and appraise Collateral at Borrower's expense, provided that such audits will be conducted not more often than every six (6) months unless an Event of Default has occurred and is continuing.

6.3 Inventory; Returns. Borrower shall keep all Inventory in good and merchantable condition, free from all material defects except for Inventory for which adequate reserves have been made. Returns and allowances, if any, as between Borrower and its account debtors shall be on the same basis and in accordance with the usual customary practices of Borrower, as they exist on the Closing Date. Borrower shall promptly notify Lender of all returns and recoveries and of all disputes and claims involving more than CAD\$100,000.

6.4 Taxes. Borrower shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent all Taxes imposed upon it or upon its income or profits or in respect of its business or Collateral and file all tax returns in respect thereof; provided, however that it shall not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and an adequate reserve in accordance with GAAP has been established in its books and records. The Borrower will execute and deliver to Lender, on demand, proof satisfactory to Lender indicating that Borrower has made such payments or deposits and any appropriate certificates attesting to the payment or deposit thereof.

6.5 Insurance.

- (a) Borrower, at its expense, shall keep the Collateral insured against loss or damage, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where Borrower's business is conducted on the date hereof. Borrower shall also maintain liability and other insurance in amounts and of a type that are customary to businesses similar to Borrower's.
- (b) All such policies of insurance shall be in such form, with such companies, and in such amounts as reasonably satisfactory to Lender. All policies of property insurance shall contain a lender's loss payable endorsement, in a form satisfactory to Lender, showing Lender as an additional loss payee, and all liability insurance policies shall show Lender as an additional insured and specify that the insurer must give at least thirty (30) days' notice to Lender before canceling its policy for any reason. Upon Lender's request, Borrower shall deliver to Lender certified copies of the policies of insurance and evidence of all premium payments. If no Event of Default has occurred and is continuing, proceeds payable under any casualty policy will, at Borrower's option, be payable to Borrower to replace the property subject to the claim, provided that any such replacement property shall be deemed Collateral in which Lender has been granted a first priority security interest. If an Event of Default has occurred and is continuing, all proceeds payable under any such policy shall, at Lender's option, be payable to Lender to be applied on account of the Obligations.

6.6 Registration of Intellectual Property Rights.

- (a) Borrower shall register or cause to be registered on an expedited basis (to the extent not already registered) with the Canadian Intellectual Property Office or otherwise those registrable intellectual property rights now owned or hereafter developed or acquired by Borrower, to the extent that Borrower, in its reasonable business judgment, deems it appropriate to so protect such intellectual property rights.
- (b) Borrower shall promptly give Lender written notice of any applications or registrations of intellectual property rights filed with the Canadian Intellectual Property Office or otherwise, including the date of such filing and the registration or application numbers, if any.
- (c) Borrower shall give Lender prompt written notice of the filing of any applications or registrations with the Canadian Intellectual Property Office or otherwise, including the title of such intellectual property rights to be registered, as such title will appear on such applications or registrations, and the date such applications or registrations will be filed.
- (d) Borrower shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents, Copyrights, and trade secrets, (ii) use commercially reasonable efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Lender in writing of material infringements detected and (iii) not allow any material Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the prior written consent of Lender, which shall not be unreasonably withheld.

6.7 Restricted Agreement Consents. Prior to entering into or becoming bound by any material license or agreement which, when entered into, would constitute a Restricted Agreement, Borrower shall (a) provide written notice to Lender of the material terms of such license or agreement with a description of its likely impact on Borrower's business or financial condition, including the Collateral, and (b) obtain Lender's written consent to such license or agreement, which shall not be unreasonably withheld.

6.8 Use of Proceeds. Borrower will use the proceeds of the Advance (a) to repay the Existing Credit Facility in full, (b) to pay costs and expenses in connection with this Agreement and (c) for general working capital purposes, in each case, in accordance with Applicable Law.

6.9 Lender Conference Calls. At Lender's request, Borrower will cause its senior management and software engineers to host a conference call at a mutually convenient time on or around the date that reports are required to be delivered pursuant to Section 6.2(a), with Lender (through any of its officers, employees, or agents) to discuss such matters as Lender may reasonably request pertaining to the operations and financial performance of Borrower.

6.10 Pledge Agreements. Promptly, and in any event within five (5) days of the formation of any domestic Subsidiary, Borrower will deliver a Pledge Agreement, together with the original stock certificates representing all of the Equity Interests of such Subsidiary to be included in the Collateral, accompanied by undated stock powers executed in blank.

6.11 Further Assurances. At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action, and cause each of its Subsidiaries to execute and deliver such further instruments and take such further action, as may reasonably be requested by Lender from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Loan Documents, (ii) to subject to valid and perfected first priority security interests or other applicable Liens (subject to Permitted Liens) any of the Collateral or any other property of Borrower, (iii) to establish and maintain the validity and effectiveness of any of the Loan Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer and confirm unto Lender the rights now or hereafter intended to be granted to it under this Agreement or any other Loan Document. In furtherance of the foregoing, and to the extent permitted by Applicable Law, Borrower (A) authorizes Lender to execute any such agreements, instruments or other documents in Borrower's name and to file such agreements, instruments or other documents in any appropriate filing office and (B) authorizes Lender to file any financing statement required hereunder or under any other Loan Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of Borrower.

7. NEGATIVE COVENANTS.

Borrower covenants and agrees that, so long as any credit hereunder shall be available and until the outstanding Obligations are paid in full or for so long as Lender may have any commitment to make any Credit Extensions, Borrower shall not do any of the following:

7.1 Dispositions; Convey, sell, lease, license, transfer or otherwise dispose of (all of the foregoing, collectively, to "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, or move cash balances on deposit in an account subject to a Control Agreement in favor of Lender to any other account, other than Permitted Transfers.

7.2 Change in Name, Location, Executive Office, or Executive Management; Change in Business; Change in Fiscal Year; Change in Control. Change its name or continue out of the Borrower Province or relocate its chief executive office without thirty (30) days' prior written notification to Lender; engage in any business, or permit any of its Subsidiaries to engage in any business, other than or reasonably related or incidental to the businesses currently engaged in by Borrower; change its fiscal year end; or have a Change in Control.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of Equity Interests or property of another Person, or enter into any agreement to do any of the same.

7.4 Indebtedness. Create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower any obligation to prepay any Indebtedness, other than Indebtedness to Lender and the Existing Unsecured Debt as specifically permitted in Section 7.10 below.

7.5 Encumbrances. Create, incur, assume or allow any Lien with respect to any of its property, or assign or otherwise convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries so to do, except for Permitted Liens.

7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any Equity Interests, except that Borrower may (a) repurchase the Equity Interests of former employees pursuant to equity repurchase agreements as long as an Event of Default does not exist prior to such repurchase or would not exist after giving effect to such repurchase, and (b) repurchase the Equity Interests of former employees pursuant to equity repurchase agreements by the cancellation of indebtedness owed by such former employees to Borrower regardless of whether an Event of Default exists.

7.7 Investments. Directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries to do so, other than Permitted Investments, or maintain or invest any of its property with a Person other than Lender or Lender's Affiliates or permit any of its Subsidiaries to do so unless such Person has entered into a Control Agreement with Lender, in form and substance satisfactory to Lender, or suffer or permit any Subsidiary to be a party to, or be bound by, an agreement that restricts such Subsidiary from paying dividends or otherwise distributing property to Borrower. Further, Borrower shall not enter into any license or agreement with any Sanctioned Person.

7.8 Accounts. Maintain cash, cash equivalents or other amounts in any deposit account, securities account or commodities account, unless Lender shall have received a Control Agreement in respect of each such account, other than (a) any deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Lender as such, and so long as monies in or allocated for such deposit accounts are not commingled with funds in any other deposit account or other types of accounts, and (b) other fiduciary accounts or withholding tax accounts.

7.9 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.10 Subordinated Debt. Make any payment in respect of any Subordinated Debt, or permit any of its Subsidiaries to make any such payment, except on account of the Existing Unsecured Debt in compliance with the terms of the subordination agreements relating to such Existing Unsecured Debt, or amend any provision of any document evidencing such Subordinated Debt, or amend any provision affecting Lender's rights contained in any documentation relating to the Subordinated Debt without Lender's prior written consent.

7.11 Inventory and Equipment. Store the Inventory or the Equipment with a bailee, warehouseman, or similar third party unless the third party has been notified of Lender's security interest and Lender (a) has received an acknowledgment from the third party that it is holding or will hold the Inventory or Equipment for Lender's benefit or (b) is in possession of the warehouse receipt, where negotiable, covering such Inventory or Equipment. Except for Inventory sold in the ordinary course of business and except for such other locations as Lender may approve in writing,

Borrower shall keep the Inventory and Equipment only at the location set forth in Article 10, the current Schedule, and such other locations of which Borrower gives Lender prior written notice.

7.12 No Investment Company; Margin Regulation. Become or be controlled by an “investment company,” within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Credit Extension for such purpose.

7.13 Financial Covenants.

- (a) Permit its actual Liquidity, as of any date, to be less than \$1,000,000.
- (b) Permit its In-Force Annual Contract Value to be less than the indicated amounts as at the last day of each of the following fiscal quarters of the Borrower:
 - (i) 4th quarter of 2018 - \$3,500,000;
 - (ii) 1st quarter of 2019 - \$3,650,000;
 - (iii) 2nd quarter of 2019 - \$3,850,000; and
 - (iv) 3rd quarter of 2019 - \$4,000,000.
- (c) Permit its Net Retention Rate to be less than 90% as of the last day of any fiscal quarter of the Borrower.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an “*Event of Default*” by Borrower under this Agreement:

8.1 Payment Default. If Borrower fails to pay any of the Obligations when due or, solely with respect to Obligations constituting Lender Expenses, within ten (10) Business Days following delivery of an invoice therefor;

8.2 Covenant Default.

- (a) If Borrower fails to perform or observe any obligation under Article 6 or fails to perform or observe any of the covenants contained in Article 7 of this Agreement;
or
- (b) If Borrower fails or neglects to perform or observe any other term, provision, condition, covenant contained in this Agreement (other than those specified in Section 8.1 or Section 8.2(a)), in any of the Loan Documents, or in any other present or future agreement between Borrower and Lender and as to any default under such other term, provision, condition or covenant that can be cured, has failed to cure such default within fifteen (15) days after Borrower receives notice thereof or any

officer of Borrower becomes aware thereof; provided, however, that if the default cannot by its nature be cured within the fifteen (15) day period or cannot after diligent attempts by Borrower be cured within such fifteen (15) day period, and such default is likely, in the opinion of the Lender acting reasonably, to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, so long as Borrower continues to diligently attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default but no Credit Extensions will be made (and for greater certainty, the Forbearance Period, if otherwise available in the circumstances, shall be reduced with respect to the applicable breach, by the cure period provided for herein, to the extent relied upon by Borrower);

8.3 Material Adverse Change. If there occurs any circumstance or circumstances that could reasonably be expected to have or result in a Material Adverse Effect;

8.4 Attachment. If any material portion of Borrower's and/or any of its Subsidiaries' assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or Person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or if Borrower and/or any of its Subsidiaries is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of Borrower's and/or any of its Subsidiaries' assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's and/or any of its Subsidiaries' assets by the Government of Canada, or any department, agency, or instrumentality thereof, or by any provincial, county, municipal, or governmental agency, and the same is not paid within ten (10) days after Borrower and/or any of its Subsidiaries receives notice thereof, provided that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by Borrower and/or any of its Subsidiaries (provided that no Credit Extensions will be made during such cure period);

8.5 Insolvency. If Borrower and/or any of its Subsidiaries becomes insolvent, or if an Insolvency Proceeding is commenced by Borrower or any of its Subsidiaries, or if an Insolvency Proceeding is commenced against Borrower or any of its Subsidiaries and is not dismissed or stayed within thirty (30) days (provided that no Credit Extensions will be made prior to the dismissal of such Insolvency Proceeding);

8.6 Other Agreements. If there is a default or other failure to perform in any agreement to which Borrower and/or any of its Subsidiaries is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to enforce its remedies which would result in a right to accelerate the maturity of any Indebtedness in an aggregate amount in excess of CAD\$100,000.00;

8.7 Subordinated Debt. If Borrower and/or any of its Subsidiaries makes any payment on account of Subordinated Debt, except to the extent the payment is allowed under any subordination agreement entered into with Lender;

8.8 Judgments; Settlements. If one or more (a) judgments, orders, decrees or arbitration awards requiring the Borrower and/or its Subsidiaries to pay an aggregate amount of CAD\$200,000.00 or greater shall be rendered against Borrower and/or any of its Subsidiaries and the same shall not have been vacated or stayed within thirty (30) days thereafter (provided that no Credit Extensions will be made prior to such matter being vacated or stayed); or (b) settlements is agreed upon by Borrower and/or its Subsidiaries for the payment by Borrower and/or its Subsidiaries of an aggregate amount of CAD\$200,000.00 or greater; or

8.9 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth herein or in any certificate delivered to Lender by any Responsible Officer pursuant to this Agreement or to induce Lender to enter into this Agreement or any other Loan Document.

9. LENDER'S RIGHTS AND REMEDIES.

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Lender may following the Forbearance Period (if applicable), at its election, upon notice to the Borrower, do any one or more of the following, all of which are authorized by Borrower:

- (a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.5, all Obligations shall automatically become immediately due and payable without any action by Lender);
- (b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and Lender;
- (c) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that Lender reasonably considers advisable;
- (d) Make such payments and do such acts as Lender considers necessary or reasonable to protect its Lien in the Collateral. Borrower agrees to assemble the Collateral if Lender so requires, and to make the Collateral available to Lender as Lender may designate. Borrower authorizes Lender to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or Lien which in Lender's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower hereby grants Lender a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of Lender's rights or remedies provided herein, at law, in equity, or otherwise;
- (e) Set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Lender, and (ii) Indebtedness at any time owing to or for the credit or the account of Borrower held by Lender;

- (f) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Lender is hereby granted a license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's labels, Patents, Copyrights, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Lender's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements shall inure to Lender's benefit;
- (g) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as Lender determines is commercially reasonable, and apply any proceeds to the Obligations in whatever manner or order Lender deems appropriate. Lender may sell the Collateral without giving any warranties as to the Collateral. Lender may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If Lender sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by Lender, and applied to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Borrower shall be credited with the proceeds of the sale;
- (h) Lender may credit bid and purchase at any public sale;
- (i) Appoint by instrument in writing one or more Receivers of the Borrower and/or any of its Subsidiaries or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Lender under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by Applicable Law, any Receiver appointed by the Lender will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Lender;
- (j) Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral;
- (k) Deliver a notice of exclusive control to the depository bank pursuant to any Control Agreement; and
- (l) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

9.2 Saving. The Lender shall not be under any obligation to any Obligor or any other Person to realize any Collateral or enforce the security or any part thereof or to allow any of the Collateral to be sold, dealt with or otherwise disposed of. The Lender shall not be responsible or liable to the Borrower or any other Person for any loss or damage upon the realization or enforcement of, the failure to realize or enforce the Collateral or any part thereof or the failure to allow any of the Collateral to be sold, dealt with or otherwise disposed of or for any act or omission on their respective parts or on the part of any director, officer, agent, servant or adviser in connection with any of the foregoing, except that the Lender may be responsible or liable for any loss or damage arising from the wilful misconduct or gross negligence of Lender.

9.3 Third Parties. No Person dealing with the Lender or any agent of the Lender shall be required to inquire whether the security has become enforceable, or whether the powers which the Lender is purporting to exercise have been exercisable, or whether any Obligations remain outstanding upon the security thereof, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or other disposition or any other dealing with the Collateral charged by such security or any part thereof.

9.4 Power of Attorney. Effective only upon the occurrence and during the continuance of an Event of Default and following the Forbearance Period (if any), Borrower hereby irrevocably appoints Lender (and any of Lender's designated officers, or employees) as Borrower's true and lawful attorney to: (a) send requests for verification of Accounts or notify account debtors of Lender's security interest in the Accounts; (b) endorse Borrower's name on any checks or other forms of payment or security that may come into Lender's possession; (c) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (d) dispose of any Collateral; (e) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance; (f) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Lender determines to be reasonable; and (g) file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Borrower where permitted by law; provided that Lender may exercise such power of attorney to sign the name of Borrower on any of the documents described in clause (g) above, regardless of whether an Event of Default has occurred. The appointment of Lender as Borrower's attorney in fact, and each and every one of Lender's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed and Lender's obligation to provide Advances hereunder is terminated.

9.5 Accounts Collection. At any time after the occurrence and during the continuation of an Event of Default and following the Forbearance Period (if any), Lender may notify any Person owing funds to Borrower of Lender's security interest in such funds and verify the amount of such Account. Borrower shall collect all amounts owing to Borrower for Lender, receive in trust all payments as Lender's trustee, and immediately deliver such payments to Lender in their original form as received from the account debtor, with proper endorsements for deposit.

9.6 Lender Expenses. If Borrower fails to pay any amounts or furnish any required proof of payment due to third Persons, as required under the terms of this Agreement, then Lender may do

any or all of the following after reasonable notice to Borrower: (a) make payment of the same or any part thereof; (b) set up such reserves under the Line as Lender deems necessary to protect Lender from the exposure created by such failure; or (c) obtain and maintain insurance policies of the type discussed in Section 6.5 of this Agreement, and take any action with respect to such policies as Lender deems prudent. Any amounts so paid or deposited by Lender shall constitute Lender Expenses, shall be immediately due and payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Lender shall not constitute an agreement by Lender to make similar payments in the future or a waiver by Lender of any Event of Default under this Agreement.

9.7 Protective Advances. Lender may from time to time make such disbursements and advances (“***Protective Advances***”) which Lender, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by Borrower of the Credit Extensions, Lender Expenses and other Obligations or to pay any other amount chargeable to the Borrower pursuant to the terms of this Agreement. The Protective Advances shall be repayable on demand and be secured by the Collateral. The Protective Advances shall constitute Obligations hereunder which may be charged to the Line in accordance with Section 2.2(b).

9.8 Lender’s Liability for Collateral. Lender has no obligation to clean up or otherwise assemble or prepare the Collateral for sale. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

9.9 No Obligation to Pursue Others. Lender has no obligation to attempt to satisfy the Obligations by collecting them from any other Person liable for them and Lender may release, modify or waive any collateral provided by any other Person to secure any of the Obligations, all without affecting Lender’s rights against Borrower. Borrower waives any right it may have to require Lender to pursue any other Person for any of the Obligations.

9.10 Remedies Cumulative. Lender’s rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Lender shall have all other rights and remedies not inconsistent herewith as provided under the PPSA, by law, or in equity. No exercise by Lender of one right or remedy shall be deemed an election, and no waiver by Lender of any Event of Default on Borrower’s part shall be deemed a continuing waiver. No delay by Lender shall constitute a waiver, election, or acquiescence by it. No waiver by Lender shall be effective unless made in a written document signed on behalf of Lender and then shall be effective only in the specific instance and for the specific purpose for which it was given. Borrower expressly agrees that this Section 9.8 may not be waived or modified by Lender by course of performance, conduct, estoppel or otherwise.

9.11 Demand; Protest. Except as otherwise provided in this Agreement, Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment and any other notices relating to the Obligations.

9.12 Waivers, Confidentiality, Information Sharing.

- (a) In no event shall any party hereto be liable for lost profits or other special or consequential damages.
- (b) To the maximum extent permitted by Applicable Law, the Borrower hereby waives all rights to a hearing of any kind prior to the exercise by the Lender of its rights to repossess the Collateral without judicial process or to reply, attach or levy upon such Collateral without prior notice or hearing.
- (c) To the maximum extent permitted by Applicable Law, the Borrower hereby waives demand, presentment, protest and notice of nonpayment.
- (d) Subject to the terms of the Confidentiality Agreement, the Borrower hereby agrees and acknowledges that the Lender shall be permitted to share with any of its Affiliates, any information concerning the Borrower this Agreement and all other Loan Documents, and the subject matter thereof, that the Lender has or will have in its possession.

10. NOTICES.

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by email if the sender receives an acknowledgment from the intended recipient (such as by the “return receipt requested” function, as available, return email or other written acknowledgment) if sent prior to 4:00 p.m. (local time of the recipient), or the next Business Day for the recipient, if set on or after 4:00 p.m. (local time of the recipient); (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or email address indicated below:

If to Borrower:

Trakopolis IoT Corp.
300, 1711-10th Avenue S.W.
Calgary, Alberta T3C 0K1
Attn: Richard Clarke
Email: rclarke@trakopolis.com

with a copy (which is not required
to constitute notice hereunder) to:

Socium Law
2000, 125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P6
Attn: William Van Horne
Email: william.vanhorne@sociumlaw.com

If to Lender:

ESW Holdings, Inc.
401 Congress Ave.
Suite 2650
Austin, TX 78701
Attn: Andrew S. Price
Email: andy.price@trilogy.com

with a copy (which is not required
to constitute notice hereunder) to:

Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9
Attn: Marty Kovnats
Email: mkovnats@airdberlis.com

The parties hereto may change the address or email address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

11. CHOICE OF LAW AND VENUE.

11.1 This Agreement shall be governed by, and construed in accordance with, the internal laws of the Province of Alberta, without regard to principles of conflicts of law. Each of Borrower and Lender hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the City of Calgary in the Province of Alberta for all matters arising out of, or in connection with, this Agreement and the other Loan Documents.

12. GENERAL PROVISIONS.

12.1 Set-Off or Compensation. In addition to and not in limitation of any rights now or hereafter granted under Applicable Law, if repayment is accelerated pursuant to Section 9, the Lender may at any time and from time to time without notice to the Borrower or any other Person, any notice being expressly waived by the Borrower, set off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, and any other indebtedness at any time owing by the Lender, to or for the credit of or the account of the Borrower, against and on account of the Obligations notwithstanding that any of them are contingent or unmatured.

12.2 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties and shall bind all Persons who become bound as a debtor to this Agreement; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without Lender's prior written consent, which consent may be granted or withheld in Lender's sole discretion. Lender shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Lender's obligations, rights and benefits hereunder.

12.3 Indemnification.

- (a) In addition to Borrower's other Obligations under this Agreement, Borrower agrees to defend, protect, indemnify and hold harmless Lender and its Affiliates, officers, directors, employees, attorneys, consultants and agents (collectively, the "**Indemnitees**") from and against any and all losses (other than loss of profits), damages, liabilities, obligations, penalties, fees, reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred by such Indemnitees, whether prior to or from and after the date hereof, whether direct, indirect or consequential, as a result of or arising from or relating to or in connection with any of the following: (i) the negotiation, preparation, execution or performance or enforcement of this Agreement, any other Loan Document or of any other document executed in connection with the transactions contemplated by this Agreement, (ii) Lender's furnishing of funds to Borrower under this Agreement or the other Loan Documents, including, without limitation, the management of any Credit Extension or Borrower's use of the proceeds thereof, (iii) Lender's relying on any instructions of Borrower or the handling of the Collateral of Borrower as herein provided, (iv) any matter relating to the financing transactions contemplated by this Agreement or the other Loan Documents or by any document executed in connection with the transactions contemplated by this Agreement or the other Loan Documents, or (v) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto (collectively, the "**Indemnified Matters**"); provided, however, that Borrower shall not have any obligation to any Indemnitee under this subsection (a) for any Indemnified Matter caused by the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction.
- (b) The indemnification for all of the foregoing losses, damages, fees, costs and expenses of the Indemnitees set forth in this Section 12.2 are chargeable against the Line. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 12.2 may be unenforceable because it is violative of any law or public policy, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under Applicable Law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.
- (c) No party hereto shall assert, and each party hereto hereby waives, any claim based on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Advance or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each party hereto hereby waives, releases and agrees not to sue upon any such claim or seek any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

The indemnities and waivers set forth in this Section 12.2 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

12.4 Exculpatory Provisions.

- (a) No party hereto shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, Lender shall not (i) be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing; or (ii) have any duty to take any discretionary action or exercise any discretionary powers.
- (b) Lender shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 3 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Lender.

12.5 Currency Indemnity. If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Loan Document, it becomes necessary to convert into a particular currency (the “**Judgment Currency**”) any amount due under this Agreement or under any other Loan Document in any currency other than the Judgment Currency (the “**Currency Due**”), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose “*rate of exchange*” means the rate at which the Lender is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice in New York, New York. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by the Lender of the amount due, the Borrower will, on the date of receipt by the Lender, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Lender on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Lender is the amount then due under this Agreement or such other Loan Document in the Currency Due. If the amount of the Currency Due which the Lender is so able to purchase is less than the amount of the Currency Due originally due, the Borrower shall indemnify and save the Lender harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Loan Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Loan Document or under any judgment or order.

12.6 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.7 Timing of Payments. Any payment received by the Lender after 3:30 p.m. (Central time) on a Business Day, or on any day that is not a Business Day, shall be credited to the account of the Borrower on the following Business Day.

12.8 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.9 Amendments in Writing, Integration. All amendments to or terminations of this Agreement or the other Loan Documents must be in writing and signed by the parties. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement and the other Loan Documents, if any, are merged into this Agreement and the Loan Documents.

12.10 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, and may be delivered by email transmission, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

12.11 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations remain outstanding or Lender has any obligation to make any Credit Extension to Borrower. The obligations of Borrower to indemnify Lender with respect to the expenses, damages, losses, costs and liabilities described in Section 12.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Lender have run.

12.12 Maximum Interest. Regardless of any provision contained in any of the Loan Documents, Lender will never be entitled to receive, collect or apply as interest on the Obligations any amount in excess of the Maximum Rate, and, in the event that Lender ever receives, collects or applies as interest any such excess, the amount which would be excessive interest is hereby deemed to be a partial prepayment of principal and treated hereunder as such; and, if the principal amount of the Obligations is paid in full, any remaining excess will forthwith be paid to the Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Rate, Borrower and Lender will, to the maximum extent permitted under Applicable Law: (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread, in equal parts, the total amount of interest throughout the entire contemplated term of the Obligations so that the interest rate does not exceed the Maximum Rate; *provided that*, if the Obligations are paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Rate, Lender will refund to Borrower the amount of such excess or credit the amount of such excess against the principal amount of the Obligations and, in such event, Lender will not be subject to any penalties provided by any laws for contracting for, charging, taking, reserving or receiving interest in excess of the Maximum Rate. As used herein, the term “*applicable law*”

means the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then the Loan Documents will be governed by such new law as of its effective date.

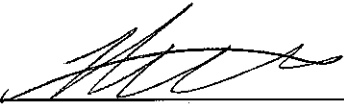
12.13 Conflicts. In the event there occurs any conflict or inconsistency between any provision hereof and any provision of the other Loan Documents, the provision hereof, to the extent of any such conflict or inconsistency, shall govern.

12.14 Entire Agreement. This Agreement and the other Loan Documents embody the entire agreement and understanding between the parties hereto and thereto and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof and may not be contradicted by evidence of prior or contemporaneous agreements of the parties. There are no unwritten oral agreements between the parties related to the subject matter of this Agreement and the other Loan Documents.

[signatures on following page]

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

TRAKOPOLIS IOT CORP.

By: 

Name: Brent Moore

Title: Chief Executive Officer

ESW HOLDINGS, INC.

By: _____

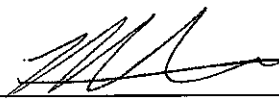
Name: _____

Title: _____

The undersigned hereby acknowledges receipt of a copy of this Agreement, accepts all of the terms and conditions contained therein and further covenants and agrees with the Lender to give effect to all of the provisions thereof.

DATED with effect as of the date first written above.

TRAKOPOLIS SAAS CORP.

By: 

Name: Brent Moore

Title: Chief Executive Officer

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

TRAKOPOLIS IOT CORP.

By: _____

Name: _____

Title: _____

ESW HOLDINGS, INC.

By: Andrew S Price
Andrew S Price (Nov 13, 2018)

Name: Andrew S Price

Title: CFO

The undersigned hereby acknowledges receipt of a copy of this Agreement, accepts all of the terms and conditions contained therein and further covenants and agrees with the Lender to give effect to all of the provisions thereof.

DATED with effect as of the date first written above.

TRAKOPOLIS SAAS CORP.

By: _____

Name: _____

Title: _____

EXHIBIT A

DEFINITIONS

“**Accounts**” means all presently existing and hereafter arising accounts, contract rights, payment intangibles and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology) or the rendering of services by Borrower and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower’s Books relating to any of the foregoing.

“**Advance(s)**” means a cash advance or cash advances under the Line.

“**Affiliate**” has the meaning specified in the *Business Corporations Act* (Alberta).

“**Agreement**” means this agreement and all schedules attached hereto; the expressions “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**”, “**hereby**” and similar expressions refer to this Agreement, as amended, restated or supplemented from time to time, as a whole and not to any particular Article, Section, Exhibit, or other portion hereof or thereof.

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

“**Applicable Law**” means: (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

“**Base Interest Rate**” means the Prime Rate plus four and half percent per annum (4.50%).

“**Board of Directors**” means the Board of Directors of Borrower.

“**Borrower Province**” means Alberta, the province under whose laws Borrower is organized.

“**Borrower’s Books**” means all of Borrower’s books and records including: ledgers; records concerning Borrower’s assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

“**Business Day**” means a day (other than Saturday or Sunday) on which banks are generally open for business in New York, New York or Calgary, Alberta.

“Change in Control” means that Person and/or its Affiliates becomes the beneficial owner, directly or indirectly, of fifty percent (50%), or more, of shares of all classes of Equity Interests then outstanding of Borrower ordinarily entitled to vote in the election of directors.

“Closing Date” means the date of this Agreement.

“Collateral” means the property described on Exhibit B attached hereto and all Negotiable Collateral to the extent not described on Exhibit B, except to the extent any such property (i) is non-assignable by its terms without the consent of the licensor thereof or another party (but only to the extent such prohibition on transfer is enforceable under Applicable Law), (ii) the granting of a security interest therein is contrary to Applicable Law, provided that upon the cessation of any such restriction or prohibition, such property shall automatically become part of the Collateral, or (iii) constitutes the Equity Interests of a controlled foreign corporation (as defined in the IRC), in excess of sixty five percent (65%) of the voting power of all classes of Equity Interests of such controlled foreign corporations entitled to vote.

“Commitment Period” means the period from the date hereof through November 15, 2019.

“Compliance Certificate” means the certificate substantially in the form set forth in Exhibit D attached hereto.

“Compliant Contract” means a software contract entered into by Borrower or any Subsidiary with any of its customers, which as of any date in question (i) is duly executed, (ii) is in full force and effect, (iii) is related to the provision of services or software by Borrower or any Subsidiary, (iv) arises in the ordinary course of business of Borrower or its Subsidiary, and (v) complies with all of Borrower’s representations and warranties set forth in Section 5.3.

“Confidentiality Agreement” means the confidentiality agreement entered into between Borrower and Lender.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued or provided for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designed to protect such Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by Lender in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Control Agreement” means a deposit account control agreement among Borrower, Lender and the applicable depository bank, in form and substance reasonably acceptable to Lender, as the same may be amended, supplemented or modified from time to time.

“Copyrights” means any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held.

“Credit Extension” means each Advance or any other extension of credit by Lender to or for the benefit of Borrower hereunder.

“Default Interest Rate” means the lesser of (i) Base Interest Rate plus five percent (5.00%) per annum and (ii) the Maximum Rate.

“Dollars” and **“\$”** means lawful money of the United States.

“Environmental Laws” means all Applicable Laws, rules, regulations, orders and the like issued by any federal, provincial, municipal, domestic, foreign or other governmental or quasi-governmental authority or any agency pertaining to the environment or to any hazardous materials or wastes, toxic substances, flammable, explosive or radioactive materials, asbestos or other similar materials.

“Equipment” means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

“Equity Interests” means, with respect to any Person, the capital stock, partnership or limited liability company interest, or other equity securities or equity ownership interests of such Person.

“Event of Default” has the meaning assigned in Section 8.

“Excess Customer Payment Amount” means any amount paid to Borrower or any Subsidiary of Borrower, excluding any payments with respect to hardware, under any service agreement, software license or other customer agreement for any period of time more than 12-months following the date of any such payment.

“Existing Credit Facility” means the existing loan or loans or extensions of credit made available to the Borrower by the Existing Lender pursuant to the terms of the credit agreement dated as of February 13, 2018, as amended.

“Existing Lender” means Silicon Valley Bank.

“Existing Unsecured Debt” means, collectively, each of the following:

- (a) The unsecured loan in the amount of CAD\$175,000 advanced by Ruth Sonnenberg, as lender, to the Guarantor pursuant to the terms of the loan agreement dated February 8, 2018;

- (b) The unsecured loan in the amount of CAD\$50,000 advanced by Gil Sonnenberg and Janice Sonnenberg, as lenders, to the Guarantor pursuant to the terms of the loan agreement dated February 8, 2018;
- (c) The unsecured loan in the amount of CAD\$1,000,000 advanced by Trisec Securities Inc. to the Borrower pursuant to the terms of a convertible debenture dated June 21, 2018; and
- (d) The unsecured loan in the amount of CAD\$100,000 advanced by Leslie Sonnenberg and Renee Sonnenberg to the Borrower pursuant to the terms of a convertible debenture dated June 21, 2018.

"Expenses Agreement" means the expense reimbursement agreement dated October 15, 2018 between the Borrower and the Lender.

"Forbearance Conditions" means all of the following, in each case as determined in good faith by Lender in its sole discretion: (a) Borrower's senior management and its Board of Directors continue to be fully engaged in the business, (b) no Insolvency Proceeding is or has been commenced by or against Borrower or any Subsidiary thereof, (c) no Person who holds or acquires a Lien on or against all or any material portion of Borrower's Intellectual Property exercises foreclosure or similar remedies against such Intellectual Property, (d) Borrower makes its officers, employees and Affiliates available at Lender's reasonable request, (e) Borrower maintains, preserves and protects the Collateral in accordance with Applicable Law and the provisions of the Loan Documents, (f) Borrower exercises reasonable commercial efforts to consummate a financing or other transaction that will enable it to satisfy and discharge the Obligations in full, and (g) Borrower demonstrates to Lender that Borrower has sufficient Liquidity to operate its business in the normal course during such Forbearance Period.

"Forbearance Period" means the period beginning on the date on which an Event of Default occurs (other than and excluding any Event of Default specified in Section 8.1 and Section 8.5) and ending on the earlier of (a) the thirtieth (30th) day thereafter and (b) the first day on which any of the Forbearance Conditions is not met.

"GAAP" means generally accepted accounting principles, consistently applied, as in effect from time to time in Canada.

"General Security Agreement" means a general security agreement, in form and substance acceptable to Lender, duly executed by Guarantor.

"Guarantee" means a guarantee agreement of the Obligations of the Borrower, in form and substance acceptable to Lender, duly executed by Guarantor.

"Guarantor" means Trakopolis SaaS Corp. and its successors and assigns.

"In-Force Annual Contract Value" means, as measured for any calendar month (a **"Testing Month"**), the product of (i) MRR for the Testing Month from Compliant Contracts that are not cancelled (even as to future periods), *multiplied by* and (ii) the number twelve (12).

“Indebtedness” means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations.

“Indemnified Matters” has the meaning assigned in Section 12.3(a).

“Indemnitees” has the meaning assigned in Section 12.3(a).

“Insolvency Proceeding” means any proceeding commenced by or against any Person under any provision of the *Bankruptcy and Insolvency Act* (Canada) or *Companies’ Creditors Arrangement Act* (Canada), each as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Intellectual Property” means all of Borrower’s and Guarantor’s right, title, and interest in and to the following:

- (a) Copyrights, Trademarks and Patents;
- (b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;
- (c) Any and all design rights which may be available to Borrower now or hereafter existing, created, acquired or held;
- (d) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;
- (e) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;
- (f) All amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and
- (g) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

“Intellectual Property Security Agreement” means an intellectual property security agreement, in form and substance acceptable to Lender, duly executed by Borrower and Guarantor.

“Inventory” means all present and future inventory in which Borrower has any interest.

“Investment” means any beneficial ownership (including Equity Interests) of any Person, or any loan, advance or capital contribution to any Person.

“Lender Expenses” means all costs or expenses of Lender, or any other holder or owner of the Loan Documents (including, without limit, court costs and reasonable legal fees and expenses, whether generated in-house or by outside counsel, whether or not a suit is instituted, and, if a suit is instituted, whether at trial court level, appellate court level, in a bankruptcy, probate or administrative proceeding or otherwise) incurred in connection with the preparation, negotiation, execution, delivery, amendment, maintenance, administration, and performance, or incurred in collecting, attempting to collect under the Loan Documents or the Obligations, or incurred in defending the Loan Documents, or incurred in any other matter or proceeding relating to the Loan Documents or the Obligations, and reasonable Collateral audit fees.

“Lien” means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Line” means a Credit Extension of up to \$3,000,000.

“Liquidity” means the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by Lender, held in one or more deposit accounts or securities accounts subject to a Control Agreement and a first-priority perfected Lien in favor of Lender.

“Loan Documents” means, collectively, this Agreement, the Confidentiality Agreement, the Expenses Agreement, the Intellectual Property Security Agreement, the Guarantee, the General Security Agreement, the Pledge Agreement, the Control Agreement, note or notes executed by Borrower and Guarantor, and any other document, instrument or agreement entered into in connection with this Agreement or the Obligations, all as amended or extended from time to time.

“Material Adverse Effect” means (i) a material adverse change in Borrower’s business, assets or financial condition, (ii) a material impairment in the prospect of repayment of all or any portion of the Obligations or in otherwise performing Borrower’s obligations under the Loan Documents, or (iii) a material impairment in the perfection, value or priority of Lender’s security interests in the Collateral.

“Maturity Date” means the Stated Maturity Date.

“Maximum Rate” means, on any day, the highest rate of interest (if any) permitted by Applicable Law on such day.

“Monthly Recurring Revenue” or **“MRR”** means Borrower’s monthly recurring revenues derived from Compliant Contracts, inclusive of usage fees (if applicable). For the avoidance of doubt, with respect to any expiring, recurring Compliant Contract (an **“Expiring Contract”**) that is renewed late and after the date of its expiration (the **“Renewed Contract”**), the MRR for such Renewed Contract shall be computed as if the renewal thereof occurred contemporaneously with the expiration of the Expiring Contract.

“Negotiable Collateral” means all of Borrower’s present and future letters of credit of which it is a beneficiary, drafts, instruments (including promissory notes), securities, documents of title, and chattel paper, and Borrower’s Books relating to any of the foregoing.

“Net Retention Rate” means, as measured for any month (a **“Testing Month”**), the quotient, expressed as a percentage, of (i) the MRR for the Testing Month from customers that have been active for more than twelve (12) full months, *divided by* (ii) the MRR for the corresponding month occurring one year prior to the Testing Month.

“Obligations” means all debt, principal, interest, Lender Expenses, fees, the Prepayment Premium, if any, and other amounts owed to Lender by Borrower pursuant to this Agreement or any other agreement, whether absolute or contingent, due or to become due, now existing or hereafter arising, including any interest that accrues after the commencement of an Insolvency Proceeding and including any debt, liability, or obligation owing from Borrower to others that Lender may have obtained by assignment or otherwise.

“Patents” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

“Pension Plan” means any “pension plan” or “plan” that is subject to the funding requirements of the *Employment Pension Plan Act* (Alberta) or applicable pension benefits legislation in any other Canadian jurisdiction and is applicable to employees resident in Canada of the Borrower.

“Permitted Indebtedness” means:

- (a) Indebtedness of Borrower in favor of Lender arising under this Agreement or any other Loan Document;
- (b) Existing Unsecured Debt;
- (c) Indebtedness not to exceed CAD\$50,000 in the aggregate in any fiscal year of Borrower secured by a lien described in clause (c) of the defined term **“Permitted Liens,”** provided such Indebtedness does not exceed the lesser of the cost or fair market value of the Equipment financed with such Indebtedness;
- (d) Subordinated Debt in an aggregate amount not to exceed CAD\$50,000 outstanding at any time, other than in respect of the Existing Unsecured Debt;
- (e) Indebtedness existing on the Closing Date disclosed in the Schedule and which are acceptable to Lender; and
- (f) Extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

“Permitted Investment” means:

- (a) Investments existing on the Closing Date disclosed in the Schedule and which are acceptable to Lender;
- (b) (i) Marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof maturing within one (1) year from the date of acquisition thereof, (ii) commercial paper maturing no more than one (1) year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor’s Rating Service or Moody’s Investors Service, Inc., (iii) Lender’s certificates of deposit maturing no more than one (1) year from the date of investment therein, and (iv) Lender’s money market accounts and deposit accounts;
- (c) Repurchases of Equity Interests from former employees, directors, or consultants of Borrower under the terms of applicable equity repurchase agreements (i) in an aggregate amount in cash not to exceed CAD\$100,000 in any fiscal year, provided that no Event of Default has occurred, is continuing or would exist after giving effect to the repurchases, or (ii) in any amount where the consideration for the repurchase is the cancellation of indebtedness owed by such former employees, directors or consultants to Borrower regardless of whether an Event of Default exists;
- (d) Investments accepted in connection with Permitted Transfers;
- (e) Investments not to exceed CAD\$100,000 in cash in the aggregate in any fiscal year consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of Equity Interests of Borrower or its Subsidiaries pursuant to employee equity purchase agreements approved by Board of Directors; or
- (f) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower’s business.

“Permitted Liens” means:

- (a) Any Liens arising under this Agreement or the other Loan Documents;
- (b) Liens for Taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and for which Borrower maintains adequate reserves, provided the same have no priority over any of Lender’s security interests;
- (c) Liens securing Indebtedness not to exceed CAD\$50,000 in the aggregate (i) upon or in any Equipment (other than Equipment financed by a Credit Extension)

acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such Equipment, or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such Equipment;

- (d) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) through (c) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase;
- (e) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Sections 8.4 (attachment) or 8.8 (judgments/settlements); and
- (f) Liens in favor of other financial institutions arising in connection with Borrower's deposit accounts held at such institutions to secure standard fees for deposit services charged by, but not financing made available by such institutions, provided that Lender has a perfected security interest in the amounts held in such deposit accounts.

“Permitted Transfer” means the conveyance, sale, lease, transfer or disposition by Borrower or any Subsidiary of:

- (a) Inventory in the ordinary course of business;
- (b) Non-exclusive licenses and similar arrangements for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and consistent with past practices;
- (c) Worn-out, obsolete, or surplus Equipment not financed with the proceeds of a Credit Extension;
- (d) Transfers that are explicitly permitted by Section 7; or
- (e) Other assets of Borrower or its Subsidiaries that were not financed with the proceeds of any Credit Extension, not to exceed CAD\$50,000 in fair market value of such assets in the aggregate during any fiscal year; provided, that the foregoing shall not include or permit any Transfer of any Intellectual Property.

“Person” means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

“Pledge Agreement” means a pledge agreement with respect to the Collateral consisting of Equity Interests in the Guarantor, duly executed by Borrower and Lender and acknowledged by the issuer of such Equity Interests, in form and substance acceptable to Lender.

“PPSA” means the *Personal Property Security Act* (Alberta) or any other applicable Canadian federal or provincial statute pertaining to the granting, perfecting, opposability, priority, ranking or enforcement of security interests, liens, hypothecs on personal or movable property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time.

“Prepayment Premium” means, in connection with any prepayment (in whole or in part) of the principal amount of the Advance(s) hereunder, an amount equal to 10.0% of the amount of such prepayment.

“Prime Rate” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board of Governors of the Federal Reserve System in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by Lender) or any similar release by the Board of Governors of the Federal Reserve System (as determined by Lender). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Protective Advances” has the meaning assigned in Section 9.7.

“Receiver” means a receiver, a manager or a receiver and manager.

“Responsible Officer” means each of the Chief Executive Officer and the Chief Financial Officer of Borrower.

“Restricted Agreement” is any material license or other material agreement (other than over-the-counter software that is commercially available to the public and “open source” licenses) to which Borrower is a party or under which Borrower is bound (including licenses and agreements under which Borrower is the licensee): (a) that prohibits or otherwise restricts Borrower from assigning to Lender, or granting to Lender a Lien in, Borrower’s interest in such license or agreement, the rights arising thereunder or any other property, or (b) for which a default under or termination of such license or contract could interfere with the Lender’s right to use, license, sell or collect any Collateral or otherwise exercise its rights and remedies with respect to the Collateral under the Loan Documents or Applicable Law.

“Sanctioned Person” means, at any time, (a) any Person or governmental entity listed in any Sanctions-related list of designated Persons or governmental entities maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom, the Government of Canada or other relevant sanctions authority, (b) any Person owned or controlled by any such Person or Persons described in the foregoing clause (a), or (c) any Person otherwise the subject of any Sanctions.

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the United Nations Security Council, (c) the European Union, (d) any European Union

member state, (e) Her Majesty's Treasury of the United Kingdom, (f) the Government of Canada or (g) other relevant sanctions authority.

"Schedule" means the schedule of exceptions attached hereto and approved by Lender, if any.

"Software" means all software, which is comprised of computer programs and certain related technical information and documentation, together with any updates, upgrades, error corrections, bug fixes, other modifications thereto and new versions thereof, which is proprietary to Borrower and which Borrower licenses to customers in the ordinary course of its business.

"Stated Maturity Date" means November 15, 2019.

"Subordinated Debt" means any Indebtedness incurred by Borrower or any Subsidiary that is unsecured and subordinated in writing to the Indebtedness owing by Borrower or a Subsidiary to Lender pursuant to a written subordination agreement or other subordination terms reasonably acceptable to Lender (and identified as being such by Borrower and Lender).

"Subsidiary" means any corporation, partnership or limited liability company or joint venture in which (i) any general partnership interest or (ii) more than fifty percent (50%) of the Equity Interests of which by the terms thereof ordinary voting power to elect the Board of Directors, managers or trustees of the entity, at the time as of which any determination is being made, is owned by Borrower, either directly or through an Affiliate, including the Guarantor.

"Taxes" means any and all taxes, levies, imposts, duties, charges, assessments, deductions, withholdings or fees of any nature, including interest, penalties and additions thereto that are imposed by any foreign, federal, provincial, state or local taxing authority.

"Trademarks" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"Transfer" has the meaning assigned in Section 7.1.

"United States" means the United States of America.

"Warrant" means the share purchase warrant.

"Warrant Certificate" means the certificate representing the Warrant.

EXHIBIT B
COLLATERAL DESCRIPTION ATTACHMENT TO
LOAN AND SECURITY AGREEMENT

DEBTOR: **TRAKOPOLIS IOT CORP.**

SECURED PARTY: **ESW HOLDINGS, INC.**

All personal property of Debtor of every kind, whether presently existing or hereafter created or acquired, and wherever located, including but not limited to:

- (i) **Accounts:** all accounts, debts, amounts, claims, choses in action and moneys which now are, or which may at any time hereafter become, due or owing to or owned by the Debtor, whether or not earned by performance, including without limitation any and all accounts receivable arising or resulting from the sale, lease, use, assignment or other disposition of any property described in this Exhibit B; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of such accounts, debts, amounts, claims, choses in action and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to such accounts, debts, amounts, claims, choses in action and moneys or any part thereof;
- (ii) **Chattel Paper:** all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;
- (iii) **Documents:** all books of account and other books, invoices, writings, letters, papers and other documents whether in written, magnetic, electronic or other form, relating to or being records of the Collateral or by which any of the Collateral is secured, evidenced, acknowledged or made payable;
- (iv) **Documents of Title:** all writings now or hereafter owned by the Debtor, each of which writing purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of such writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts;
- (v) **Equipment:** all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture,

chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all purchase warranties and claims, drawings, specifications, plans and manuals relating thereto, any equipment specified as equipment of the Debtor and described in any schedule, exhibit or appendix hereto and any other tangible personal property which is not inventory;

- (vi) **Instruments:** all present and future bills, notes and cheques (as such terms are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery and all letters of credit and advices of credit provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;
- (vii) **Intangibles:** all intangible property now owned or hereafter acquired by the Debtor and which is not accounts including, without limitation, all contractual rights, insurance claims, goodwill, licences, inventions, franchises, designer rights, know-how processes and formulae, patents, patent applications, trademarks, trade names, copyrights and other intellectual or industrial property of the Debtor, whether registered or not and whether under licence or otherwise, and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing;
- (viii) **Inventory:** all goods and chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale, resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, timber to be cut, minerals and hydrocarbons to be extracted, all livestock and their unborn young and all growing crops;
- (ix) **Money:** all money now or hereafter owned by the Debtor, whether or not such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency;
- (x) **Investment Property:** all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer, together with all accretions thereto, all substitutions therefor, all dividends and income derived therefrom and all rights and claims in respect thereof;

- (xi) **Proceeds:** all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom;
- (xii) **Leases:** all leases now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, together with all of the Debtor's erections, improvements and fixtures situate thereupon. The last day of the term of any lease, sublease or agreement therefor, oral or written, now held or hereafter acquired by the Debtor is specifically excepted from the security interest and shall not form part of the Collateral, but the Debtor agrees to stand possessed of such last day in trust for such person as the secured party may direct and the Debtor shall assign and dispose thereof in accordance with such direction; and
- (xiii) **Undertaking:** all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds.

To the extent that the security interest would constitute a breach or cause the acceleration of any agreement, lease, contractual right, licence, approval, privilege, franchise or permit to which the Debtor is a party, the security interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Secured Party, and shall grant a security interest in such agreement, contractual right, licence or permit to the Secured Party forthwith upon obtaining the appropriate consents to the creation of such security interest. The Debtor agrees to use commercially reasonable efforts to obtain any such consent from time to time requested by the Secured Party.

EXHIBIT C
FORM OF BORROWING NOTICE

(See Attached)

EXHIBIT D

COMPLIANCE CERTIFICATE

Please send all Required Reporting to:

ESW Holdings, Inc.
401 Congress Ave.
Suite 2650
Austin, TX 78701
Attn: Andrew S. Price
Email: andy.price@trilogy.com

FROM: TRAKOPOLIS IOT CORP.

The undersigned authorized Officer of TRAKOPOLIS IOT CORP. ("***Borrower***"), hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement between Borrower and Lender (the "***Agreement***"; each capitalized term that is used but not otherwise defined herein shall have the meaning ascribed to such term in the Agreement), (i) Borrower is in complete compliance for the period ending _____, 20____ with all required covenants, including without limitation the ongoing registration of Intellectual Property in accordance with Section 6.6, except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct in all material respects as of the date hereof; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date. Attached herewith are the required documents supporting the above certification ("***Supporting Documents***"). The Officer further certifies the Supporting Documents are prepared in accordance with GAAP and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column,

<u>REPORTING COVENANTS</u>	<u>REQUIRED</u>	<u>COMPLIES</u>	
Company Prepared Monthly F/S	Monthly, within 30 days	YES	NO
Compliance Certificate	Monthly, within 30 days	YES	NO
Audited, Unqualified F/S	Annually, within 120 days of FYE	YES	NO
Annual Business Plan (if prepared)	Annually, as soon as available	YES	NO
If Public:			
MD&A	Quarterly, within 5 days of SEDAR filing	YES	NO
	Annually, within 5 days of SEDAR filing	YES	NO
Borrower's Liquidity	Amount: <u>\$1,000,000</u>	YES	NO
	<u>DESCRIPTION</u>	<u>APPLICABLE</u>	
Legal Action > \$100,000 (Sect. 6.2(iii))	Notify promptly upon notice	YES	NO

<u>REPORTING COVENANTS</u>	<u>REQUIRED</u>	<u>COMPLIES</u>	
Inventory Disputes > \$100,000 (Sect. 6.3)	Notify promptly upon notice	YES	NO
Cross default with other agreements >\$100,000 (Sect. 8.6)	Notify promptly upon notice	YES	NO
Judgments/Settlements > \$200,000 (Sect. 8.8)	Notify promptly upon notice	YES	NO

<u>FINANCIAL COVENANTS</u>	<u>REQUIRED</u>	<u>ACTUAL</u>	<u>COMPLIES</u>	
Liquidity (Sect. 7.13(a)(ii))	>\$1,000,000	\$ _____	YES	NO
In-Force Annual Contract Value (Sect. 7.13(b))	>\$ _____	\$ _____	YES	NO
Net Retention Rate (Sect. 7.13(c))	>90%	\$ _____	YES	NO
Permitted Indebtedness for equipment leases	<\$50,000	\$ _____	YES	NO
Permitted Investments for employee stock repurchase	<\$100,000	\$ _____	YES	NO
Permitted Investments for employee loans	<\$100,000	\$ _____	YES	NO
Permitted Liens for equipment leases	<\$50,000	\$ _____	YES	NO
Permitted Transfers	<\$50,000	\$ _____	YES	NO

All figures in Canadian Dollars

Please Enter Below (or on a separate page) Comments Regarding Violations:

The undersigned further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no Credit Extensions will be made.

Very truly yours,

Authorized Signer

Name

Title

SCHEDULE OF EXCEPTIONS
TO LOAN AND SECURITY AGREEMENT

Permitted Indebtedness (Exhibit A)

Indebtedness incurred under corporate credit cards of the Borrower and its Subsidiaries ("**Corporate Credit Card Debt**").

Permitted Investments (Exhibit A)

Nil.

Permitted Liens (Exhibit A)

- PPSA registrations against the Borrower and/or its Subsidiaries in favour of Dell Financial Services Canada Limited (reg. no. 17041022971 and 17113021375), Jim Pattison Industries Ltd. (reg. no. 17051911559, as amended by reg. no. 17062242268) and Meridian OneCap Credit Corp. (reg. no. 18011605286).

Security Interests (Section 4.1)

See Permitted Liens above.

Collateral (Section 5.3)

Guaranteed Investment Certificate with Royal Bank of Canada securing the Corporate Credit Card Debt

Intellectual Property (Section 5.4)

Nil.

Prior Names (Section 5.5)

- CANHaul International Corp.
- CAN Telematics Inc.

Inventory or Equipment Locations (Section 5.5)

Office furniture for the Grande Prairie satellite office located at 9917 116 Ave, Grande Prairie, AB T8V 3Y3.

Litigation (Section 5.6)

Nil.

Restricted Agreements (Section 5.12)

Nil.

33911080.19

TRAKOPOLIS SAAS CORP.

**AMENDED AND RESTATED LOAN AND
SECURITY AGREEMENT**

This AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this “**Agreement**”) is entered into as of November 27, 2018, by and between ESW Holdings, Inc. (“**Lender**”), Trakopolis SAAS Corp., a corporation amalgamated under the laws of the province of Alberta (“**Borrower**”) and Trak IoT, a corporation continued under the laws of the province of Alberta.

RECITALS

WHEREAS Trak IoT, a related party of the Borrower, and Lender are party to a Loan and Security Agreement dated as of November 15, 2018 (as amended, revised, replaced, supplemented or restated from time to time, the “**Original Loan Agreement**”);

AND WHEREAS Trak IoT, has requested and Lender has agreed to amend and restate, without novation, the terms and conditions of the Original Loan Agreement on and subject to the terms contained herein.

AGREEMENT

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** As used in this Agreement, all capitalized terms shall have the definitions set forth on Exhibit A. Any term used in this Agreement and not defined herein shall have the meaning given to such term in the PPSA.

1.2 **Accounting Terms.** Except to the extent otherwise specified herein, any accounting term shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term “financial statements” shall include the accompanying notes and schedules.

1.3 **Currency.** Except as otherwise expressly provided herein, all dollar amounts herein are in Dollars (being, for greater certainty, the lawful currency of United States).

2. LOAN AND TERMS OF PAYMENT.

2.1 Credit Extensions.

(a) **Promise to Pay.** Borrower promises to pay to Lender, in lawful money of the United States, the aggregate unpaid principal amount of all Credit Extensions made by Lender to Borrower, together with interest on the unpaid principal amount of such Credit Extensions at rates in accordance with the terms hereof.

(b) The Advances.

(i) Subject to and upon the terms and conditions of this Agreement, Lender agrees to make two Advances to Borrower during the Commitment Period. The Advances will be in an aggregate amount of up to \$3,000,000, to be made: (i) as to \$1,283,056.16, on the Original Closing Date; and; (ii) as to

the remainder, on the Closing Date. The Advances, once repaid or prepaid, may not be reborrowed.

- (ii) Borrower shall submit to Lender a borrowing notice (which notice shall be irrevocable) by electronic mail to be received no later than 3:00 p.m. Central time one (1) Business Day before the Closing Date. Such notice shall be substantially in the form of Exhibit C. The notice shall be signed by a Responsible Officer. Lender shall be entitled to rely on any notice given in accordance with Section 10 hereof by a Responsible Officer, and Borrower shall indemnify and hold Lender harmless for any damages or loss suffered by Lender as a result of such reliance.
- (c) Use of Proceeds. The Line shall only be used by the Borrower to (a) refinance existing debt, and (b) for general corporate working capital needs.

2.2 Payments, and Calculations.

(a) Interest Rate.

- (i) Borrower shall pay interest on the unpaid principal amount of the Advance, from the date of the Advance until such principal amount shall be paid in full, at a rate per annum equal to the Base Interest Rate. All interest shall be payable in accordance with Section 2.2(b). The Advances and all other Obligations shall be immediately due and payable on the Maturity Date.
 - (ii) Notwithstanding the foregoing, during the continuance of any Event of Default, Borrower shall pay interest on the outstanding Obligations at a rate per annum equal at all times to the Default Interest Rate and such interest shall be due and payable on demand (and in any event in arrears on the date the Obligations shall be paid in full).
 - (iii) Interest Act. For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement. The Lender agrees that promptly upon request by the Borrower from time to time it will advise the Borrower of the Prime Rate in effect at such time (or during any other period prior to such time), and will assist the Borrower in calculating the effective annual rate of interest required to be disclosed pursuant to section 4 of the *Interest Act* (Canada).
- (b) Payments. Accrued interest shall be paid in kind by being capitalized and added to the principal amount of the Advances on the first Business Day of each month.

Lender shall, at its option, charge such interest and all Lender Expenses against the Line, in which case those amounts shall thereafter accrue interest at the rate then applicable hereunder. Interest shall be compounded by becoming a part of the Obligations, and such interest shall thereafter accrue interest at the rate then applicable hereunder.

- (c) Computation. All interest and fees chargeable under the Loan Documents shall be computed on the basis of a 360 day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue.
- (d) Mandatory Prepayment(s). Upon receipt of any Excess Customer Payment Amount, Borrower will immediately prepay the Obligations in an amount equal to 70% of such Excess Customer Payment Amount. There will be no Prepayment Premium applied to any such prepayment.
- (e) Voluntary Prepayments. Borrower shall have the option to prepay all or part of the Advances so long as and provided that (i) the Borrower provides written notice to Lender if its election to prepay such Advance at least three (3) Business Days prior to making such prepayment, and (ii) any prepayments, whether in whole or in part of the Advance hereunder, shall be made together with payment of the Prepayment Premium due with and in respect of each such prepayment.
- (f) Payments Generally. Except to the extent otherwise provided herein, all payments of principal, interest, Lender Expenses and other Obligations and other amounts to be made by Borrower under this Agreement and the other Loan Documents, and, except to the extent otherwise provided herein and therein, shall be made in Dollars, in immediately available funds, without deduction, set off or counterclaim, to Lender, not later than 3:00 p.m. Central time on the date on which such payment shall become due.

2.3 Crediting Payments. Prior to the occurrence of an Event of Default, Lender shall credit a wire transfer of funds, check or other item of payment to such Obligation as Borrower specifies. After the occurrence and during the continuance of an Event of Default, Lender shall have the right, in its sole discretion, to immediately apply any wire transfer of funds, check, or other item of payment Lender may receive to conditionally reduce Obligations, but such applications of funds shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Lender after 3:00 p.m. Central time shall be deemed to have been received by Lender as of the opening of business on the immediately following Business Day. Whenever any payment to Lender under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

2.4 Fees and Lender Expenses. Borrower agrees to and shall pay to Lender the following:

- (a) Facility Fee. On the Original Closing Date, a non-refundable fee equal to \$60,000, which amount shall be earned and payable upon the execution by the Borrower of this Agreement.
- (b) Lender Expenses. (i) On the Original Closing Date, all Lender Expenses incurred through the Original Closing Date, (ii) on the Closing Date, all Lender Expenses incurred through the Closing Date, and (iii) thereafter, all Lender Expenses, as and when they become due and/or upon demand by Lender to Borrower.
- (c) Prepayment Premium. A Prepayment Premium due immediately upon the date of any voluntary prepayment, whether in whole or in part, made by Borrower of the Advances. In addition, Borrower shall pay to Lender a Prepayment Premium immediately upon the earliest to occur of (i) any early termination of this Agreement, and (ii) any acceleration of the Obligations pursuant to Section 9.1(a). For the avoidance of doubt, each Prepayment Premium shall be fully earned when the Advance is made.
- (d) Generally. Except as otherwise set forth herein, all fees set forth in this Section 2.4 shall be fully earned and irrevocable when paid and shall not be refundable for any reason whatsoever.

2.5 Term. This Agreement shall become effective on the Closing Date and, subject to Section 12.8, shall continue in full force and effect for so long as any Obligations remain outstanding or Lender has any obligation to make Credit Extensions under this Agreement. Notwithstanding the foregoing, Lender shall have the right to terminate its obligation to make Credit Extensions under this Agreement immediately and without notice upon the occurrence of an Event of Default.

2.6 Taxes.

- (a) Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made free and clear of, without deduction or withholding for or on account of, any present or future, Taxes, except as required by Applicable Law. If any Taxes are required to be withheld or deducted, Borrower shall pay such additional amounts as necessary to result in Lender receiving the same amounts of money as it would have if no such Taxes had been required to be withheld or deducted; provided, however, that Borrower shall not be required to pay such additional amounts on account of Taxes imposed on or measured by Lender's overall net income that are imposed by a jurisdiction where Lender is a tax resident, unless such Taxes would not have been imposed on Lender but for the mere receipt of payment by Lender from Borrower.
- (b) If the Borrower is required by Applicable Law to make any deduction or withholding on account of any Taxes or other amount from any sum paid or expressed to be payable to the Lender under this Agreement or any other Loan Document, then: (a) the Borrower shall notify the Lender of any such requirement or any change in any such requirement as soon as it becomes aware of it; (b) the Borrower shall pay any such Taxes or other amount before the date on which

penalties attached thereto become due and payable; (c) without duplication, the sum payable by the Borrower in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, the recipient receives on the due date and retains (free from any liability in respect of any such deduction, withholding or payment) a sum equal to that which it would have received and so retained had no such deduction, withholding or payment been required or made; and (d) within thirty (30) days after payment of any sum from which the Borrower is required by Applicable Law to make any deduction or withholding, and within thirty (30) days after the due date of payment of any Taxes or other amount which it is required by clause (b) above to pay, it shall deliver to the Lender all such certified documents and other evidence as to the making of such deduction, withholding or payment as (i) are reasonably satisfactory to the Lender as proof of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority and (ii) are reasonably required by the Lender to enable it to claim a Tax credit with respect to such deduction, withholding or payment. If the Borrower fails to pay any Taxes when due to the appropriate taxing authority, the Borrower shall indemnify the Lender for any incremental Taxes, interest or penalties that may become payable by the Lender as a result of any such failure. The provisions of this Section 2.6 shall survive the satisfaction and payment of all Obligations and the termination of this Agreement.

- (c) Lender is authorized to withhold Taxes from any payment or transfer made hereunder and remit such Taxes to the relevant taxing authorities to the extent required by law, and shall not pay any additional amounts in respect of any withheld amounts.

3. CONDITIONS OF LOANS.

3.1 Conditions Precedent to Credit Extension. The obligation of Lender to make the Credit Extension is subject to the condition precedent that Lender shall have received, in form and substance satisfactory to Lender, the following:

- (a) this Agreement;
- (b) the Warrant Certificate;
- (c) an officer's certificate of each Canadian Credit Party with respect to incumbency and resolutions authorizing the acknowledgment of this Agreement and the execution and delivery of the other Loan Documents;
- (d) an officer's certificate of Trak US with respect to incumbency and resolutions authorizing the acknowledgment of this Agreement and the execution and delivery of the other Loan Documents;
- (e) the Notice of Security Interest in Intellectual Property, together with evidence that all action Lender may deem necessary or desirable in order to perfect the Liens created under the Notice of Security Interest in Intellectual Property has been taken;

- (f) the Pledge Agreement, together with the original share certificates representing all Equity Interests in Trak US, accompanied by undated powers of attorney to transfer shares;
- (g) a Guarantee from each Guarantor;
- (h) a General Security Agreement from each Guarantor;
- (i) a payout and release letter from the Existing Lender providing for a release of all Liens and confirming the repayment in full of all Indebtedness under the Existing Credit Facility;
- (j) a financing statement identifying Borrower as debtor;
- (k) a financing statement identifying Trak IoT as debtor;
- (l) a financing statement identifying Trak US as debtor;
- (m) evidence that the insurance policies required by Section 6.5 are in full force and effect, together with appropriate evidence showing loss payable and additional insured clauses or endorsements in favor of Lender;
- (n) payment of the fees and Lender Expenses then due;
- (o) current searches on applicable databases indicating that except for Permitted Liens, there are no other security interests or Liens of record in the Collateral and customary searches with respect to tax liens, bankruptcy filings and litigation matters, the results of which are satisfactory to Lender and its counsel;
- (p) current financial statements, including company prepared consolidated balance sheets and income statements for the month ended August, 2018, and such other financial information as Lender may reasonably request;
- (q) current Compliance Certificate in accordance with Section 6.2;
- (r) such other documents or certificates, and completion of such other matters, as Lender may reasonably deem necessary or appropriate;
- (s) timely receipt by the Lender of the borrowing notice as provided in Section 2.1(b)(ii) above;
- (t) no event(s) or circumstance(s) shall have occurred that could reasonably be expected to have a Material Adverse Effect;
- (u) the representations and warranties contained in Section 5 shall be true and correct in all material respects on and as of the date of such borrowing notice and on the effective date of the Credit Extension as though made at and as of each such date (provided, however, that those representations and warranties expressly referring

to another date shall be true, correct and complete in all material respects as of such date); and

- (v) no Event of Default shall have occurred and be continuing, or would exist after giving effect to such Credit Extension.

The making of the Credit Extension shall be deemed to be a representation and warranty by Borrower on the date of the Credit Extension as to the accuracy of the facts referred to in this Section 3.1.

3.2 Post-Closing Conditions. Borrower shall, on or before the date which is thirty (30) days after the Original Closing Date, cause to be delivered to Lender PPSA estoppel letters or similar confirmation from each of Dell Financial Services Canada Limited and Meridian OneCap Credit Corp., in respect of their Alberta PPSA registration against the Borrower relating to specific collateral.

4. CREATION OF SECURITY INTEREST.

4.1 Grant of Security Interest. Borrower grants and pledges to Lender a continuing security interest in the Collateral to secure prompt repayment of any and all Obligations and to secure prompt performance by Borrower of each of its covenants and duties under the Loan Documents. Except as set forth in the Schedule, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in later-acquired Collateral. Except for any Permitted Lien, Borrower also hereby agrees not to sell, transfer, assign, mortgage, pledge, license, lease grant a Lien in or upon or encumber any of its Intellectual Property. Notwithstanding any termination of this Agreement, Lender's Lien on the Collateral shall remain in effect for so long as any Obligations are outstanding.

4.2 Perfection of Security Interest. Borrower authorizes Lender to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of Borrower of the kind pledged hereunder, and (ii) contain any other information required by the PPSA for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, including whether Borrower is an organization, the type of organization and any organizational identification number issued to Borrower, if applicable. Borrower shall from time to time endorse and deliver to Lender, at the request of Lender, all Negotiable Collateral and other documents that Lender may reasonably request, in form satisfactory to Lender, to perfect and continue perfection of Lender's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents. Borrower shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where Lender chooses to perfect its security interest by possession in addition to the filing of a financing statement. Where Collateral is in possession of a third party bailee, Borrower shall take such steps as Lender reasonably requests for Lender to (i) obtain an acknowledgment, in form and substance satisfactory to Lender, of the bailee that the bailee holds such Collateral for the benefit of Lender, and (ii) obtain "control" of any Collateral consisting of investment property, deposit accounts, securities accounts, letter-of-credit rights or electronic chattel paper (as such items and the term "control" are defined in the PPSA) by causing the securities intermediary or depositary institution or issuing bank to execute

a Control Agreement in form and substance satisfactory to Lender. Borrower will not create any chattel paper without placing a legend on the chattel paper acceptable to Lender indicating that Lender has a security interest in the chattel paper.

4.3 Right to Inspect. Lender (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours but no more than twice a year (unless an Event of Default has occurred and is continuing), to inspect Borrower's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

5. REPRESENTATIONS AND WARRANTIES.

Each Canadian Credit Party represents and warrants as follows:

5.1 Due Organization and Qualification. Each Canadian Credit Party and each Subsidiary is (a) an entity duly existing under the laws of the jurisdiction in which it is organized and qualified and (b) licensed to do business in any state in which the conduct of its business or its ownership of property requires that it be so qualified, except, solely in the case of clause (b), where the failure to do so could not reasonably be expected to cause a Material Adverse Effect.

5.2 Due Authorization; No Conflict. The execution, delivery, and performance of the Loan Documents are within each Canadian Credit Party's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in a Canadian Credit Party's organizational documents, nor will they constitute an event of default under any material agreement by which a Canadian Credit Party is bound. The Canadian Credit Parties are not in default under any agreement by which it is bound, except to the extent such default would not reasonably be expected to cause a Material Adverse Effect.

5.3 Collateral. Each Canadian Credit Party has rights in or the power to transfer the Collateral, and its title to the Collateral is free and clear of Liens, adverse claims, and restrictions on transfer or pledge except for Permitted Liens. All Inventory is in all material respects of good and merchantable quality, free from all material defects, except for Inventory for which adequate reserves have been made. Except as set forth in the Schedule, none of the Collateral is maintained or invested with a Person other than Lender. The contracts that generate fees included in the calculation of Monthly Recurring Revenue are bona fide existing obligations and are in full force and effect as of the date of such inclusion, and the report with respect to Monthly Recurring Revenue most recently provided to Lender contains a true, correct and complete list of all such contracts. The Canadian Credit Parties have not received notice of an actual or imminent Insolvency Proceeding of any counterparty to a contract that generates fees included in the calculation of Monthly Recurring Revenue.

5.4 Intellectual Property. Borrower is the sole owner or valid licensee of the Intellectual Property, except for licenses granted by Borrower to its customers in the ordinary course of business. Except as set forth on the Schedule, Borrower owns or licenses or otherwise has the right to use all Intellectual Property and related rights that are necessary for the operation of its business, without infringement upon or conflict with the rights of any other Person with respect

thereto. Except as set forth in the Schedule, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Borrower infringes upon or conflicts with any rights owned by any other Person, and no claim or litigation regarding any of the foregoing is pending or threatened in writing. To the best knowledge of Borrower, no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or proposed, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. To Borrower's knowledge, each of the Copyrights, Trademarks and Patents is valid and enforceable, and no part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and no claim has been made to Borrower that any part of the Intellectual Property violates the rights of any third party except to the extent such claim could not reasonably be expected to cause a Material Adverse Effect. Other than this Agreement, Borrower is not a party to, nor bound by, any agreement that restricts the grant by Borrower of a Lien in the Intellectual Property.

5.5 Name; Location of Chief Executive Office; Location of Inventory and Equipment. Except as disclosed in the Schedule, the Canadian Credit Parties have not done business under any name other than that specified on the signature page hereof, and their exact legal name is as set forth in the first paragraph of this Agreement. The chief executive office of the Canadian Credit Parties is located at the address indicated in Article 10 hereof. Except as disclosed in the Schedule, all Collateral of the Canadian Credit Parties is located at the address indicated in Article 10 hereof.

5.6 Actions, Suits, Litigation, or Proceedings. Except as set forth in the Schedule, there are no actions, suits, litigation or proceedings, at law or in equity, pending by or against any Canadian Credit Party or Subsidiary before any court, administrative agency, or arbitrator in which a likely adverse decision could reasonably be expected to have a Material Adverse Effect.

5.7 No Material Adverse Change in Financial Statements. All consolidated financial statements related to any Canadian Credit Party or Subsidiary that have been delivered by Borrower to Lender fairly present in all material respects Borrower's consolidated financial condition as of the date thereof and Borrower's consolidated results of operations for the period then ended. There has not been a material adverse change in the consolidated financial condition of Borrower since the date of the most recent financial statements submitted to Lender.

5.8 Solvency, Payment of Debts. Each Canadian Credit Party is able to pay its debts (including trade debts) as they mature; the fair saleable value of such Canadian Credit Party's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; and each Canadian Credit Party is not left with unreasonably small capital after the transactions contemplated by this Agreement.

5.9 Compliance with Laws and Regulations. Each Canadian Credit Party has met the minimum funding requirements with respect to any employee benefit plans and Pension Plans, as applicable. No event has occurred resulting from any Canadian Credit Party's failure to comply with its pension requirements that is reasonably likely to result in such Canadian Credit Party incurring any liability that could reasonably be expected to have a Material Adverse Effect. Each Canadian Credit Party has complied in all material respects with all Environmental Laws. Each Canadian Credit Party has not violated any statutes, laws, ordinances or rules applicable to it, the violation of which could reasonably be expected to have a Material Adverse Effect. Each Canadian

Credit Party has filed or caused to be filed all Tax returns required to be filed, and have paid, or have made adequate provision for the payment of, all Taxes reflected therein except those being contested in good faith with adequate reserves under GAAP or where the failure to file such returns or pay such Taxes could not reasonably be expected to have a Material Adverse Effect.

5.10 Investments. The Canadian Credit Parties do not own any Equity Interests of any Person, except for Permitted Investments.

5.11 Government Consents. Each Canadian Credit Party has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary for the continued operation of the Canadian Credit Party's business as currently conducted, except where the failure to do so would not reasonably be expected to have or result in a Material Adverse Effect.

5.12 Restricted Agreements. Except as disclosed on any Schedule hereto, neither Canadian Credit Party is a party to, or is bound by, any Restricted Agreement.

5.13 Anti-Corruption Laws and Sanctions. Each Canadian Credit Party has implemented and maintains in effect policies and procedures designed to ensure compliance by each Canadian Credit Party and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Canadian Credit Party and their respective officers and directors and to the knowledge of such Canadian Credit Party its employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in a Canadian Credit Party being designated as a Sanctioned Person. None of (a) the Canadian Credit Parties, any of their respective directors or officers or employees, or (b) to the knowledge of the Canadian Credit Parties, any agent of the Canadian Credit Parties that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Advance, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

5.14 Full Disclosure. No representation, warranty or other statement made by a Canadian Credit Party in any certificate or written statement furnished to Lender taken together with all such certificates and written statements furnished to Lender contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading, it being recognized by Lender that the projections and forecasts provided by such Canadian Credit Party in good faith and based upon reasonable assumptions are not to be viewed as facts and that actual results during the period or periods covered by any such projections and forecasts may differ from the projected or forecasted results.

6. AFFIRMATIVE COVENANTS.

Each Canadian Credit Party covenants that, until payment in full of all outstanding Obligations, and for so long as Lender may have any commitment to make a Credit Extension hereunder, Borrower shall do all of the following:

6.1 Good Standing and Government Compliance. Each Canadian Credit Party shall maintain its, organizational existence and good standing in the jurisdiction in which it is organized, shall

maintain its and each of its Subsidiaries' qualification and good standing in each other jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect, and shall, upon the request of the Lender, furnish to Lender the organizational identification number issued to such Canadian Credit Party by the authorities of the jurisdiction in which such Canadian Credit Party is organized, if applicable. Each Canadian Credit Party shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of any employee benefit plans. Each Canadian Credit Party shall comply in all material respects with all applicable Environmental Laws, and maintain all material permits, licenses and approvals required thereunder where the failure to do so could reasonably be expected to have a Material Adverse Effect. Each Canadian Credit Party shall comply, and shall cause each Subsidiary to comply, with all statutes, laws, ordinances and government rules and regulations to which it is subject, and shall maintain, and shall cause each of its Subsidiaries to maintain, in force all licenses, approvals and agreements, the loss of which or failure to comply with which would reasonably be expected to have a Material Adverse Effect. Each Canadian Credit Party will maintain in effect and enforce policies and procedures designed to ensure compliance by Borrower, any Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

6.2 Financial Statements, Reports, Certificates. Each Canadian Credit Party shall deliver to Lender:

- (a) The following financial statements:
 - (i) As soon as available, but in any event within 60 days after the end of each fiscal quarter, a company prepared consolidated balance sheet and income statement covering the Canadian Credit Parties' and each Subsidiary's operations during such period, prepared in accordance with GAAP, and in a form reasonably acceptable to Lender and certified by a Responsible Officer;
 - (ii) As soon as available, but in any event within 120 days after the end of each Canadian Credit Party's fiscal years, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an opinion which is unqualified or otherwise consented to in writing by Lender on such financial statements of an independent certified public accounting firm reasonably acceptable to Lender. Notwithstanding the foregoing, Lender may waive the requirement for audited financial statements upon the Canadian Credit Parties' written confirmation of unanimous approval by the board of directors of each Canadian Credit Party that it will not be obtaining audited financial statements for such year. In such case, each Canadian Credit Party shall deliver company prepared consolidated financial statements prepared in accordance with GAAP within 60 days after the end of such fiscal year;
 - (iii) Promptly upon receipt of notice thereof, a report of any legal actions pending or threatened against any Canadian Credit Party or Subsidiary that could reasonably be expected to result in damages or costs to any Canadian Credit Party or Subsidiary of CAD\$100,000 or more;

- (iv) Promptly upon receipt, each management letter (if any) prepared by Canadian Credit Party's independent certified public accounting firm regarding Borrower's management control systems;
 - (v) To the extent prepared, as soon as available following the end of each fiscal year of the Canadian Credit Parties, Canadian Credit Parties' financial and business projections and budget for the then current or immediately following year, as applicable, with evidence of approval thereof by the Board of Directors, if applicable; and
 - (vi) Such other budgets, sales projections, operating plans or other financial information as Lender may reasonably request from time to time.
- (b) Concurrently with delivery of the financial statements set forth in Subsections 6.2(a)(i) and 6.2(a)(ii) above, as applicable, a Compliance Certificate certified as of the last day of the applicable quarter and signed by a Responsible Officer in substantially the form of Exhibit D hereto.
 - (c) On the last Business Day of each month, a MRR report for the previous month, including computation of Net Retention Rate, in form and substance reasonably satisfactory to Lender.
 - (d) On the first Business Day of each month, a copy of the Borrower's bank account statements and, on the 15th day of each month, a report of its Liquidity, and certifying its (i) compliance with Section 7.13(a) of this Agreement for each day during the previous month and (ii) projected compliance with Section 7.13(a) of this Agreement for each day during the following fiscal quarter; *provided*, however, if an Event of Default has occurred and is continuing, Borrower shall deliver the report described in this Section 6.2(d) on the first Business Day of each week.
 - (e) Within 30 days after the last day of each fiscal quarter, a report of its In-Force Annual Contract Value, and certifying its (i) compliance with Section 7.13(b) of this Agreement for each day during the previous quarter and (ii) projected compliance with Section 7.13(b) of this Agreement for each day during the following fiscal quarter; *provided*, however, if an Event of Default has occurred and is continuing, Borrower shall deliver the report described in this Section 6.2(d) on the first Business Day of each week.
 - (f) Within 30 days after the last day of each fiscal quarter, a report of its Net Retention Rate, and certifying its (i) compliance with Section 7.13(c) of this Agreement for each month during the previous quarter; *provided*, however, if an Event of Default has occurred and is continuing, Borrower shall deliver the report described in this Section 6.2(d) on the first Business Day of each week.
 - (g) Immediately upon becoming aware of the occurrence or existence of an Event of Default hereunder, a written statement of a Responsible Officer setting forth details of the Event of Default, and the action which Borrower has taken or proposes to take with respect thereto.

The Canadian Credit Parties, as applicable, may deliver to Lender on an electronic basis any certificates, reports or information required pursuant to this Section 6.2, and Lender shall be entitled to rely on the information contained in the electronic files, provided that Lender in good faith believes that the files were delivered by a Responsible Officer. Upon request by the Lender, the Canadian Credit Parties shall also deliver to Lender by registered mail, reputable overnight courier service, hand delivery, facsimile or .pdf file within five (5) Business Days of submission of the unsigned electronic copy the certification of monthly financial statements, the intellectual property report, and the Compliance Certificate, each bearing the physical signature of the Responsible Officer.

Lender shall have a right from time to time hereafter to audit Canadian Credit Parties' Accounts and appraise Collateral at Canadian Credit Parties' expense, provided that such audits will be conducted not more often than every six (6) months unless an Event of Default has occurred and is continuing.

6.3 Inventory; Returns. Each Canadian Credit Party shall keep all Inventory in good and merchantable condition, free from all material defects except for Inventory for which adequate reserves have been made. Returns and allowances, if any, as between the Canadian Credit Parties and their respective account debtors shall be on the same basis and in accordance with the usual customary practices of such Canadian Credit Party, as they exist on the Closing Date. The Borrower shall promptly notify Lender of all returns and recoveries and of all disputes and claims involving more than CAD\$100,000.

6.4 Taxes. Each Canadian Credit Party shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent all Taxes imposed upon it or upon its income or profits or in respect of its business or Collateral and file all tax returns in respect thereof; provided, however that it shall not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and an adequate reserve in accordance with GAAP has been established in its books and records. Each Canadian Credit Party will execute and deliver to Lender, on demand, proof satisfactory to Lender indicating that such Canadian Credit Party has made such payments or deposits and any appropriate certificates attesting to the payment or deposit thereof.

6.5 Insurance.

- (a) The Canadian Credit Parties, at their expense, shall keep the Collateral insured against loss or damage, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where Canadian Credit Parties' business is conducted on the date hereof. The Canadian Credit Parties shall also maintain liability and other insurance in amounts and of a type that are customary to businesses similar to Borrower's.
- (b) All such policies of insurance shall be in such form, with such companies, and in such amounts as reasonably satisfactory to Lender. All policies of property insurance shall contain a lender's loss payable endorsement, in a form satisfactory to Lender, showing Lender as an additional loss payee, and all liability insurance policies shall show Lender as an additional insured and specify that the insurer must

give at least thirty (30) days' notice to Lender before canceling its policy for any reason. Upon Lender's request, Borrower shall deliver to Lender certified copies of the policies of insurance and evidence of all premium payments. If no Event of Default has occurred and is continuing, proceeds payable under any casualty policy will, at Borrower's option, be payable to Borrower to replace the property subject to the claim, provided that any such replacement property shall be deemed Collateral in which Lender has been granted a first priority security interest. If an Event of Default has occurred and is continuing, all proceeds payable under any such policy shall, at Lender's option, be payable to Lender to be applied on account of the Obligations.

6.6 Registration of Intellectual Property Rights.

- (a) Borrower shall register or cause to be registered on an expedited basis (to the extent not already registered) with the Canadian Intellectual Property Office or otherwise those registrable intellectual property rights now owned or hereafter developed or acquired by Borrower, to the extent that Borrower, in its reasonable business judgment, deems it appropriate to so protect such intellectual property rights.
- (b) Borrower shall promptly give Lender written notice of any applications or registrations of intellectual property rights filed with the Canadian Intellectual Property Office or otherwise, including the date of such filing and the registration or application numbers, if any.
- (c) Borrower shall give Lender prompt written notice of the filing of any applications or registrations with the Canadian Intellectual Property Office or otherwise, including the title of such intellectual property rights to be registered, as such title will appear on such applications or registrations, and the date such applications or registrations will be filed.
- (d) Borrower shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents, Copyrights, and trade secrets, (ii) use commercially reasonable efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Lender in writing of material infringements detected and (iii) not allow any material Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the prior written consent of Lender, which shall not be unreasonably withheld.

6.7 Restricted Agreement Consents. Prior to entering into or becoming bound by any material license or agreement which, when entered into, would constitute a Restricted Agreement, Borrower shall (a) provide written notice to Lender of the material terms of such license or agreement with a description of its likely impact on Borrower's business or financial condition, including the Collateral, and (b) obtain Lender's written consent to such license or agreement, which shall not be unreasonably withheld.

6.8 Use of Proceeds. Borrower will use the proceeds of the Advances (a) to repay the Existing Credit Facility in full, (b) to pay costs and expenses in connection with this Agreement and (c) for general working capital purposes, in each case, in accordance with Applicable Law.

6.9 Lender Conference Calls. At Lender's request, Borrower will cause its senior management and software engineers to host a conference call at a mutually convenient time on or around the date that reports are required to be delivered pursuant to Section 6.2(a), with Lender (through any of its officers, employees, or agents) to discuss such matters as Lender may reasonably request pertaining to the operations and financial performance of Borrower.

6.10 Pledge Agreements. Promptly, and in any event within five (5) days of the formation of any domestic Subsidiary, Trak IoT will deliver a Pledge Agreement, together with the original stock certificates representing all of the Equity Interests of such Subsidiary to be included in the Collateral, accompanied by undated stock powers executed in blank.

6.11 Further Assurances. At any time and from time to time the Canadian Credit Parties shall execute and deliver such further instruments and take such further action, and cause each Subsidiary to execute and deliver such further instruments and take such further action, as may reasonably be requested by Lender from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Loan Documents, (ii) to subject to valid and perfected first priority security interests or other applicable Liens (subject to Permitted Liens) any of the Collateral or any other property of the Canadian Credit Parties, (iii) to establish and maintain the validity and effectiveness of any of the Loan Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer and confirm unto Lender the rights now or hereafter intended to be granted to it under this Agreement or any other Loan Document. In furtherance of the foregoing, and to the extent permitted by Applicable Law, each Canadian Credit Party (A) authorizes Lender to execute any such agreements, instruments or other documents the Canadian Credit Party's name and to file such agreements, instruments or other documents in any appropriate filing office and (B) authorizes Lender to file any financing statement required hereunder or under any other Loan Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of the Canadian Credit Parties.

7. NEGATIVE COVENANTS.

Each Canadian Credit Party covenants and agrees that, so long as any credit hereunder shall be available and until the outstanding Obligations are paid in full or for so long as Lender may have any commitment to make any Credit Extensions, each Canadian Credit Party shall not do any of the following:

7.1 Dispositions; Convey, sell, lease, license, transfer or otherwise dispose of (all of the foregoing, collectively, to "***Transfer***"), or permit any Subsidiary to Transfer, all or any part of its business or property, or move cash balances on deposit in an account subject to a Control Agreement in favor of Lender to any other account, other than Permitted Transfers.

7.2 Change in Name, Location, Executive Office, or Executive Management; Change in Business; Change in Fiscal Year; Change in Control. Change its name or continue out of the

Borrower Province or relocate its chief executive office without thirty (30) days' prior written notification to Lender; engage in any business, or permit any Subsidiary to engage in any business, other than or reasonably related or incidental to the businesses currently engaged in by Borrower; change its fiscal year end; or have a Change in Control.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any Subsidiary to merge or consolidate, with or into any other business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of Equity Interests or property of another Person, or enter into any agreement to do any of the same.

7.4 Indebtedness. Create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on the Canadian Credit Parties any obligation to prepay any Indebtedness, other than Indebtedness to Lender and the Existing Unsecured Debt as specifically permitted in Section 7.10 below.

7.5 Encumbrances. Create, incur, assume or allow any Lien with respect to any of its property, or assign or otherwise convey any right to receive income, including the sale of any Accounts, or permit any Subsidiary to do so, except for Permitted Liens.

7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any Equity Interests, except that Trak IoT may (a) repurchase the Equity Interests of former employees pursuant to equity repurchase agreements as long as an Event of Default does not exist prior to such repurchase or would not exist after giving effect to such repurchase, and (b) repurchase the Equity Interests of former employees pursuant to equity repurchase agreements by the cancellation of indebtedness owed by such former employees to Borrower regardless of whether an Event of Default exists.

7.7 Investments. Directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any Subsidiary to do so, other than Permitted Investments, or maintain or invest any of its property with a Person other than Lender or Lender's Affiliates or permit any Subsidiary to do so unless such Person has entered into a Control Agreement with Lender, in form and substance satisfactory to Lender, or suffer or permit any Subsidiary to be a party to, or be bound by, an agreement that restricts such Subsidiary from paying dividends or otherwise distributing property to Borrower. Further, the Canadian Credit Parties shall not enter into any license or agreement with any Sanctioned Person.

7.8 Accounts. Maintain cash, cash equivalents or other amounts in any deposit account, securities account or commodities account, unless Lender shall have received a Control Agreement in respect of each such account, other than (a) any deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Canadian Credit Parties' employees and identified to Lender as such, and so long as monies in or allocated for such deposit accounts are not commingled with funds in any other deposit account or other types of accounts, and (b) other fiduciary accounts or withholding tax accounts.

7.9 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of the Canadian Credit Parties except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.10 Subordinated Debt. Make any payment in respect of any Subordinated Debt, or permit any Subsidiary to make any such payment, except on account of the Existing Unsecured Debt in compliance with the terms of the subordination agreements relating to such Existing Unsecured Debt, or amend any provision of any document evidencing such Subordinated Debt, or amend any provision affecting Lender's rights contained in any documentation relating to the Subordinated Debt without Lender's prior written consent.

7.11 Inventory and Equipment. Store the Inventory or the Equipment with a bailee, warehouseman, or similar third party unless the third party has been notified of Lender's security interest and Lender (a) has received an acknowledgment from the third party that it is holding or will hold the Inventory or Equipment for Lender's benefit or (b) is in possession of the warehouse receipt, where negotiable, covering such Inventory or Equipment. Except for Inventory sold in the ordinary course of business and except for such other locations as Lender may approve in writing, the Canadian Credit Parties shall keep the Inventory and Equipment only at the location set forth in Article 10, the current Schedule, and such other locations of which Borrower gives Lender prior written notice.

7.12 No Investment Company; Margin Regulation. Become or be controlled by an "investment company," within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Credit Extension for such purpose.

7.13 Financial Covenants. In the case of the Borrower:

- (a) Permit its actual Liquidity, as of any date, to be less than \$1,000,000.
- (b) Permit its In-Force Annual Contract Value to be less than the indicated amounts as at the last day of each of the following fiscal quarters of the Borrower:
 - (i) 4th quarter of 2018 - \$3,500,000;
 - (ii) 1st quarter of 2019 - \$3,650,000;
 - (iii) 2nd quarter of 2019 - \$3,850,000; and
 - (iv) 3rd quarter of 2019 - \$4,000,000.
- (c) Permit its Net Retention Rate to be less than 90% as of the last day of any fiscal quarter of the Borrower.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an “*Event of Default*” by the Canadian Credit Parties under this Agreement:

8.1 Payment Default. If any Canadian Credit Party (or any Subsidiary) fails to pay any of the Obligations when due or, solely with respect to Obligations constituting Lender Expenses, within ten (10) Business Days following delivery of an invoice therefor;

8.2 Covenant Default.

- (a) If any Canadian Credit Party (or any Subsidiary) fails to perform or observe any obligation under Article 6 or fails to perform or observe any of the covenants contained in Article 7 of this Agreement; or
- (b) If any Canadian Credit Party (or any Subsidiary) fails or neglects to perform or observe any other term, provision, condition, covenant contained in this Agreement (other than those specified in Section 8.1 or Section 8.2(a)), in any of the Loan Documents, or in any other present or future agreement between any Canadian Credit Party (or any Subsidiary) and Lender and as to any default under such other term, provision, condition or covenant that can be cured, has failed to cure such default within fifteen (15) days after the applicable Canadian Credit Party receives notice thereof or any officer of such Canadian Credit Party becomes aware thereof; provided, however, that if the default cannot by its nature be cured within the fifteen (15) day period or cannot after diligent attempts by a Canadian Credit Party be cured within such fifteen (15) day period, and such default is likely, in the opinion of the Lender acting reasonably, to be cured within a reasonable time, then such Canadian Credit Party shall have an additional reasonable period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, so long as such Canadian Credit Party continues to diligently attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default but no Credit Extensions will be made (and for greater certainty, the Forbearance Period, if otherwise available in the circumstances, shall be reduced with respect to the applicable breach, by the cure period provided for herein, to the extent relied upon by a Canadian Credit Party);

8.3 Material Adverse Change. If there occurs any circumstance or circumstances that could reasonably be expected to have or result in a Material Adverse Effect;

8.4 Attachment. If any material portion of any Canadian Credit Party’s and/or any Subsidiary’s assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or Person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or if any Canadian Credit Party and/or any Subsidiary is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of any Canadian Credit Party’s and/or any Subsidiary’s assets, or if a notice of lien, levy,

or assessment is filed of record with respect to any Canadian Credit Party's and/or any Subsidiary's assets by the Government of Canada, or any department, agency, or instrumentality thereof, or by any provincial, county, municipal, or governmental agency, and the same is not paid within ten (10) days after any Canadian Credit Party and/or any Subsidiary receives notice thereof, provided that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by any Canadian Credit Party and/or any Subsidiary (provided that no Credit Extensions will be made during such cure period);

8.5 Insolvency. If any Canadian Credit Party and/or any Subsidiary becomes insolvent, or if an Insolvency Proceeding is commenced by any Canadian Credit Party and/or any Subsidiary, or if an Insolvency Proceeding is commenced against any Canadian Credit Party and/ any Subsidiary and is not dismissed or stayed within thirty (30) days (provided that no Credit Extensions will be made prior to the dismissal of such Insolvency Proceeding);

8.6 Other Agreements. If there is a default or other failure to perform in any agreement to which any Canadian Credit Party and/or any Subsidiary is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to enforce its remedies which would result in a right to accelerate the maturity of any Indebtedness in an aggregate amount in excess of CAD\$100,000.00;

8.7 Subordinated Debt. If any Canadian Credit Party and/or any Subsidiary makes any payment on account of Subordinated Debt, except to the extent the payment is allowed under any subordination agreement entered into with Lender;

8.8 Judgments; Settlements. If one or more (a) judgments, orders, decrees or arbitration awards requiring any Canadian Credit Party and/or any Subsidiary to pay an aggregate amount of CAD\$200,000.00 or greater shall be rendered against any Canadian Credit Party and/or any Subsidiary and the same shall not have been vacated or stayed within thirty (30) days thereafter (provided that no Credit Extensions will be made prior to such matter being vacated or stayed); or (b) settlements is agreed upon by any Canadian Credit Party and/or any Subsidiary for the payment by any Canadian Credit Party and/or any Subsidiary of an aggregate amount of CAD\$200,000.00 or greater; or

8.9 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth herein or in any certificate delivered to Lender by any Responsible Officer pursuant to this Agreement or to induce Lender to enter into this Agreement or any other Loan Document.

9. LENDER'S RIGHTS AND REMEDIES.

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Lender may following the Forbearance Period (if applicable), at its election, upon notice to the Borrower, do any one or more of the following, all of which are authorized by the Canadian Credit Parties:

- (a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon

the occurrence of an Event of Default described in Section 8.5, all Obligations shall automatically become immediately due and payable without any action by Lender);

- (b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and Lender;
- (c) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that Lender reasonably considers advisable;
- (d) Make such payments and do such acts as Lender considers necessary or reasonable to protect its Lien in the Collateral. The Canadian Credit Parties agree to assemble the Collateral if Lender so requires, and to make the Collateral available to Lender as Lender may designate. Each Canadian Credit Party authorizes Lender to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or Lien which in Lender's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of a Canadian Credit Party's owned premises, such Canadian Credit Party hereby grants Lender a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of Lender's rights or remedies provided herein, at law, in equity, or otherwise;
- (e) Set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Lender, and (ii) Indebtedness at any time owing to or for the credit or the account of Borrower held by Lender;
- (f) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Lender is hereby granted a license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's labels, Patents, Copyrights, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Lender's exercise of its rights under this Section 9.1, the Canadian Credit Party's rights under all licenses and all franchise agreements shall inure to Lender's benefit;
- (g) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including the Canadian Credit Parties' premises) as Lender determines is commercially reasonable, and apply any proceeds to the Obligations in whatever manner or order Lender deems appropriate. Lender may sell the Collateral without giving any warranties as to the Collateral. Lender may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If Lender sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by Lender, and applied to the indebtedness

of the purchaser. If the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Borrower shall be credited with the proceeds of the sale;

- (h) Lender may credit bid and purchase at any public sale;
- (i) Appoint by instrument in writing one or more Receivers of the Canadian Credit Parties and/or any Subsidiary or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Lender under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by Applicable Law, any Receiver appointed by the Lender will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Lender;
- (j) Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral;
- (k) Deliver a notice of exclusive control to the depository bank pursuant to any Control Agreement; and
- (l) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by the Canadian Credit Parties.

Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

9.2 Saving. The Lender shall not be under any obligation to any Canadian Credit Party or any other Person to realize any Collateral or enforce the security or any part thereof or to allow any of the Collateral to be sold, dealt with or otherwise disposed of. The Lender shall not be responsible or liable to the Canadian Credit Parties or any other Person for any loss or damage upon the realization or enforcement of, the failure to realize or enforce the Collateral or any part thereof or the failure to allow any of the Collateral to be sold, dealt with or otherwise disposed of or for any act or omission on their respective parts or on the part of any director, officer, agent, servant or adviser in connection with any of the foregoing, except that the Lender may be responsible or liable for any loss or damage arising from the wilful misconduct or gross negligence of Lender.

9.3 Third Parties. No Person dealing with the Lender or any agent of the Lender shall be required to inquire whether the security has become enforceable, or whether the powers which the Lender is purporting to exercise have been exercisable, or whether any Obligations remain outstanding upon the security thereof, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or other disposition or any other dealing with the Collateral charged by such security or any part thereof.

9.4 Power of Attorney. Effective only upon the occurrence and during the continuance of an Event of Default and following the Forbearance Period (if any), each Canadian Credit Party hereby irrevocably appoints Lender (and any of Lender's designated officers, or employees) as the

Canadian Credit Parties' true and lawful attorney to: (a) send requests for verification of Accounts or notify account debtors of Lender's security interest in the Accounts; (b) endorse the Canadian Credit Party's name on any checks or other forms of payment or security that may come into Lender's possession; (c) sign the Canadian Credit Party's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (d) dispose of any Collateral; (e) make, settle, and adjust all claims under and decisions with respect to Canadian Credit Party's policies of insurance; (f) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Lender determines to be reasonable; and (g) file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of a Canadian Credit Party where permitted by law; provided that Lender may exercise such power of attorney to sign the name of such Canadian Credit Party on any of the documents described in clause (g) above, regardless of whether an Event of Default has occurred. The appointment of Lender as Canadian Credit Party's attorney in fact, and each and every one of Lender's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed and Lender's obligation to provide Advances hereunder is terminated.

9.5 Accounts Collection. At any time after the occurrence and during the continuation of an Event of Default and following the Forbearance Period (if any), Lender may notify any Person owing funds to a Canadian Credit Party of Lender's security interest in such funds and verify the amount of such Account. Each Canadian Credit Party shall collect all amounts owing to the Canadian Credit Parties for Lender, receive in trust all payments as Lender's trustee, and immediately deliver such payments to Lender in their original form as received from the account debtor, with proper endorsements for deposit.

9.6 Lender Expenses. If a Canadian Credit Party fails to pay any amounts or furnish any required proof of payment due to third Persons, as required under the terms of this Agreement, then Lender may do any or all of the following after reasonable notice to such Canadian Credit Party: (a) make payment of the same or any part thereof; (b) set up such reserves under the Line as Lender deems necessary to protect Lender from the exposure created by such failure; or (c) obtain and maintain insurance policies of the type discussed in Section 6.5 of this Agreement, and take any action with respect to such policies as Lender deems prudent. Any amounts so paid or deposited by Lender shall constitute Lender Expenses, shall be immediately due and payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Lender shall not constitute an agreement by Lender to make similar payments in the future or a waiver by Lender of any Event of Default under this Agreement.

9.7 Protective Advances. Lender may from time to time make such disbursements and advances ("***Protective Advances***") which Lender, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by Borrower of the Credit Extensions, Lender Expenses and other Obligations or to pay any other amount chargeable to the Borrower pursuant to the terms of this Agreement. The Protective Advances shall be repayable on demand and be secured by the Collateral. The Protective Advances shall constitute Obligations hereunder which may be charged to the Line in accordance with Section 2.2(b).

9.8 Lender's Liability for Collateral. Lender has no obligation to clean up or otherwise assemble or prepare the Collateral for sale. All risk of loss, damage or destruction of the Collateral shall be borne by the Canadian Credit Parties.

9.9 No Obligation to Pursue Others. Lender has no obligation to attempt to satisfy the Obligations by collecting them from any other Person liable for them and Lender may release, modify or waive any collateral provided by any other Person to secure any of the Obligations, all without affecting Lender's rights against the Canadian Credit Parties. Each Canadian Credit Party waives any right it may have to require Lender to pursue any other Person for any of the Obligations.

9.10 Remedies Cumulative. Lender's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Lender shall have all other rights and remedies not inconsistent herewith as provided under the PPSA, by law, or in equity. No exercise by Lender of one right or remedy shall be deemed an election, and no waiver by Lender of any Event of Default on a Canadian Credit Party's part shall be deemed a continuing waiver. No delay by Lender shall constitute a waiver, election, or acquiescence by it. No waiver by Lender shall be effective unless made in a written document signed on behalf of Lender and then shall be effective only in the specific instance and for the specific purpose for which it was given. Each Canadian Credit Party expressly agrees that this Section 9.8 may not be waived or modified by Lender by course of performance, conduct, estoppel or otherwise.

9.11 Demand; Protest. Except as otherwise provided in this Agreement, each Canadian Credit Party waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment and any other notices relating to the Obligations.

9.12 Waivers, Confidentiality, Information Sharing.

- (a) In no event shall any party hereto be liable for lost profits or other special or consequential damages.
- (b) To the maximum extent permitted by Applicable Law, each Canadian Credit Party hereby waives all rights to a hearing of any kind prior to the exercise by the Lender of its rights to repossess the Collateral without judicial process or to reply, attach or levy upon such Collateral without prior notice or hearing.
- (c) To the maximum extent permitted by Applicable Law, each Canadian Credit Party hereby waives demand, presentment, protest and notice of nonpayment.
- (d) Subject to the terms of the Confidentiality Agreement, each Canadian Credit Party hereby agrees and acknowledges that the Lender shall be permitted to share with any of its Affiliates, any information concerning the Canadian Credit Parties, this Agreement and all other Loan Documents, and the subject matter thereof, that the Lender has or will have in its possession.

10. NOTICES.

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by email if the sender receives an acknowledgment from the intended recipient (such as by the “return receipt requested” function, as available, return email or other written acknowledgment) if sent prior to 4:00 p.m. (local time of the recipient), or the next Business Day for the recipient, if set on or after 4:00 p.m. (local time of the recipient); (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or email address indicated below:

If to Canadian Credit Parties: c/o Trakopolis SaaS Corp.
300, 1711-10th Avenue S.W.
Calgary, Alberta T3C 0K1
Attn: Richard Clarke
Email: rclarke@trakopolis.com

with a copy (which is not required
to constitute notice hereunder) to:

Socium Law
2000, 125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P6
Attn: William Van Horne
Email: william.vanhorne@sociumlaw.com

If to Lender: ESW Holdings, Inc.
401 Congress Ave.
Suite 2650
Austin, TX 78701
Attn: Andrew S. Price
Email: andy.price@trilogy.com

with a copy (which is not required
to constitute notice hereunder) to:

Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9
Attn: Marty Kovnats
Email: mkovnats@airdberlis.com

The parties hereto may change the address or email address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

11. CHOICE OF LAW AND VENUE.

11.1 This Agreement shall be governed by, and construed in accordance with, the internal laws of the Province of Alberta, without regard to principles of conflicts of law. Each of the parties hereto hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the City of Calgary in the Province of Alberta for all matters arising out of, or in connection with, this Agreement and the other Loan Documents.

12. GENERAL PROVISIONS.

12.1 Set-Off or Compensation. In addition to and not in limitation of any rights now or hereafter granted under Applicable Law, if repayment is accelerated pursuant to Section 9, the Lender may at any time and from time to time without notice to the Borrower or any other Person, any notice being expressly waived by the Borrower, set off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, and any other indebtedness at any time owing by the Lender, to or for the credit of or the account of the Borrower, against and on account of the Obligations notwithstanding that any of them are contingent or unmatured.

12.2 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties and shall bind all Persons who become bound as a debtor to this Agreement; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without Lender's prior written consent, which consent may be granted or withheld in Lender's sole discretion. Lender shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Lender's obligations, rights and benefits hereunder.

12.3 Indemnification.

- (a) In addition to Borrower's other Obligations under this Agreement, Borrower agrees to defend, protect, indemnify and hold harmless Lender and its Affiliates, officers, directors, employees, attorneys, consultants and agents (collectively, the "**Indemnitees**") from and against any and all losses (other than loss of profits), damages, liabilities, obligations, penalties, fees, reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred by such Indemnitees, whether prior to or from and after the date hereof, whether direct, indirect or consequential, as a result of or arising from or relating to or in connection with any of the following: (i) the negotiation, preparation, execution or performance or enforcement of this Agreement, any other Loan Document or of any other document executed in connection with the transactions contemplated by this Agreement, (ii) Lender's furnishing of funds to Borrower under this Agreement or the other Loan Documents, including, without limitation, the management of any Credit Extension or Borrower's use of the proceeds thereof, (iii) Lender's relying on any instructions of Borrower or the handling of the Collateral of Borrower as herein provided, (iv) any matter relating to the financing transactions contemplated by this Agreement or the other Loan Documents or by any document executed in connection with the transactions contemplated by this

Agreement or the other Loan Documents, or (v) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnatee is a party thereto (collectively, the “*Indemnified Matters*”); provided, however, that Borrower shall not have any obligation to any Indemnatee under this subsection (a) for any Indemnified Matter caused by the gross negligence or willful misconduct of such Indemnatee, as determined by a final non-appealable judgment of a court of competent jurisdiction.

- (b) The indemnification for all of the foregoing losses, damages, fees, costs and expenses of the Indemnitees set forth in this Section 12.2 are chargeable against the Line. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 12.2 may be unenforceable because it is violative of any law or public policy, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under Applicable Law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.
- (c) No party hereto shall assert, and each party hereto hereby waives, any claim based on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Advance or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each party hereto hereby waives, releases and agrees not to sue upon any such claim or seek any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

The indemnities and waivers set forth in this Section 12.2 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

12.4 Exculpatory Provisions.

- (a) No party hereto shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, Lender shall not (i) be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing; or (ii) have any duty to take any discretionary action or exercise any discretionary powers.
- (b) Lender shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of

this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 3 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Lender.

12.5 Currency Indemnity. If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Loan Document, it becomes necessary to convert into a particular currency (the “**Judgment Currency**”) any amount due under this Agreement or under any other Loan Document in any currency other than the Judgment Currency (the “**Currency Due**”), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose “*rate of exchange*” means the rate at which the Lender is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice in New York, New York. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by the Lender of the amount due, the Borrower will, on the date of receipt by the Lender, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Lender on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Lender is the amount then due under this Agreement or such other Loan Document in the Currency Due. If the amount of the Currency Due which the Lender is so able to purchase is less than the amount of the Currency Due originally due, the Borrower shall indemnify and save the Lender harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Loan Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Loan Document or under any judgment or order.

12.6 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.7 Timing of Payments. Any payment received by the Lender after 3:30 p.m. (Central time) on a Business Day, or on any day that is not a Business Day, shall be credited to the account of the Borrower on the following Business Day.

12.8 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.9 Amendments in Writing, Integration. All amendments to or terminations of this Agreement or the other Loan Documents must be in writing and signed by the parties. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement and the other Loan Documents, if any, are merged into this Agreement and the Loan Documents.

12.10 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, and may be delivered by email transmission, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

12.11 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations remain outstanding or Lender has any obligation to make any Credit Extension to Borrower. The obligations of Borrower to indemnify Lender with respect to the expenses, damages, losses, costs and liabilities described in Section 12.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Lender have run.

12.12 Maximum Interest. Regardless of any provision contained in any of the Loan Documents, Lender will never be entitled to receive, collect or apply as interest on the Obligations any amount in excess of the Maximum Rate, and, in the event that Lender ever receives, collects or applies as interest any such excess, the amount which would be excessive interest is hereby deemed to be a partial prepayment of principal and treated hereunder as such; and, if the principal amount of the Obligations is paid in full, any remaining excess will forthwith be paid to the Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Rate, Borrower and Lender will, to the maximum extent permitted under Applicable Law: (a) characterize any non-principal payment as an expense, fee or premium rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread, in equal parts, the total amount of interest throughout the entire contemplated term of the Obligations so that the interest rate does not exceed the Maximum Rate; *provided that*, if the Obligations are paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Rate, Lender will refund to Borrower the amount of such excess or credit the amount of such excess against the principal amount of the Obligations and, in such event, Lender will not be subject to any penalties provided by any laws for contracting for, charging, taking, reserving or receiving interest in excess of the Maximum Rate. As used herein, the term “*applicable law*” means the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then the Loan Documents will be governed by such new law as of its effective date.

12.13 Conflicts. In the event there occurs any conflict or inconsistency between any provision hereof and any provision of the other Loan Documents, the provision hereof, to the extent of any such conflict or inconsistency, shall govern.

12.14 Entire Agreement. This Agreement and the other Loan Documents embody the entire agreement and understanding between the parties hereto and thereto and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof and may not be contradicted by evidence of prior or contemporaneous agreements of the parties. There are no unwritten oral agreements between the parties related to the subject matter of this Agreement and the other Loan Documents. Notwithstanding the foregoing, the Canadian Credit Parties acknowledge, confirm and agree that the execution and delivery of this Agreement does not, and shall not, in any way be deemed to be a novation of the Original Credit Agreement or any accommodations of credit provided to Borrower prior to the date hereof. Each Canadian

Credit Party hereby further acknowledges and agrees that any of the Loan Documents granting a Lien in any of the Collateral of the Canadian Credit Parties shall continue to guarantee and secure all of the Obligations and that the guarantees provided by, and the Liens granted under, such Loan Documents shall not be limited, terminated, altered, amended or discharged by the execution and delivery of this Agreement.

[signatures on following page]

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

TRAKOPOLIS IOT CORP.

By: 

Name: BRENT MOORE

Title: CEO

TRAKOPOLIS SAAS CORP.

By: 

Name: BRENT MOORE

Title: CEO

ESW HOLDINGS, INC.

By: _____

Name: _____

Title: _____

The undersigned hereby acknowledges receipt of a copy of this Agreement, accepts all of the terms and conditions contained therein and further covenants and agrees with the Lender to give effect to all of the provisions thereof.

DATED with effect as of the date first written above.

TRAKOPOLIS USA CORP.

By: 

Name: BRENT MOORE

Title: CEO

EXHIBIT A

DEFINITIONS

“**Accounts**” means all presently existing and hereafter arising accounts, contract rights, payment intangibles and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology) or the rendering of services by Borrower and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower’s Books relating to any of the foregoing.

“**Advance(s)**” means a cash advance or cash advances under the Line.

“**Affiliate**” has the meaning specified in the *Business Corporations Act* (Alberta).

“**Agreement**” means this agreement and all schedules attached hereto; the expressions “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**”, “**hereby**” and similar expressions refer to this Agreement, as amended, restated or supplemented from time to time, as a whole and not to any particular Article, Section, Exhibit, or other portion hereof or thereof.

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

“**Applicable Law**” means: (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any governmental authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

“**Base Interest Rate**” means the Prime Rate plus four and half percent per annum (4.50%).

“**Board of Directors**” means the Board of Directors of Borrower.

“**Borrower Province**” means Alberta, the province under whose laws Borrower is organized.

“**Borrower’s Books**” means all of Borrower’s books and records including: ledgers; records concerning Borrower’s assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

“**Business Day**” means a day (other than Saturday or Sunday) on which banks are generally open for business in New York, New York or Calgary, Alberta.

“**Canadian Credit Party**” means each of the Borrower and Trak IoT, and their respective successors and assigns.

“Change in Control” means that Person and/or its Affiliates becomes the beneficial owner, directly or indirectly, of fifty percent (50%), or more, of shares of all classes of Equity Interests then outstanding of Borrower ordinarily entitled to vote in the election of directors.

“Closing Date” means the date of this Agreement.

“Collateral” means the property described on Exhibit B attached hereto and all Negotiable Collateral to the extent not described on Exhibit B, except to the extent any such property (i) is non-assignable by its terms without the consent of the licensor thereof or another party (but only to the extent such prohibition on transfer is enforceable under Applicable Law), (ii) the granting of a security interest therein is contrary to Applicable Law, provided that upon the cessation of any such restriction or prohibition, such property shall automatically become part of the Collateral, or (iii) constitutes the Equity Interests of a controlled foreign corporation (as defined in the IRC), in excess of sixty five percent (65%) of the voting power of all classes of Equity Interests of such controlled foreign corporations entitled to vote.

“Commitment Period” means the period from the date hereof through November 15, 2019.

“Compliance Certificate” means the certificate substantially in the form set forth in Exhibit D attached hereto.

“Compliant Contract” means a software contract entered into by Borrower, Guarantors or any Subsidiary with any of its customers, which as of any date in question (i) is duly executed, (ii) is in full force and effect, (iii) is related to the provision of services or software by Borrower or any Guarantor or Subsidiary, (iv) arises in the ordinary course of business of Borrower or its Subsidiary, and (v) complies with all of Borrower’s representations and warranties set forth in Section 5.3.

“Confidentiality Agreement” means the confidentiality agreement entered into between Trak IoT and Lender.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued or provided for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designed to protect such Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by Lender in good faith; provided, however, that such amount

shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Control Agreement” means a deposit account control agreement among Borrower, Lender and the applicable depository bank, in form and substance reasonably acceptable to Lender, as the same may be amended, supplemented or modified from time to time.

“Copyrights” means any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held.

“Credit Extension” means each Advance or any other extension of credit by Lender to or for the benefit of Borrower hereunder.

“Default Interest Rate” means the lesser of (i) Base Interest Rate plus five percent (5.00%) per annum and (ii) the Maximum Rate.

“Dollars” and **“\$”** means lawful money of the United States.

“Environmental Laws” means all Applicable Laws, rules, regulations, orders and the like issued by any federal, provincial, municipal, domestic, foreign or other governmental or quasi-governmental authority or any agency pertaining to the environment or to any hazardous materials or wastes, toxic substances, flammable, explosive or radioactive materials, asbestos or other similar materials.

“Equipment” means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

“Equity Interests” means, with respect to any Person, the capital stock, partnership or limited liability company interest, or other equity securities or equity ownership interests of such Person.

“Event of Default” has the meaning assigned in Section 8.

“Excess Customer Payment Amount” means any amount paid to Borrower, any Guarantor or any Subsidiary of Borrower, excluding any payments with respect to hardware, under any service agreement, software license or other customer agreement for any period of time more than 12-months following the date of any such payment.

“Existing Credit Facility” means the existing loan or loans or extensions of credit made available to the Borrower by the Existing Lender pursuant to the terms of the credit agreement dated as of February 13, 2018, as amended.

“Existing Lender” means Silicon Valley Bank.

“Existing Unsecured Debt” means, collectively, each of the following:

- (a) The unsecured loan in the amount of CAD\$175,000 advanced by Ruth Sonnenberg, as lender, to the Borrower pursuant to the terms of the loan agreement dated February 8, 2018;
- (b) The unsecured loan in the amount of CAD\$50,000 advanced by Gil Sonnenberg and Janice Sonnenberg, as lenders, to the Borrower pursuant to the terms of the loan agreement dated February 8, 2018;
- (c) The unsecured loan in the amount of CAD\$1,000,000 advanced by Trisec Securities Inc. to Trak IoT pursuant to the terms of a convertible debenture dated June 21, 2018; and
- (d) The unsecured loan in the amount of CAD\$100,000 advanced by Leslie Sonnenberg and Renee Sonnenberg to Trak IoT pursuant to the terms of a convertible debenture dated June 21, 2018.

"Expenses Agreement" means the expense reimbursement agreement dated October 15, 2018 between Trak IoT and the Lender.

"Forbearance Conditions" means all of the following, in each case as determined in good faith by Lender in its sole discretion: (a) Borrower's senior management and its Board of Directors continue to be fully engaged in the business, (b) no Insolvency Proceeding is or has been commenced by or against Borrower or any Subsidiary thereof, (c) no Person who holds or acquires a Lien on or against all or any material portion of Borrower's Intellectual Property exercises foreclosure or similar remedies against such Intellectual Property, (d) Borrower makes its officers, employees and Affiliates available at Lender's reasonable request, (e) Borrower maintains, preserves and protects the Collateral in accordance with Applicable Law and the provisions of the Loan Documents, (f) Borrower exercises reasonable commercial efforts to consummate a financing or other transaction that will enable it to satisfy and discharge the Obligations in full, and (g) Borrower demonstrates to Lender that Borrower has sufficient Liquidity to operate its business in the normal course during such Forbearance Period.

"Forbearance Period" means the period beginning on the date on which an Event of Default occurs (other than and excluding any Event of Default specified in Section 8.1 and Section 8.5) and ending on the earlier of (a) the thirtieth (30th) day thereafter and (b) the first day on which any of the Forbearance Conditions is not met.

"GAAP" means generally accepted accounting principles, consistently applied, as in effect from time to time in Canada.

"General Security Agreement" means general security agreements, in form and substance acceptable to Lender, duly executed by each Guarantor.

"Guarantee" means guarantee agreements of the Obligations of the Borrower, in form and substance acceptable to Lender, duly executed by each Guarantor.

"Guarantors" means each of Trak IoT and Trak US and their respective successors and assigns.

“In-Force Annual Contract Value” means, as measured for any calendar month (a ***“Testing Month”***), the product of (i) MRR for the Testing Month from Compliant Contracts that are not cancelled (even as to future periods), *multiplied by* and (ii) the number twelve (12).

“Indebtedness” means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations.

“Indemnified Matters” has the meaning assigned in Section 12.3(a).

“Indemnitees” has the meaning assigned in Section 12.3(a).

“Insolvency Proceeding” means any proceeding commenced by or against any Person under any provision of the *Bankruptcy and Insolvency Act* (Canada) or *Companies’ Creditors Arrangement Act* (Canada), each as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Intellectual Property” means all of Borrower’s and Guarantor’s right, title, and interest in and to the following:

- (a) Copyrights, Trademarks and Patents;
- (b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;
- (c) Any and all design rights which may be available to Borrower now or hereafter existing, created, acquired or held;
- (d) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;
- (e) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;
- (f) All amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and
- (g) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

“Inventory” means all present and future inventory in which Borrower has any interest.

“Investment” means any beneficial ownership (including Equity Interests) of any Person, or any loan, advance or capital contribution to any Person.

“Lender Expenses” means all costs or expenses of Lender, or any other holder or owner of the Loan Documents (including, without limit, court costs and reasonable legal fees and expenses, whether generated in-house or by outside counsel, whether or not a suit is instituted, and, if a suit is instituted, whether at trial court level, appellate court level, in a bankruptcy, probate or administrative proceeding or otherwise) incurred in connection with the preparation, negotiation, execution, delivery, amendment, maintenance, administration, and performance, or incurred in collecting, attempting to collect under the Loan Documents or the Obligations, or incurred in defending the Loan Documents, or incurred in any other matter or proceeding relating to the Loan Documents or the Obligations, and reasonable Collateral audit fees.

“Lien” means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Line” means a Credit Extension of up to \$3,000,000.

“Liquidity” means, with respect to the Borrower, the aggregate amount of cash and cash equivalents (excluding retirement accounts and personal and corporate lines of credit), each as reasonably determined by Lender, held in one or more deposit accounts or securities accounts subject to a Control Agreement and a first-priority perfected Lien in favor of Lender.

“Loan Documents” means, collectively, this Agreement, the Confidentiality Agreement, the Expenses Agreement, the Notice of Security Interest in Intellectual Property, the Guarantees, the General Security Agreements, the Pledge Agreement, the Control Agreement, note or notes executed by Borrower and Guarantors, and any other document, instrument or agreement entered into in connection with this Agreement or the Obligations, all as amended or extended from time to time.

“Material Adverse Effect” means (i) a material adverse change in Borrower’s business, assets or financial condition, (ii) a material impairment in the prospect of repayment of all or any portion of the Obligations or in otherwise performing Borrower’s obligations under the Loan Documents, or (iii) a material impairment in the perfection, value or priority of Lender’s security interests in the Collateral.

“Maturity Date” means the Stated Maturity Date.

“Maximum Rate” means, on any day, the highest rate of interest (if any) permitted by Applicable Law on such day.

“Monthly Recurring Revenue” or **“MRR”** means Borrower’s monthly recurring revenues derived from Compliant Contracts, inclusive of usage fees (if applicable). For the avoidance of doubt, with respect to any expiring, recurring Compliant Contract (an **“Expiring Contract”**) that is renewed late and after the date of its expiration (the **“Renewed Contract”**), the MRR for such

Renewed Contract shall be computed as if the renewal thereof occurred contemporaneously with the expiration of the Expiring Contract.

“**Negotiable Collateral**” means all of Borrower’s present and future letters of credit of which it is a beneficiary, drafts, instruments (including promissory notes), securities, documents of title, and chattel paper, and Borrower’s Books relating to any of the foregoing.

“**Net Retention Rate**” means, as measured for any month (a “**Testing Month**”), the quotient, expressed as a percentage, of (i) the MRR for the Testing Month from customers that have been active for more than twelve (12) full months, *divided by* (ii) the MRR for the corresponding month occurring one year prior to the Testing Month.

“**Notice of Security Interest in Intellectual Property**” means the notice of security interest in intellectual property, in form and substance acceptable to Lender, duly executed by Borrower.

“**Obligations**” means all debt, principal, interest, Lender Expenses, fees, the Prepayment Premium, if any, and other amounts owed to Lender by Borrower pursuant to this Agreement or any other agreement, whether absolute or contingent, due or to become due, now existing or hereafter arising, including any interest that accrues after the commencement of an Insolvency Proceeding and including any debt, liability, or obligation owing from Borrower to others that Lender may have obtained by assignment or otherwise.

“**Original Credit Agreement**” has the meaning ascribed thereto in the first recital of this Agreement.

“**Original Closing Date**” means November 15, 2018.

“**Patents**” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

“**Pension Plan**” means any “pension plan” or “plan” that is subject to the funding requirements of the *Employment Pension Plan Act* (Alberta) or applicable pension benefits legislation in any other Canadian jurisdiction and is applicable to employees resident in Canada of the Borrower.

“**Permitted Indebtedness**” means:

- (a) Indebtedness of the Canadian Credit Parties in favor of Lender arising under this Agreement or any other Loan Document;
- (b) Existing Unsecured Debt;
- (c) Indebtedness not to exceed CAD\$50,000 in the aggregate in any fiscal year of Borrower secured by a lien described in clause (c) of the defined term “**Permitted Liens**,” provided such Indebtedness does not exceed the lesser of the cost or fair market value of the Equipment financed with such Indebtedness;

- (d) Subordinated Debt in an aggregate amount not to exceed CAD\$50,000 outstanding at any time, other than in respect of the Existing Unsecured Debt;
- (e) Indebtedness existing on the Closing Date disclosed in the Schedule and which are acceptable to Lender; and
- (f) Extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

“Permitted Investment” means:

- (a) Investments existing on the Closing Date disclosed in the Schedule and which are acceptable to Lender;
- (b) (i) Marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof maturing within one (1) year from the date of acquisition thereof, (ii) commercial paper maturing no more than one (1) year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor’s Rating Service or Moody’s Investors Service, Inc., (iii) Lender’s certificates of deposit maturing no more than one (1) year from the date of investment therein, and (iv) Lender’s money market accounts and deposit accounts;
- (c) Repurchases of Equity Interests from former employees, directors, or consultants of Trak IoT under the terms of applicable equity repurchase agreements (i) in an aggregate amount in cash not to exceed CAD\$100,000 in any fiscal year, provided that no Event of Default has occurred, is continuing or would exist after giving effect to the repurchases, or (ii) in any amount where the consideration for the repurchase is the cancellation of indebtedness owed by such former employees, directors or consultants to Trak IoT regardless of whether an Event of Default exists;
- (d) Investments accepted in connection with Permitted Transfers;
- (e) Investments not to exceed CAD\$100,000 in cash in the aggregate in any fiscal year consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of Equity Interests of Trak IoT or its Subsidiaries pursuant to employee equity purchase agreements approved by Board of Directors; or
- (f) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower’s business.

“Permitted Liens” means:

- (a) Any Liens arising under this Agreement or the other Loan Documents;
- (b) Liens for Taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and for which Borrower maintains adequate reserves, provided the same have no priority over any of Lender’s security interests;
- (c) Liens securing Indebtedness not to exceed CAD\$50,000 in the aggregate (i) upon or in any Equipment (other than Equipment financed by a Credit Extension) acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such Equipment, or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such Equipment;
- (d) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) through (c) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase;
- (e) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Sections 8.4 (attachment) or 8.8 (judgments/settlements); and
- (f) Liens in favor of other financial institutions arising in connection with Borrower’s deposit accounts held at such institutions to secure standard fees for deposit services charged by, but not financing made available by such institutions, provided that Lender has a perfected security interest in the amounts held in such deposit accounts.

“Permitted Transfer” means the conveyance, sale, lease, transfer or disposition by the Canadian Credit Parties or any Subsidiary of:

- (a) Inventory in the ordinary course of business;
- (b) Non-exclusive licenses and similar arrangements for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and consistent with past practices;
- (c) Worn-out, obsolete, or surplus Equipment not financed with the proceeds of a Credit Extension;
- (d) Transfers that are explicitly permitted by Section 7; or

- (e) Other assets of Borrower or its Subsidiaries that were not financed with the proceeds of any Credit Extension, not to exceed CAD\$50,000 in fair market value of such assets in the aggregate during any fiscal year; provided, that the foregoing shall not include or permit any Transfer of any Intellectual Property.

“Person” means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

“Pledge Agreement” means a pledge agreement with respect to the Collateral consisting of Equity Interests in Trak US, duly executed by Borrower and Lender and acknowledged by the issuer of such Equity Interests, in form and substance acceptable to Lender.

“PPSA” means the *Personal Property Security Act* (Alberta) or any other applicable Canadian federal or provincial statute pertaining to the granting, perfecting, opposability, priority, ranking or enforcement of security interests, liens, hypothecs on personal or movable property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time.

“Prepayment Premium” means, in connection with any prepayment (in whole or in part) of the principal amount of the Advance(s) hereunder, an amount equal to 10.0% of the amount of such prepayment.

“Prime Rate” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board of Governors of the Federal Reserve System in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by Lender) or any similar release by the Board of Governors of the Federal Reserve System (as determined by Lender). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Protective Advances” has the meaning assigned in Section 9.7.

“Receiver” means a receiver, a manager or a receiver and manager.

“Responsible Officer” means each of the Chief Executive Officer and the Chief Financial Officer of Borrower.

“Restricted Agreement” is any material license or other material agreement (other than over-the-counter software that is commercially available to the public and “open source” licenses) to which Borrower is a party or under which Borrower is bound (including licenses and agreements under which Borrower is the licensee): (a) that prohibits or otherwise restricts Borrower from assigning to Lender, or granting to Lender a Lien in, Borrower’s interest in such license or agreement, the rights arising thereunder or any other property, or (b) for which a default under or termination of such license or contract could interfere with the Lender’s right to use, license, sell or collect any Collateral or otherwise exercise its rights and remedies with respect to the Collateral under the Loan Documents or Applicable Law.

“Sanctioned Person” means, at any time, (a) any Person or governmental entity listed in any Sanctions-related list of designated Persons or governmental entities maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty’s Treasury of the United Kingdom, the Government of Canada or other relevant sanctions authority, (b) any Person owned or controlled by any such Person or Persons described in the foregoing clause (a), or (c) any Person otherwise the subject of any Sanctions.

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the United Nations Security Council, (c) the European Union, (d) any European Union member state, (e) Her Majesty’s Treasury of the United Kingdom, (f) the Government of Canada or (g) other relevant sanctions authority.

“Schedule” means the schedule of exceptions attached hereto and approved by Lender, if any.

“Software” means all software, which is comprised of computer programs and certain related technical information and documentation, together with any updates, upgrades, error corrections, bug fixes, other modifications thereto and new versions thereof, which is proprietary to Borrower and which Borrower licenses to customers in the ordinary course of its business.

“Stated Maturity Date” means November 15, 2019.

“Subordinated Debt” means any Indebtedness incurred by the Canadian Credit Parties or any Subsidiary that is unsecured and subordinated in writing to the Indebtedness owing by the Canadian Credit Parties or a Subsidiary to Lender pursuant to a written subordination agreement or other subordination terms reasonably acceptable to Lender (and identified as being such by Borrower and Lender).

“Subsidiary” means any corporation, partnership or limited liability company or joint venture in which (i) any general partnership interest or (ii) more than fifty percent (50%) of the Equity Interests of which by the terms thereof ordinary voting power to elect the Board of Directors, managers or trustees of the entity, at the time as of which any determination is being made, is owned by a Canadian Credit Party, either directly or through an Affiliate, including Trak US.

“Taxes” means any and all taxes, levies, imposts, duties, charges, assessments, deductions, withholdings or fees of any nature, including interest, penalties and additions thereto that are imposed by any foreign, federal, provincial, state or local taxing authority.

“Trademarks” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

“Trak IoT” means Trakopolis IoT Corp. and its successors and assigns.

“Trak US” means Trakopolis USA Corp. and its successors and assigns.

“Transfer” has the meaning assigned in Section 7.1.

“United States” means the United States of America.

“Warrant” means the share purchase warrant.

“Warrant Certificate” means the certificate representing the Warrant.

EXHIBIT B

COLLATERAL DESCRIPTION ATTACHMENT TO LOAN AND SECURITY AGREEMENT

DEBTOR: TRAKOPOLIS SAAS CORP.

SECURED PARTY: ESW HOLDINGS, INC.

All personal property of Debtor of every kind, whether presently existing or hereafter created or acquired, and wherever located, including but not limited to:

- (i) **Accounts:** all accounts, debts, amounts, claims, choses in action and moneys which now are, or which may at any time hereafter become, due or owing to or owned by the Debtor, whether or not earned by performance, including without limitation any and all accounts receivable arising or resulting from the sale, lease, use, assignment or other disposition of any property described in this Exhibit B; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of such accounts, debts, amounts, claims, choses in action and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to such accounts, debts, amounts, claims, choses in action and moneys or any part thereof;
- (ii) **Chattel Paper:** all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;
- (iii) **Documents:** all books of account and other books, invoices, writings, letters, papers and other documents whether in written, magnetic, electronic or other form, relating to or being records of the Collateral or by which any of the Collateral is secured, evidenced, acknowledged or made payable;
- (iv) **Documents of Title:** all writings now or hereafter owned by the Debtor, each of which writing purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of such writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts;
- (v) **Equipment:** all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture,

chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all purchase warranties and claims, drawings, specifications, plans and manuals relating thereto, any equipment specified as equipment of the Debtor and described in any schedule, exhibit or appendix hereto and any other tangible personal property which is not inventory;

- (vi) **Instruments:** all present and future bills, notes and cheques (as such terms are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery and all letters of credit and advices of credit provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;
- (vii) **Intangibles:** all intangible property now owned or hereafter acquired by the Debtor and which is not accounts including, without limitation, all contractual rights, insurance claims, goodwill, licences, inventions, franchises, designer rights, know-how processes and formulae, patents, patent applications, trademarks, trade names, copyrights and other intellectual or industrial property of the Debtor, whether registered or not and whether under licence or otherwise, and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing;
- (viii) **Inventory:** all goods and chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale, resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, timber to be cut, minerals and hydrocarbons to be extracted, all livestock and their unborn young and all growing crops;
- (ix) **Money:** all money now or hereafter owned by the Debtor, whether or not such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency;
- (x) **Investment Property:** all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer, together with all accretions thereto, all substitutions therefor, all dividends and income derived therefrom and all rights and claims in respect thereof;

- (xi) **Proceeds:** all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom;
- (xii) **Leases:** all leases now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, together with all of the Debtor's erections, improvements and fixtures situate thereupon. The last day of the term of any lease, sublease or agreement therefor, oral or written, now held or hereafter acquired by the Debtor is specifically excepted from the security interest and shall not form part of the Collateral, but the Debtor agrees to stand possessed of such last day in trust for such person as the secured party may direct and the Debtor shall assign and dispose thereof in accordance with such direction; and
- (xiii) **Undertaking:** all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds.

To the extent that the security interest would constitute a breach or cause the acceleration of any agreement, lease, contractual right, licence, approval, privilege, franchise or permit to which the Debtor is a party, the security interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Secured Party, and shall grant a security interest in such agreement, contractual right, licence or permit to the Secured Party forthwith upon obtaining the appropriate consents to the creation of such security interest. The Debtor agrees to use commercially reasonable efforts to obtain any such consent from time to time requested by the Secured Party.

EXHIBIT C
FORM OF BORROWING NOTICE

(See Attached)

EXHIBIT D

COMPLIANCE CERTIFICATE

Please send all Required Reporting to:

ESW Holdings, Inc.
401 Congress Ave.
Suite 2650
Austin, TX 78701
Attn: Andrew S. Price
Email: andy.price@trilogy.com

FROM: Trakopolis SAAS Corp.

The undersigned authorized Officer of Trakopolis SAAS Corp. ("***Borrower***"), hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement between Borrower and Lender (the "***Agreement***"; each capitalized term that is used but not otherwise defined herein shall have the meaning ascribed to such term in the Agreement), (i) Borrower is in complete compliance for the period ending _____, 20____ with all required covenants, including without limitation the ongoing registration of Intellectual Property in accordance with Section 6.6, except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct in all material respects as of the date hereof; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date. Attached herewith are the required documents supporting the above certification ("***Supporting Documents***"). The Officer further certifies the Supporting Documents are prepared in accordance with GAAP and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes.

Please indicate compliance status by circling Yes/No under "Complies" or "Applicable" column,

<u>REPORTING COVENANTS</u>	<u>REQUIRED</u>	<u>COMPLIES</u>	
Company Prepared Monthly F/S of Trak IoT Monthly, within 30 days		YES	NO
Compliance Certificate	Monthly, within 30 days	YES	NO
Audited, Unqualified F/S	Annually, within 120 days of FYE	YES	NO
Annual Business Plan (if prepared)	Annually, as soon as available	YES	NO
If Public:			
MD&A	Quarterly, within 5 days of SEDAR filing	YES	NO
	Annually, within 5 days of SEDAR filing	YES	NO
Borrower's Liquidity	Amount: <u>\$1,000,000</u>	YES	NO
	<u>DESCRIPTION</u>	<u>APPLICABLE</u>	
Legal Action > \$100,000 (Sect. 6.2(iii))	Notify promptly upon notice	YES	NO

<u>REPORTING COVENANTS</u>	<u>REQUIRED</u>	<u>COMPLIES</u>	
Inventory Disputes > \$100,000 (Sect. 6.3)	Notify promptly upon notice	YES	NO
Cross default with other agreements >\$100,000 (Sect. 8.6)	Notify promptly upon notice	YES	NO
Judgments/Settlements > \$200,000 (Sect. 8.8)	Notify promptly upon notice	YES	NO

<u>FINANCIAL COVENANTS</u>	<u>REQUIRED</u>	<u>ACTUAL</u>	<u>COMPLIES</u>	
Liquidity (Sect. 7.13(a)(ii))	>\$1,000,000	\$ _____	YES	NO
In-Force Annual Contract Value (Sect. 7.13(b))	>\$ _____	\$ _____	YES	NO
Net Retention Rate (Sect. 7.13(c))	>90%	\$ _____	YES	NO
Permitted Indebtedness for equipment leases	<\$50,000	\$ _____	YES	NO
Permitted Investments for employee stock repurchase	<\$100,000	\$ _____	YES	NO
Permitted Investments for employee loans	<\$100,000	\$ _____	YES	NO
Permitted Liens for equipment leases	<\$50,000	\$ _____	YES	NO
Permitted Transfers	<\$50,000	\$ _____	YES	NO

All figures in Canadian Dollars

Please Enter Below (or on a separate page) Comments Regarding Violations:

The undersigned further acknowledges that at any time Borrower is not in compliance with all the terms set forth in the Agreement, including, without limitation, the financial covenants, no Credit Extensions will be made.

Very truly yours,

Authorized Signer

Name

Title

SCHEDULE OF EXCEPTIONS
TO LOAN AND SECURITY AGREEMENT

Permitted Indebtedness (Exhibit A)

Indebtedness incurred under corporate credit cards of the Canadian Credit Parties ("**Corporate Credit Card Debt**").

Permitted Investments (Exhibit A)

Nil.

Permitted Liens (Exhibit A)

- PPSA registrations against the Borrower in favour of Dell Financial Services Canada Limited (reg. no. 17041022971 and 17113021375), Jim Pattison Industries Ltd. (reg. no. 17051911559, as amended by reg. no. 17062242268) and Meridian OneCap Credit Corp. (reg. no. 18011605286).

Security Interests (Section 4.1)

See Permitted Liens above.

Collateral (Section 5.3)

Guaranteed Investment Certificate with Royal Bank of Canada securing the Corporate Credit Card Debt

Intellectual Property (Section 5.4)

Nil.

Prior Names (Section 5.5)

- CANHaul International Corp.
- CAN Telematics Inc.

Inventory or Equipment Locations (Section 5.5)

Office furniture for the Grande Prairie satellite office located at 9917 116 Ave, Grande Prairie, AB T8V 3Y3.

Litigation (Section 5.6)

Nil.

Restricted Agreements (Section 5.12)

Nil.

34291958.4

**FIRST AMENDMENT TO THE AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT**

THIS FIRST AMENDMENT TO THE AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this “**Amendment**”) is made as of the 15th day of March, 2019, by and between ESW Holdings, Inc. (“**Lender**”), Trakopolis SAAS Corp., a corporation amalgamated under the laws of the province of Alberta (“**Borrower**”) and Trakopolis IoT Corp. (“**Trak IoT**”), a corporation continued under the laws of the province of Alberta.

RECITALS

- A. The Lender, the Borrower and Trak IoT entered into an amended and restated loan and security agreement dated November 27, 2018 (as amended, restated, supplemented or replaced from time to time, the “**Loan Agreement**”); and
- B. The Lender, the Borrower and Trak IoT have agreed to enter into this Amendment in order to amend certain of the terms and conditions of the Loan Agreement.

NOW THEREFORE, in consideration of the covenants and agreements contained in this Amendment, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.
- 2. **Amendments to Loan Agreement.** The Loan Agreement is hereby amended as follows:
 - (a) Section 7.13(a) of the Loan Agreement is hereby amended by deleting reference to “\$1,000,000” and replacing it with “\$800,000”;
 - (b) Section 7.13(b)(ii) of the Loan Agreement is hereby amended by deleting reference to “\$3,650,000” and replacing it with “\$3,575,000”; and
 - (c) Section 7.13(b)(iii) of the Loan Agreement is hereby amended by deleting reference to “\$3,850,000” and replacing it with “\$3,775,000”.
- 3. **Repayment.** In connection with this Amendment, the Borrower has advised that it will repay \$200,000.00 (the “**Repayment Amount**”) on account of the Obligations owing under the Loan Agreement, of which \$102,240.00 shall be applied to repay, in full, all interest having accrued under the Loan Agreement as at the date hereof and \$97,760.00 shall be applied as a permanent reduction of the principal amount under the Line, leaving the Line with a remaining principal balance of \$2,902,240.00. Subject to the terms and conditions hereof, the Lender hereby accepts the Repayment Amount, agrees to apply the Repayment Amount on account of the Obligations and waives the Prepayment Premium.
- 4. **Conditions Precedent.** The effectiveness of this Amendment shall be conditional upon each of the following, each of which must be fulfilled by the Canadian Credit Parties in

form and substance satisfactory to the Lender or waived by the Lender in writing prior to the effectiveness hereof:

- (a) receipt, by the Lender, of an executed copy of this Amendment;
- (b) receipt by the Lender of the Repayment Amount;
- (c) receipt by the Lender of the Lender Expenses; and
- (d) no Event of Default having occurred which is continuing.

5. **Representations and Warranties.** Each of the Canadian Credit Parties hereby represents and warrants to the Lender as follows:

- (a) it has all requisite power and authority to execute this Amendment and any other agreements or instruments required hereunder and to perform all obligations hereunder, and this Amendment constitutes legal, valid and binding obligations, enforceable in accordance with its terms;
- (b) the execution, delivery and performance by it of this Amendment and any other agreements or instruments required hereunder have been duly authorized by all necessary corporate or other action and do not require any authorization, consent or approval by any governmental authority or other Person, or violate any Applicable Law;
- (c) all of the representations and warranties contained in Loan Agreement are correct on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and
- (d) no Event of Default has occurred.

6. **References.** All references in the Loan Agreement to “this Agreement” shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the other Loan Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby.

7. **No Other Changes.** Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect and un-amended hereby.


8. **Costs and Expenses.** Each of the Canadian Credit Parties reaffirms its agreement under the Loan Agreement to pay or reimburse the Lender on demand for all costs and expenses incurred by the Lender in connection with the Loan Documents, including without limitation all reasonable fees and disbursements of legal counsel. Without limiting the generality of the foregoing, the Canadian Credit Parties specifically agree to pay all fees and disbursements of counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto.

9. **Miscellaneous.** This Amendment may be executed in any number of counterparts and delivered by emailed PDF by or other similar electronic method, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Amendment.
10. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.


TRAKOPOLIS IOT CORP.

By: _____

Name: Brent Moore

Title: CEO

TRAKOPOLIS SAAS CORP.

By: _____

Name: Brent Moore

Title: CEO

ESW HOLDINGS, INC.

By: _____


Name: _____

Title: _____

The undersigned hereby acknowledges receipt of a copy of this Amendment, accepts all of the terms and conditions contained therein and further covenants and agrees with the Lender to give effect to all of the provisions thereof.

DATED with effect as of the date first written above.

TRAKOPOLIS USA CORP.

By: _____

Name: Brent Moore

Title: CEO

ESW HOLDINGS, INC.

August 2, 2019

By Electronic Mail

Trakopolis SAAS Corp.
300, 1711-10th Avenue S.W.
Calgary, Alberta T3C 0K1
Attn: Richard Clarke

Trakopolis IoT Corp.
300, 1711-10th Avenue S.W.
Calgary, Alberta T3C 0K1
Attn: Richard Clarke

Trakopolis USA Corp.
300, 1711-10th Avenue S.W.
Calgary, Alberta T3C 0K1
Attn: Richard Clarke

Socium Law
2000, 125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P6
Attn: William Van Horne

**Re: Temporary amendment to that certain loan agreement dated as of November 27, 2018,
as the same has been amended or amended and restated from time to time**

We refer you to the amended and restated loan and security agreement entered into between ESW Holdings, Inc. ("**ESW**"), Trakopolis SAAS Corp. ("**Trakopolis**") and Trakopolis IoT Corp. ("**IoT**", together with Trakopolis, the "**Borrowers**") dated as of November 27, 2018, as amended by the first amendment to the amended and restated loan agreement dated March 15, 2019 (collectively, the "**Loan Agreement**"). All capitalized terms not otherwise defined herein have the respective meanings ascribed to them in the Loan Agreement. The Borrowers, together with Trak US, referred to herein as the "**Obligors**".

As you know, ESW has previously agreed to amend, on a temporary basis, the Loan Agreement, such that for the period beginning at 12:01 AM EST on July 31, 2019 and ending on the first to occur of: (i) IoT's Liquidity falling below USD\$700,000; and (ii) 5:00 PM EST on August 2, 2019, (the "**Prior Term**"), Section 7.13(a) was read such that "\$700,000" was, during the Prior Term, read in place of the figure "\$800,000".

This letter agreement (the "**Letter Agreement**") sets out the terms on, and period of time for, which ESW is willing to permit certain amendments to the Loan Agreement to continue beyond the Prior Term.

Please execute and return a copy of this Letter Agreement to us on August 2, 2019 acknowledging your prior verbal agreement to the terms and conditions set out herein which took effect as of 5:00 PM EST on August 2, 2019.

Acknowledgments, Confirmation and Consents

By entering into this Letter Agreement, the Obligors acknowledge, agree and confirm:

1. The Loan Agreement and the other Loan Documents are valid, binding and enforceable in accordance with their respective terms, as modified by provisions of this Letter Agreement.

2. The Obligors are liable to ESW for the full amount of the indebtedness evidenced by the Loan Documents (the “**Indebtedness**”), without offset, deduction, claim, counterclaim, defense or recoupment of any kind, which, as at July 31, 2019, totalled no less than \$2,989,779.18 and which is comprised of:

(a) \$2,800,000.00, in respect of a principal; and

(b) \$189,779.18, accrued but unpaid interest,

together with any all expenses and costs payable by the Borrowers to ESW under the Loan Documents.

3. The Security constitutes valid and binding agreements and obligations of the Obligors, and the Indebtedness is secured by valid, binding, enforceable, and perfected first priority security interests and liens, which are not subject to avoidance, recharacterization, recovery, reduction, disallowance, impairment, or subordination.

4. Without limitation to any other provision in this Letter Agreement, that all reasonable professional fees and expenses incurred or arising in connection with the involvement of ESW’s counsel in this matter, including, without limitation, all fees arising in connection with the negotiation, preparation and implementation of the terms of this Letter Agreement shall be and continue to be for the account of the Borrowers.

5. The validity and enforceability, vis-à-vis the Obligors, of the following:

(a) Assignment of Insurance from Trakopolis and IoT, dated as of November 15, 2018;

(b) Notice of Security Interest in IP from the Borrower dated as of November 15, 2018;

(c) Guarantee from IoT of the Obligations of Trakopolis dated as of November 27, 2018;

(d) Guarantee from Trak US of the Obligations of Trakopolis dated as of November 27, 2018;

(e) Security Agreement from Trakopolis dated as of November 15, 2018;

(f) Security Agreement from IoT dated as of November 27, 2018;

- (g) Security Agreement from Trak US dated as of November 27, 2018;
 - (h) Share Pledge Agreement from Trakopolis dated as of November 27, 2018;
 - (i) Acknowledgment and Confirmation re Existing Security from Trakopolis and IoT dated as of November 27, 2018; and
 - (j) Warrant Certificate granted by Trakopolis dated November 15, 2018,
- (collectively, the “**Security**”).

Covenants

6. The following clauses shall be added to the General Covenants section of the Terms and Conditions to the Loan Agreement (appearing on pages 10 - 17 thereof), which additions shall, for greater clarity, survive the Amendment Period, and be permanent amendments to the Loan Agreement unless and until the Loan Agreement is further amended in accordance with its terms:

- (a) the Obligors acknowledge that, on an Event of Default, ESW is entitled to enforce the Loan Agreement and the Security and to pursue all remedies with respect to the Indebtedness as it may deem appropriate, including without limitation, without reference to: (i) the Forbearance Period (as defined in the Loan Agreement); (ii) any cure periods contained in Article 8 of the Loan Agreement; or (iii) any other contractual notice period, forbearance, wait, cure or like period or requirement contained in any Loan Document, which requirements are hereby waived and dispensed with;
- (b) the Obligors will continue to comply with their reporting obligations under the Loan Agreement and provide ESW with such other information as ESW may reasonably require in its discretion from time to time, provided however that, any reporting periods or obligations contained in the Loan Documents shall be read to be deliverable at the more frequent to occur of: (i) each calendar month; and (ii) the date on which such reporting is to be made in the event that an Event of Default has occurred and is continuing;
- (c) the Obligors will continue to withhold, remit and pay any and all payables which could, if not paid, constitute a lien (a “**Lien**”) in priority to the Security, as and when same become due (provided however, that the Borrowers shall be entitled to engage legal and financial advisors or other representative appropriate in the circumstances and acceptable to ESW (a “**Financial Advisors**”) to assist the Borrowers in completing such transactions as shall be necessary to satisfy the Indebtedness, provided further that those fees payable to such advisor(s), other than success fees that are payable on the satisfaction of the Indebtedness in full, shall not be greater than, in the aggregate and inclusive of all costs, taxes and expenses: (i) CAD \$125,000 during the Amendment Period; or (ii) CAD \$75,000 in any calendar month during the Amendment Period);
- (d) the Obligors will keep current at all times all remittances required to be made by it hereafter for taxes owed to federal, provincial, state and municipal governments,

including, without limitation, money owed in respect of employee source deductions pursuant to the *Canada Pension Plan*, *Employment Insurance Act* (Canada), *Income Tax Act* (Canada) and *Income Tax Act* (Ontario), in respect of employer contributions under the *Canada Pension Plan* and employer premiums under the *Employment Insurance Act* (Canada) and in respect of goods and services tax and retail sales tax and any foreign equivalents, including all applicable US taxes;

- (e) except as permitted under Section (g), the Obligors will not declare or pay any dividends, repurchase or redeem any Equity Interests, make any other distributions, or repay any shareholder loan or make any other payment to any person who does not deal with it at arm's length (as such term is defined in the *Income Tax Act* (Canada)), and for greater certainty will not pay any bonuses or other similar payments to any employees or officers;
- (f) the Obligors will not incur or otherwise consent to or allow to exist any new Permitted Indebtedness without ESW's prior written consent;
- (g) the Obligors will not make any payment in respect of any Subordinated Debt, or permit any Subsidiary to make any such payment, including, for clarity, on account of the Existing Unsecured Debt, or amend any provision of any document evidencing such Subordinated Debt, or amend any provision affecting ESW's rights contained in any documentation relating to the Subordinated Debt without ESW's prior written consent, provided however that Trakopolis shall be entitled to make payments on the Existing Unsecured Debt consisting solely of payments in kind comprised of shares in the capital of Trakopolis issued from treasury for such purpose;
- (h) the Obligors will promptly do, make, execute and deliver all such further acts, documents and instruments as ESW may reasonably require to allow ESW to enforce any of its rights under this Letter Agreement and to give effect to the intention of this Letter Agreement;
- (i) the Obligors will promptly give ESW notice of any resolution approving a Proceeding, as defined herein, and will provide not less than 24 hours prior notice of the commencement (or the anticipated or the threatened commencement of the same by any third party) of any Proceeding;
- (j) the Obligors will not permit any proceedings which could provide for any Lien, charge, mortgage, pledge or security interest against, or claims to, any of the Obligors' property, assets or undertakings in priority to the Security;
- (k) the Obligors will not permit any form of "debtor in possession" financing whatsoever which would be in priority to the Indebtedness or the Security;
- (l) the Obligors will not do any act or things which may have the effect of defeating or delaying the enforcement of ESW's rights and remedies; and

- (m) the Obligors will not pay any wages, bonuses, commissions and salaries and other forms of remuneration or payables out of the normal course of business or inconsistent with its past practice during the Amendment Period (as defined below).

Amendment

7. Subject to the terms of this Letter Agreement, ESW agrees to amend, on a temporary basis, the Loan Agreement, such that:

- (a) for the period beginning at 5:00 PM EST on August 2, 2019 and ending on the first to occur of: (i) 11:59:59 PM EST on August 31, 2019; and (ii) an Intervening Event (as defined below), Section 7.13(a) of the Loan Agreement shall be read such that "\$700,000" shall be read in place of the figure "\$800,000";
- (b) for the period beginning at 12:00 AM EST on September 1, 2019 and ending on the first to occur of: (i) 11:59:59 PM EST on September 15, 2019; and (ii) an Intervening Event, Section 7.13(a) of the Loan Agreement shall be read such that "\$675,000" shall be read in place of the figure "\$800,000"; and
- (c) for the period beginning at 12:00 AM EST on September 16, 2019 and ending on the first to occur of: (i) 11:59:59 PM EST on September 30; and (ii) an Intervening Event, Section 7.13(a) of the Loan Agreement shall be read such that "\$650,000" shall be read in place of the figure "\$800,000",

such periods, collectively, the "**Amendment Period**" and such amendments, the "**Amendments**".

8. As conditions precedent to the Amendments, the Obligors shall have:

- (a) waived any contractual waiting periods or notice requirements contained in any Loan Document with respect to any foreclosure action, action to enforce ESW's rights or as might be required in any Loan Document in order for ESW to enforce its Security under the Loan Documents against any Obligors; and
- (b) executed and delivered a copy of this Letter Agreement.

9. It is a condition to the Amendments and the continued effectiveness of the Amendments that the Obligors satisfy, and demonstrate to ESW's satisfaction acting reasonably such satisfaction, at each Milestone Date the applicable Milestone Conditions (each as defined in Schedule "A" hereto).

Default

10. The occurrence of any one or more of the following events will constitute an event of default under this Letter Agreement and the Loan Agreement (an "**Intervening Event**"):

- (a) if, based on the Obligors' financial reporting or otherwise, ESW, in its sole discretion, concludes that the assets subject to its Security are at risk or that ESW Determines, acting reasonably, that the Obligors will not be able to adhere to or

meet any steps, targets or milestones set-out in the Plan, as defined in Schedule "A");

- (b) if any representation or warranty provided to ESW in any Loan Document by the Obligors was incorrect when made or becomes incorrect at any time;
- (c) the passing of a resolution respecting an assignment in bankruptcy, any proposal or the issuing of any proposal or any notice of intention to file a proposal under Bankruptcy and Insolvency Act (Canada), any application under the Companies' Creditors Arrangement Act (Canada), the filing or causing to be filed of any voluntary or involuntary petition under title 11 of the United States Code (as same may be amended, replaced or supplemented from time to time, the "**Bankruptcy Code**") or the taking of any action or commencing of any proceedings with any court of competent jurisdiction or otherwise for an order seeking to stay the rights and remedies of ESW (a "**Proceeding**"); and
- (d) if any Obligor fails to perform or comply with any of its covenants or obligations contained in this Letter Agreement or in any other agreement or undertaking made between such Obligor and ESW, including the Loan Agreement and the other Loan Documents.

11. Upon the occurrence, at any time, of an Intervening Event, the Amendments as set out in paragraph 7 above will cease to be effective, there shall exist an Event of Default and ESW may enforce the Security and pursue all rights and remedies that it may have in connection with the Obligors as it deems appropriate, including, without limitation, the appointment of a receiver or a receiver and manager of the Obligors, pursuant to the provisions of the Security or otherwise.

Freedom to Negotiate without Inference

12. The Obligors acknowledge that, except as provided in this Letter Agreement, ESW (either by itself or through its employees or agents) has made no promises, nor has it taken any action or omitted to take any action, that would constitute a waiver of its rights to enforce the Loan Agreement or the Security or pursue its remedies in respect of the Loan Agreement, or that would estop it from so doing.

13. The parties contemplate initiating discussions and other communications, whether written or oral (including any discussions and other communications prior to the date hereof, the "**Negotiations**"), related to: (a) the Obligors' rights, obligations and performance under the Loan Agreement and other Loan Documents; (b) a possible amendment, supplement, modification, forbearance or other restructuring or resolution of the loan arrangements with ESW (a "**Resolution**"); and (c) ESW's consideration of any such Resolution.

14. To facilitate and induce ESW to commence the Negotiations, the Obligors agree that any Negotiations, term sheets, draft agreements, or other written or oral communications, including any statements or writings that could be deemed an admission of fact, liability or other matter (but expressly excluding any default notices or other written notices or communications given by ESW under the Loan Documents or applicable law, and agreements that have been approved, signed and exchanged by the Borrowers related to a Resolution), shall constitute settlement

discussions, not be deemed admissions of any party and not be admissible in evidence as admissions of any party for any purpose.

15. ESW is under no obligation to agree to any Resolution. ESW may, with or without notice, terminate the Negotiations at any time and for any reason or no reason, in its sole discretion and without liability. ESW shall not be bound by any oral agreement or understanding. Any and all term sheets, proposals and responses thereto, whether oral or in writing, shall be for discussion purposes only and shall not be binding on ESW. ESW shall have any rights, obligations or liability, either express or implied, with respect to, or be bound to, any agreement, offer or promise related to the Negotiations unless and until ESW has approved, signed and exchanged with the Borrowers one or more written agreements memorializing a Resolution and all conditions precedent thereto have been either satisfied or waived and required consents have been either obtained or waived. The parties understand and acknowledge that the Negotiations may not lead to a Resolution.

16. Nothing in this Letter Agreement or any Negotiations shall, except as expressly provided for herein: (a) modify, limit, suspend, toll or waive any right, remedy, covenant, condition, or obligation under the Loan Documents, all of which shall remain in full force and effect; (b) impair prior reservations of rights expressed by ESW (including through its counsel); (c) constitute an offer, acceptance, contract or course of dealings; (d) toll or suspend any cure period, notice period, statute of limitations or other period; (e) prevent ESW from exercising any right or remedy under the Loan Documents, at law or in equity; or (f) commit ESW to advance any funds or agree to a Resolution. Nothing herein or in the Negotiations shall waive or release the Obligors from any obligation under the Loan Documents. Any and all of ESW's rights, claims, remedies and defenses under the Loan Documents, at law and in equity are expressly preserved. No modification to the Loan Documents may be effected except by express written agreement of ESW and the relevant Obligors.

Release

17. Each Obligor waives, releases and forever discharges ESW, and ESW's respective past, present and future officers, directors, subsidiary and affiliated entities or companies, agents, servants, employees, shareholders, partners, members, operators, representatives, successors, assigns, attorneys, accountants, assets and properties, as the case may be (hereinafter referred to collectively as the "**Releasees**"), from and against any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, including, without limitation, any so-called "lender liability" claims or defenses, that Obligor had, have or hereafter can or may have against Releasees as of the date hereof, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, related to, arising under or in connection with the Indebtedness, the Loan Documents, or this Letter Agreement that occurred on or prior to the date hereof.

General

18. The Obligors acknowledge that time is of the essence of this Letter Agreement.

19. This Letter Agreement will be governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

20. If any provision of this Letter Agreement is deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions will remain in full force and effect.

21. This Letter Agreement, along with the Loan Agreement and the other Loan Documents, will be binding upon and will enure to the benefit of the parties hereto and their respective heirs, executors, successors and assigns.

22. This Letter Agreement, along with the Loan Documents, constitute the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. No provision of this Letter Agreement or any of the Loan Documents will be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify the same. In the event of a contradiction between the terms and conditions of this agreement and the terms and conditions of the Security, the terms and conditions of this agreement will prevail.

23. This Letter Agreement may be executed and transmitted by email or other electronic means, and any signature received by email or other electronic transmission shall be treated as an original signature, provided, however, that an original shall be promptly forwarded.

24. ESW reserves any and all of its rights and remedies available under the Loan Agreement, the Security or otherwise available at law.

25. In this Letter Agreement, "Dollars" and "\$" means lawful money of the United States, unless explicitly indicated otherwise.

26. Please acknowledge your agreement to the foregoing by executing this Letter Agreement in the space provided for below, and returning it to ESW on August 2, 2019, after which it will be null and void, unless extended in writing by ESW.

Yours truly,

ESW HOLDINGS, INC.

By: Andrew S Price
Andrew S Price (Aug 2, 2019)

Name: Andrew S Price
Title: CFO

ACKNOWLEDGED AND AGREED on August 2, 2019.

TRAKOPOLIS IoT CORP.

By:

Name:

Title:

TRAKOPOLIS SAAS CORP.

By:

Name:

Title:

TRAKOPOLIS USA CORP.

By:

Name:

Title:

SCHEDULE "A"
MILESTONES AND SCHEDULE

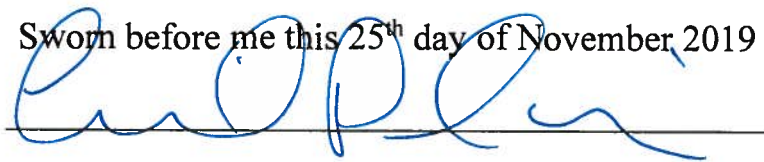
Milestone Event / Action ("Milestones")	Date ("Milestone Date")
Provide a Compliance Certificate in the form attached to the Loan Agreement, current as of July 31, 2019	August 6, 2019
Deliver to ESW true and complete account statements for all bank deposit accounts, securities accounts and other accounts holding cash, cash equivalents and like financial assets held by the Obligors (on a by Obligor basis), at least listing daily balances for the past 30 days	August 6, 2019 and weekly thereafter
Transfer all cash, cash equivalents and like financial assets to a bank deposit account, or if applicable, securities account held in the name of the Borrowers which is located in the Province of Alberta	August 6, 2019 and daily sweeps thereafter
Provide a copy of each letter of intention, term sheet, letter of offer or indication of interest (or any other such proposal) with respect to any financing of the Obligors (whether by debt or equity) or the purchase and sale of any material portion to the assets or shares in the capital of any Obligor (each a " Letter Of Interest ") received by any Obligor on or after December 31, 2018 (and the Borrowers shall immediately deliver to ESW a copy of any Letter Of Interest received by them or any of their Financial Advisors during the Amendment Period)	August 7, 2019 and as required thereafter
Public announcement of an equity raise with an aggregate issuance value of not less than CAD\$3,000,000	August 7, 2019
Deliver a plan, satisfactory to ESW, in its sole discretion, addressing the Obligors' plan(s) and proposed milestones to complete a transaction that will result in satisfaction of the Indebtedness (the " Plan ")	August 7, 2019
Provide a list of all customer contracts and agreements in respect of which any Obligor is entitled to payment, including a summary of all material terms and conditions, by jurisdiction and Obligor	August 9, 2019
Provide a list of all material assets by location, jurisdiction and Obligor	August 9, 2019
Provide a list of all creditors of the Obligors, including amounts owed, by Obligor	August 9, 2019
Provide executed engagement letter with the Financial Advisors	August 9, 2019
Summary call and status update with Financial Advisors and management	August 9, 2019

Milestone Event / Action ("Milestones")	Date ("Milestone Date")
Provide form of compliance certificate in the form attached as Exhibit "A" effective July 31, 2019	August 9, 2019
New cash injection in the form determined by the Obligors to the amount no less than that required to meet \$800,000 Liquidity target.	August 12, 2019
A 60 day financial projection, in a form satisfactory to ESW, in its sole discretion, including an MRR projection, balance sheet, an income statement and a statement of cash flow, all in respect of the period commencing August 1, 2019 and ending September 30, 2019	August 15, 2019
Binding commitment (or evidence satisfactory to ESW, in its sole discretion) in respect of the completion of a transaction the result of which will include the satisfaction of the Indebtedness, in full, in accordance with the Plan	September 16, 2019

This is Exhibit “G” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor



Filing Results

CHRISTINA PUGLIESE
Aird & Berlis, LLP
181 Bay Street, BCE Place
Suite 1800
Toronto, ON M5J 2-9

Date: 12/10/2018
Order #: 67659310
Customer #: 505545
Reference 1: 147066-SM-1849
Reference 2: --

Target Name: ESW HOLDINGS, INC.

Jurisdiction: United States Patent & Trademark Office

Filing Type: Trademark Filing

Searched Through: --

Results: See attached filing acknowledgement

Document Listing:

File #	File Date	Type of Filing
Reel 6496 Frame 0415	12/07/2018	Security Agreement

ERIN ROBERSON
Columbus Team 6
4400 Easton Commons Way
Suite 125
Columbus, OH 43219
6142803548
erin.roberson@wolterskluwer.com

This report contains information compiled from sources which CT Lien Solutions considers reliable but does not control. The information provided is not a certified record of the applicable jurisdiction unless otherwise indicated. CT Lien Solutions does not (i) warrant or guarantee the accuracy, completion or timeliness of the information provided or (ii) accept any liability for delays, errors or omissions in the information provided. CT Lien Solutions is not an insurer with regard to this information or these services. Under no circumstances shall CT Lien Solutions be liable for any loss of underlying collateral or loss (or decreased priority) of security interest in connection with this information or these services. Any categorization of search results is provided for convenience only and is not to be construed as a legal opinion concerning the status of filings.



UNITED STATES PATENT AND TRADEMARK OFFICE

UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND
DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

DECEMBER 10, 2018

PTAS

CT CORPORATION
4400 EASTON COMMONS WAY
SUITE 125
COLUMBUS, OH 43219

900476887

UNITED STATES PATENT AND TRADEMARK OFFICE NOTICE OF RECORDATION OF ASSIGNMENT DOCUMENT

THE ENCLOSED DOCUMENT HAS BEEN RECORDED BY THE ASSIGNMENT RECORDATION BRANCH OF THE U.S. PATENT AND TRADEMARK OFFICE. A COMPLETE COPY IS AVAILABLE AT THE ASSIGNMENT SEARCH ROOM ON THE REEL AND FRAME NUMBER REFERENCED BELOW.

PLEASE REVIEW ALL INFORMATION CONTAINED ON THIS NOTICE. THE INFORMATION CONTAINED ON THIS RECORDATION NOTICE REFLECTS THE DATA PRESENT IN THE PATENT AND TRADEMARK ASSIGNMENT SYSTEM. IF YOU SHOULD FIND ANY ERRORS OR HAVE QUESTIONS CONCERNING THIS NOTICE, YOU MAY CONTACT THE ASSIGNMENT RECORDATION BRANCH AT 571-272-3350. PLEASE SEND REQUEST FOR CORRECTION TO: U.S. PATENT AND TRADEMARK OFFICE, MAIL STOP: ASSIGNMENT RECORDATION BRANCH, P.O. BOX 1450, ALEXANDRIA, VA 22313.

RECORDATION DATE: 12/07/2018

REEL/FRAME: 6496/0415
NUMBER OF PAGES: 5

BRIEF: SECURITY AGREEMENT

ASSIGNOR:

TRAKOPOLIS SAAS CORP.

DOC DATE: 11/15/2018
CITIZENSHIP: ALBERTA
ENTITY: CORPORATION

ASSIGNEE:

ESW HOLDINGS, INC.

CITIZENSHIP: DELAWARE
ENTITY: CORPORATION

401 CONGRESS AVENUE, SUITE 2650
AUSTIN, TEXAS 78701

SERIAL NUMBER: 86830347

REGISTRATION NUMBER: 5225859

MARK: TRAKOPOLIS

DRAWING TYPE: STANDARD CHARACTER MARK

FILING DATE: 11/24/2015

REGISTRATION DATE: 06/20/2017

SERIAL NUMBER: 87063474

REGISTRATION NUMBER: 5443994

MARK: EVOLVING VISIBILITY

DRAWING TYPE: STANDARD CHARACTER MARK

FILING DATE: 06/07/2016

REGISTRATION DATE: 04/10/2018

ASSIGNMENT RECORDATION BRANCH
PUBLIC RECORDS DIVISION

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

ETAS ID: TM501091

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Security Agreement		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
TRAKOPOLIS SAAS CORP.		11/15/2018	Corporation: ALBERTA
RECEIVING PARTY DATA			
Name:	ESW HOLDINGS, INC.		
Street Address:	401 CONGRESS AVENUE, SUITE 2650		
City:	AUSTIN		
State/Country:	TEXAS		
Postal Code:	78701		
Entity Type:	Corporation: DELAWARE		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Registration Number:	5225859	TRAKOPOLIS	
Registration Number:	5443994	EVOLVING VISIBILITY	
CORRESPONDENCE DATA			
Fax Number:	8009144240		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	8007130755		
Email:	erin.roberson@wolterskluwer.com		
Correspondent Name:	CT Corporation		
Address Line 1:	4400 Easton Commons Way		
Address Line 2:	Suite 125		
Address Line 4:	Columbus, OHIO 43219		
NAME OF SUBMITTER:	Christina Pugliese		
SIGNATURE:	/Christina Pugliese/		
DATE SIGNED:	12/07/2018		
Total Attachments: 4			
source=USPTO Trademark Recordation Form - ESW_Trakopolis#page1.tif			
source=USPTO Trademark Recordation Form - ESW_Trakopolis#page2.tif			
source=USPTO Trademark Recordation Form - ESW_Trakopolis#page3.tif			
source=USPTO Trademark Recordation Form - ESW_Trakopolis#page4.tif			

OP \$65.00 5225859

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

TRAKOPOLIS SAAS CORP.

- ☐ Individual(s) ☐ Association
☐ Partnership ☐ Limited Partnership
☒ Corporation- State: ALBERTA
☐ Other _____

Citizenship (see guidelines) _____

Additional names of conveying parties attached? ☐ Yes ☒ No

3. Nature of conveyance/Execution Date(s) :

Execution Date(s) 11/15/2018

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? ☐ Yes
☒ No

Name: ESW HOLDINGS, INC.

Street Address: 401 CONGRESS AVENUE, SUITE 2650

City: AUSTIN

State: TEXAS

Country: USA Zip: 78701

- ☐ Individual(s) Citizenship _____
☐ Association Citizenship _____
☐ Partnership Citizenship _____
☐ Limited Partnership Citizenship _____
☒ Corporation Citizenship DELAWARE
☐ Other _____ Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☒ No
(Designations must be a separate document from assignment)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s) _____ Text _____

B. Trademark Registration No.(s)

5225859; 5443994

Additional sheet(s) attached? ☐ Yes ☒ No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: _____

Internal Address: _____

Street Address: _____

City: _____

State: _____ Zip: _____

Phone Number: _____

Docket Number: _____

Email Address: _____

6. Total number of applications and registrations involved:

2

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ _____

- ☐ Authorized to be charged to deposit account
☐ Enclosed

8. Payment Information:

Deposit Account Number _____

Authorized User Name _____

9. Signature:

Christina Pugliese

Signature

Christina Pugliese

Name of Person Signing

December 6, 2018

Date

Total number of pages including cover sheet, attachments, and document:

4

NOTICE OF SECURITY INTEREST IN INTELLECTUAL PROPERTY

WHEREAS Trakopolis SaaS Corp., a corporation amalgamated pursuant to the laws of the Province of Alberta (the "**Debtor**"), whose full address is 300, 1711 – 10th Avenue S.W., Calgary, Alberta T3C 0K1, is the owner of the registered trademark(s) set forth in Schedule A attached hereto (collectively, the "**Intellectual Property**");

AND WHEREAS ESW Holdings, Inc., a corporation incorporated under the laws of Delaware (the "**Lender**"), whose full address is 401 Congress Avenue, Suite 2650, Austin, Texas, 78701 entered into, *inter alia*, a General Security Agreement with the Debtor dated as of the date hereof by which the Debtor granted to the Lender a security interest and lien in all of its property, including the Intellectual Property;

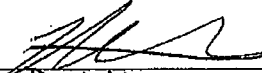
NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the terms and obligations set forth in the General Security Agreement, the Debtor hereby confirms the granting of a security interest and lien in the Intellectual Property to the Lender.

THE DEBTOR hereby certifies that the aforementioned information as it relates to the Debtor is true and accurate.

[Signature Page Follows]

DATED: November 15th, 2018.

TRAKOPOLIS SAAS CORP.

By: 
Name: Brent Moore
Title: Chief Executive Officer

Attachment 1

Canadian Trademarks

Canadian Intellectual Property			
Trademark	Registration No.	Registration Date	Owner
TRAKOPOLIS	TMA958183	December 15, 2016	Trakopolis Saas Corp.
EVOLVING VISIBILITY	TMA973906	June 19, 2017	Trakopolis Saas Corp.

US Trademarks

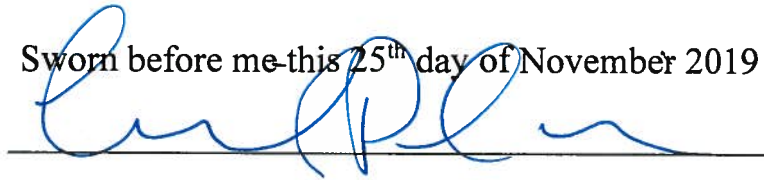
USA Intellectual Property			
Trademark	Registration No.	Registration Date	Owner
TRAKOPOLIS	5225859	June 20, 2017	Trakopolis Saas Corp.
EVOLVING VISIBILITY	5443994	April 10, 2018	Trakopolis Saas Corp.

34091525.3

This is Exhibit “H” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

ASSIGNMENT OF INSURANCE POLICIES

THIS ASSIGNMENT OF INSURANCE POLICIES (as the same may be amended, modified, supplemented, replaced, restated or extended from time to time, this “**Agreement**”) is dated as of 15th, 2018, and executed and delivered by each of **TRAKOPOLIS IOT CORP.** (the “**Borrower**”) and **TRAKOPOLIS SAAS CORP.** (the “**Guarantor**”, and together with the Borrower, the “**Debtors**”) to and in favour of **ESW HOLDINGS, INC.**, as lender (the “**Lender**”).

RECITALS:

- A. The Borrower is indebted or liable to the Lender pursuant to that certain loan and security agreement dated as of the date hereof, among, *inter alios*, the Borrower and the Lender (including all annexes, exhibits, and schedules thereto, as from time to time amended, restated, extended, supplemented, replaced and/or otherwise modified, the “**Loan Agreement**”);
- B. As a condition of the Lender advancing credit facilities to the Borrower pursuant to the terms of the Loan Agreement, the Guarantor has guaranteed the Obligations of the Borrower owed to the Lender, pursuant to that certain guarantee dated as of the date hereof; and
- C. To secure the payment and performance of the Obligations owing by each of the Debtors under the Loan Agreement and the other Loan Documents (the “**Obligations**”), the Debtors have agreed to assign (by way of a security interest) all of their right, title, interest and benefit in, to and under all of their insurance policies (collectively, the “**Policies**”), including, without limitation, the policies listed in **Schedule “A”** hereto, to the Lender, on the terms and conditions set forth below.

NOW THEREFORE in consideration of the terms and conditions contained herein, and of the extension of credit by the Lender to the Borrower and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Debtors, the Debtors covenant and agree with and in favour of the Lender as follows:

1. Definitions

Except as otherwise expressly provided herein, capitalized terms used in this Agreement (including the Recitals) but not defined herein shall have the meanings assigned to such terms in the Loan Agreement. In this Agreement, unless the context expressly or by necessary implication otherwise requires, “**Policies**” shall have the meaning specified in Recital B above and shall include any and all schedules, riders and endorsements thereto, all as the same may be amended, supplemented, restated, renewed or replaced at any time and from time to time.

2. Assignment

As general and continuing collateral security for the due payment and performance of all of the Obligations, each of the Debtors hereby assigns (by way of a security interest) transfers and sets over to and in favour of the Lender, and grants a lien, charge, mortgage and security interest in,

all of the Debtor's right, title, interest and benefit in, to and under the Policies, with full power and authority to demand, sue for, enforce payment of, recover, receive and give receipts and discharges therefor, and all proceeds of insurance payable to such Debtor thereunder.

3. Representations, Warranties, Covenants and Acknowledgements of the Debtors

Each of the Debtors hereby represents and warrants to, and covenants with, the Lender, as follows:

- (a) the Policies are now in full force and effect and have not been amended;
- (b) the Debtor shall observe and perform all of its covenants and obligations under the Policies;
- (c) neither this Agreement nor the assignment of the Policies to the Lender:
 - (i) shall in any way lessen or relieve the Debtor from the obligations of the Debtor to observe, satisfy and perform each and every term, agreement, provision, condition, obligation and covenant set out in, or required to be observed by the Debtor in order to fulfil its obligations pursuant to the Policies;
 - (ii) shall cause the Lender, to become or be deemed to be liable for the obligations of the Debtor under the Policies; or
 - (iii) imposes any liability on the Lender, for any act or omission on its part in connection with this Agreement or the assignment of the Policies, including, without limitation, fulfilment or non-fulfilment by the Lender, of the terms, agreements, provisions, conditions, obligations and covenants of the Debtor set out in any of the Policies; and
- (d) the Debtor will pay on demand, and will indemnify and save the Lender, harmless from and against, any and all debts, liabilities, obligations, actions, proceedings, costs and expenses (including reasonable legal fees and expenses on a solicitor and his own client basis and any sales, goods and services or other similar taxes payable with respect to any such liabilities, costs and expenses):
 - (i) with respect to, or resulting from, any failure or delay by the Debtor to pay any monies payable in respect of any of the Policies or the proceeds therefrom or to maintain any of the Policies in full force and effect; or
 - (ii) incurred by the Lender in performing or observing any of the other covenants of the Debtor under this Agreement, except in the event such debts, liabilities or obligations result from the gross negligence or willful misconduct of the Lender; and
- (e) upon the occurrence of an Event of Default which is continuing, the Debtor hereby covenants and agrees that any and all proceeds of insurance or any other

amounts paid to or received by the Debtor pursuant to or in respect of any Policies shall be, and shall be deemed to be, held by the Debtor in trust for and on behalf of the Lender, segregated from the other funds of the Debtor and will, forthwith upon receipt by Debtor be delivered to the Lender, in the exact form received by the Debtor (duly endorsed by the Debtor to the Lender, if required). Any amounts so received by the Lender, shall be applied to such of the Obligations in accordance with the Loan Agreement.

4. Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

5. Interpretation

The insertion in this Agreement of headings is for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. In this Agreement, words (including defined terms) in the singular include the plural and vice versa and words in one gender include all genders. The words “**Agreement**”, “**hereby**”, “**herein**”, “**hereof**”, “**hereto**” and similar expressions used in any section of this Agreement relate or refer to the whole of this Agreement and not to that section only, unless otherwise expressly provided.

6. No Waiver; Cumulative Remedies

The Lender, will not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Lender, any right, power or privilege hereunder will operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Lender of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Lender would otherwise have on any future occasion. Without limiting the generality of the foregoing, this Agreement may not be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Lender. The rights and remedies herein provided are cumulative, may be exercised consecutively or concurrently and in any order as the Lender sees fit and are not exclusive of any rights or remedies provided by Applicable Law.

7. Survival of Representation and Warranties

All agreements, representations, warranties and covenants made by or on behalf of the Debtor herein are material, will be considered to have been relied upon by the Lender, and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Lender, and any disposition or payment of the Obligations until full and indefeasible repayment or performance thereof.

8. Successors and Assigns

This Agreement will be binding upon the Debtors and their successors and assigns and will enure to the benefit of and be enforceable by the Lender, and its successors and assigns. The Lender, may from time to time assign or transfer all or any of its rights, title, benefit or interest in, to and under this Agreement in accordance with the provisions of the Loan Agreement and any such permitted assignee shall be entitled to the benefit of, and the right to enforce, this Agreement to the same extent as if such person were the Lender,.

9. Power of Attorney

Each of the Debtors hereby irrevocably appoints, upon the occurrence of an Event of Default which is continuing, the Lender and any officer or agent of the Lender with full power of substitution and coupled with an interest, as the Debtor's true and lawful attorney-in-fact, to do on the Debtor's behalf anything which can lawfully be done by an attorney in connection with the assignment herein contained, including, without limitation, receiving and acknowledging receipt of proceeds of insurance, signing and filing proofs of claim or any other documentation relating to the initiation or evidencing of a claim under the Policies, providing any evidence of insurability, negotiating, in the Lender's discretion, amendments, riders and endorsements to any of the Policies and the execution and delivery of any and all documents, agreements and instruments in connection with any of the foregoing, all such documents, agreements and instruments to be in form and substance as the Lender may approve, such approval to be conclusively evidenced by the execution thereof by the Lender on behalf of the Debtor and the Debtor declares this to be a general power of attorney in the widest respect.

10. Notice and Communication

Any notice, consent, determination or other communication required or permitted to be given hereunder shall be given to the Debtors as set out and in accordance with the Loan Agreement.

11. Time of the Essence

Time is of the essence of each provision of this Agreement.

12. Discharge

The security interest granted hereby will be discharged upon, but only upon, (i) full and indefeasible payment and performance of the Obligations and the termination of the Loan Agreement, and (ii) the Debtors having no obligations under any Loan Document. Upon discharge of the security interest and at the request and sole expense of the Debtors, the Lender will execute and deliver to the Debtors such releases, discharges, financing statements and other documents or instruments as the Debtors may reasonably require and the Lender will redeliver to the Debtors as practically possible at the Debtors' sole expense, or as the Debtors may otherwise direct the Lender in writing, any collateral in its possession.

13. Costs

The Debtors agree to pay all reasonable legal and other costs of the Lender in connection with realizing upon, enforcing and attempting to enforce the terms of this Agreement or the security granted hereby; all such costs when incurred shall be secured hereby.

14. Counterparts

This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement. This Agreement may be executed by facsimile or portable document format (pdf), and any signature contained hereon by facsimile or pdf shall be deemed to be equivalent to an original signature for all purposes.

15. Non-Exclusivity of Remedies

No remedy for the enforcement of the rights of the Lender, hereunder will be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

16. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Debtors hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Alberta, provided that nothing herein shall prevent the Lender, from proceeding at its election against the Debtors in the courts of any other province, country or jurisdiction.

17. Paramountcy

In the event of a conflict in or between the provisions of this Agreement and the Loan Agreement, then, notwithstanding anything contained herein, the provisions of the Loan Agreement will prevail and the provisions hereof will be deemed to be amended to the extent necessary to eliminate such conflict. In particular, if any act or omission is expressly permitted under the Loan Agreement but is expressly prohibited hereunder, such act or omission shall be permitted. If any act or omission is expressly prohibited hereunder, but the Loan Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed hereunder but the Loan Agreement does not expressly relieve the applicable Debtor from such performance, such circumstance shall not constitute a conflict in or between the provisions of the Loan Agreement and the provisions of this Agreement.

18. Amalgamation

Each of the Debtors acknowledges and agrees that in the event such Debtor amalgamates with any other company or companies, it is the intention of such Debtor and the Lender, that the liens, mortgages, charges and security interests created hereby (i) shall extend to Policies owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any Policies thereafter owned or acquired by the amalgamated company, such that the

term Debtor when used herein would apply to each of the amalgamating companies and the amalgamated company, and (ii) shall secure any and all of the debts, liabilities and obligations of each of the amalgamating companies and the amalgamated company to the Lender, at the time of amalgamation and any and all debts, liabilities and obligations of the amalgamated company to the Lender, thereafter arising. The security interest shall attach to any and all additional Policies at the time of amalgamation and to any Policies thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

19. Miscellaneous Provisions

This Agreement is in addition to and not in substitution for any other security now or hereafter held by the Lender, in respect of any of the property or undertakings of the Debtors. Possession of an executed copy of this Agreement by the Lender, constitutes conclusive evidence that this Agreement was executed and delivered by the Debtors, free of all conditions. Each of the Debtors confirms that value has been given, that it has rights in the Policies and that the parties have not agreed to postpone the time for attachment of any security interest constituted hereby to any of the property, assets or undertakings of the Debtor.

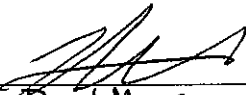
20. Acknowledgment of Receipt

Each of the Debtors acknowledges receipt of an executed copy of this Agreement.

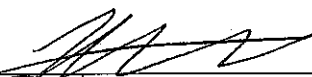
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the undersigned have executed this Agreement under seal with effect as of the date first written above.

TRAKOPOLIS IOT CORP.

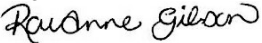
Per: 
Name: Brent Moore
Title: Chief Executive Officer
I have the authority to bind the Corporation

TRAKOPOLIS SAAS CORP.

Per: 
Name: Brent Moore
Title: Chief Executive Officer
I have the authority to bind the Corporation

**SCHEDULE “A”
INSURANCE POLICIES**

(See Attached Certificates of Insurance)

CSIO		CERTIFICATE OF INSURANCE				DATE (YY/MM/DD) 18/11/09	
BROKER Peace Country Insurance Brokers Inc. 9917-116th Avenue Grande Prairie AB T8V 3Y3 BROKER'S CLIENT ID: TRAKIOT-01				This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies below.			
INSURED'S FULL NAME AND MAILING ADDRESS Trakopolis IOT Corp., Trakopolis SaaS Corp. and Trakopolis USA Corp. 300, 1711 10th Ave Calgary AB T3C 0K1				COMPANIES AFFORDING COVERAGE			
				COMPANY A Can-Sure Underwriting			
				COMPANY B Aurora Underwriting			
				COMPANY C			
				COMPANY D			
COVERAGES							
This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.							
LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.							
TYPE OF INSURANCE		CO LTR	POLICY NUMBER	POLICY EFFECTIVE DATE (YY/MM/DD)	POLICY EXPIRATION DATE (YY/MM/DD)	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)	
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE OR <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND / OR COMPLETED OPERATIONS <input type="checkbox"/> EMPLOYER'S LIABILITY <input type="checkbox"/> CROSS LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED <input type="checkbox"/> HIRED <input type="checkbox"/> POLLUTION LIABILITY EXTENSION		A	CS550659	18/10/30	19/10/30	EACH OCCURRENCE \$ 5,000,000 GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ 5,000,000 PERSONAL INJURY \$ 5,000,000 TENANT'S LEGAL LIABILITY \$ 2,000,000 MED EXP (Any one person) \$ 5,000 NON-OWNED AUTO \$ 5,000,000 OPTIONAL POLLUTION LIABILITY EXTENSION \$ (Per Occurrence) \$ (Aggregate) \$	
AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> LEASED AUTOMOBILES <small>** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>						BODILY INJURY PROPERTY DAMAGE COMBINED \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$	
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM <small>(Specify)</small>						EACH OCCURRENCE \$ AGGREGATE \$	
OTHER LIABILITY (SPECIFY) Professional Liability (E&O) Directors & Officers Liability		A B	CS550659 DOG03403191	18/10/30 18/10/25	19/10/30 19/10/25	Limit/Aggregate \$5,000,000 Limit/Aggregate \$5,000,000	
ADDITIONAL INSURED ESW Holdings, Inc. 401 Congress Avenue Suite 2650 Austin TX 78701				DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS Operations: Telematics, Asset Management, Software Company The Certificate Holder is added as Additional Insured and First Loss Payee/Mortgagee with IBC Standard Mortgage clause applying to all real and personal property.			
CERTIFICATE HOLDER ESW Holdings, Inc. 401 Congress Avenue Suite 2650 Austin TX 78701				CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.			
SIGNATURE OF AUTHORIZED REPRESENTATIVE 				PRINT NAME INCLUDING POSITION HELD For: Sherry Crawford, Commercial Account Executive			
FAX NUMBER 780-532-1210		EMAIL ADDRESS info@prairievilla.com		COMPANY Peace Country Insurance Brokers Inc		DATE 18/11/09	
CSIO CERT (6/00)							



Grande Prairie | Sexsmith | Spirit River

CONFIRMATION OF INSURANCE

DATE:	November 9, 2018		
ATT:	ESW Holdings, Inc.	FAX/EMAIL:	
FROM:	Sherry Crawford, CAIB, CIP	FAX/EMAIL:	sherry@prairievilla.com

CLIENT:	Trakopolis IOT Corp., Trakopolis SaaS Corp. and Trakopolis USA Corp.		
ADDRESS:	300, 1711 10th Ave Calgary, AB T3C 0K1		

INSURANCE COMPANY:	Can-Sure Underwriting		
POLICY NUMBER:	CS550659		
POLICY TERM:	2018-10-30 through 2019-10-30		
EFFECTIVE DATE:	November 8, 2018		

Location #1:	Floor 1 & 3 1711 10 Avenue SW Calgary, AB T3C 0K1	
Contents of Every Description:	\$650,000	
Location #2:	9917 116 Ave. Suite 300 Grande Prairie AB T8V 3Y3	
Contents of Every Description:	\$5,000	
Coverages:	Broad Form	Included
	Replacement Cost	Included
	Earthquake	5%, Minimum \$50,000 Deductible
	Flood	\$25,000 Deductible
	Sewer Back Up	\$2,500 Deductible
	All Other Losses	\$1,000 Deductible

LOSS PAYABLE:	ESW Holdings, Inc.
ADDRESS:	401 Congress Avenue, Suite 2650, Austin, Texas 78701

The Certificate Holder is added as Additional Insured and First Loss Payee/Mortgagee with IBC Standard Mortgage clause applying to all real and personal property.

November 9, 2018

For: Sherry Crawford, CAIB, CIP
Commercial Lines Account Executive

GRANDE PRAIRIE
9917 116 Avenue
Grande Prairie, Alberta, T8V 3Y3
Ph: 780-532-7800

www.prairievilla.com

SEXSMITH
PO Box 240, 9919 100 Street
Sexsmith, Alberta, T0H 3C0
Ph: 780-568-3010

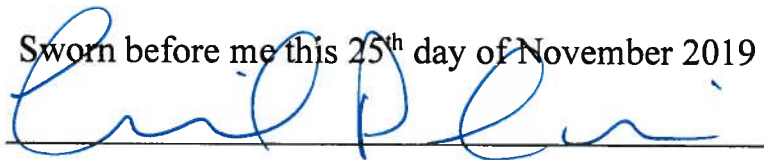
Info@prairievilla.com

SPIRIT RIVER
PO Box 450, 4605 50 Street
Spirit River, Alberta, T0H 3G0
Ph. 780-864-4215

This is Exhibit "I" referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of the 15th day of November, 2018.

B E T W E E N :

ESW HOLDINGS, INC.

(herein called the “**Lender**”),

- and -

TRAKOPOLIS SAAS CORP., a corporation amalgamated under the laws of the province of Alberta

(herein called the “**Debtor**”),

WHEREAS:

- A. Trakopolis IoT Corp. (the “**Borrower**”) has entered into the Loan and Security Agreement (as defined below), pursuant to which it will become indebted to the Lender;
- B. As a condition of the Lender entering into the Loan and Security Agreement, the Debtor has guaranteed the obligations of the Borrower to the Lender; and
- C. It is a further condition of the Loan and Security Agreement that the Debtor execute and deliver this Agreement to the Lender.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan and Security Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

“**Act**” means the *Personal Property Security Act* (Alberta), as amended from time to time, and any regulations thereto.

“**Collateral**” means all undertaking, personal property and assets of the Debtor now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further described, without limitation, in Section 2.02.

“Default Rate” means the amount of interest payable during the continuance of any Event of Default pursuant to the Loan and Security Agreement.

“Loan and Security Agreement” means the loan and security agreement made as of the date hereof among, *inter alios*, the Lender and the Borrower, as the same may be amended, restated, modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

“Obligations” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Debtor to the Lender or remaining unpaid by the Debtor to the Lender including, without limitation, under or in connection with the Loan and Security Agreement or any other Loan Document (including, without limitation, any guarantee of amounts owing under the Loan and Security Agreement) to which the Debtor is a party.

1.02 Other Usages

References to “this Agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Alberta and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.06 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.07 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.08 Terms Defined by the Act

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the Act shall have the meanings ascribed thereto respectively by the Act.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

As general, continuing and collateral security for the payment and performance of all Obligations, the Debtor hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favour of the Lender created by this Agreement:

- (a) **Accounts:** all accounts, debts, amounts, claims, choses in action and moneys which now are, or which may at any time hereafter become, due or owing to or owned by the Debtor, whether or not earned by performance, including without limitation any and all accounts receivable arising or resulting from the sale, lease, use, assignment or other disposition of any property described in this Section 2.02; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of such accounts, debts, amounts, claims, choses in action and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to such accounts, debts, amounts, claims, choses in action and moneys or any part thereof, all of which are herein called the “**Accounts**”;
- (b) **Inventory:** all goods and chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale, resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, timber to be cut, minerals and hydrocarbons to be extracted, all livestock and their unborn young and all growing crops, all of which are herein called the “**Inventory**”;
- (c) **Equipment:** all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all purchase warranties and claims, drawings, specifications, plans and

manuals relating thereto, any equipment specified as equipment of the Debtor and described in any schedule, exhibit or appendix hereto and any other tangible personal property which is not Inventory, all of which are herein called the “**Equipment**”;

- (d) **Intangibles:** all intangible property now owned or hereafter acquired by the Debtor and which is not accounts including, without limitation, all contractual rights, insurance claims, goodwill, licences, inventions, franchises, designer rights, know-how processes and formulae, patents, patent applications, trademarks, trade names, copyrights and other intellectual or industrial property of the Debtor, whether registered or not and whether under licence or otherwise, and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the “**Intangibles**”;
- (e) **Documents of Title:** all writings now or hereafter owned by the Debtor, each of which writing purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee’s possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of such writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the “**Documents of Title**”;
- (f) **Money:** all money now or hereafter owned by the Debtor, whether or not such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the “**Money**”;
- (g) **Chattel Paper:** all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the “**Chattel Paper**”;
- (h) **Instruments:** all present and future bills, notes and cheques (as such terms are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery and all letters of credit and advices of credit provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the “**Instruments**”;
- (i) **Investment Property:** all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests,

interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer, together with all accretions thereto, all substitutions therefor, and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the “**Investment Property**”;

- (j) **Documents:** all books of account and other books, invoices, writings, letters, papers and other documents whether in written, magnetic, electronic or other form, relating to or being records of the Collateral or by which any of the Collateral is secured, evidenced, acknowledged or made payable, all of which are herein called the “**Documents**”;
- (k) **Proceeds:** all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the “**Proceeds**”;
- (l) **Leases:** subject to Section 2.05, all leases now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, together with all of the Debtor’s erections, improvements and fixtures situate thereupon, all of which are herein called the “**Leaseholds**”; and
- (m) **Undertaking:** all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the “**Undertaking**”.

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the “**Collateral**”.

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan and Security Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and

- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as defined in the *Securities Transfer Act* (Alberta), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.

- (b) After the security hereby constituted becomes enforceable, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan and Security Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.
- (b) The Collateral is now and will be located at the address(es) set out in the Schedule to the Loan and Security Agreement. In the event the Collateral becomes located at any address not set out in the Schedule to the Loan and Security Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.
- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.
- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all applicable laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.

- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including, without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.
- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that all such costs and expenses shall be payable by the Debtor to the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan and Security Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location.

4.02 Permitted Sales

The Debtor may, at any time, without the consent of the Lender:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and
- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

After the security hereby constituted becomes enforceable,

- (a) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to

the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and

- (b) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the occurrence of an Event of Default set forth in the Loan and Security Agreement.

5.02 Remedies

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the “**Receiver**”) of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;

- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;
- (h) to enjoy and exercise all of the rights and remedies of a secured party under the Act;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;

- (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
- (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
- (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the Act to the Debtor and to any other person to whom the Act requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a solicitor and client basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and

others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;
- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with applicable law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers,

functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

The Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery or by email transmission addressed to such other party or delivered to such other party as follows:

(a) to Debtor at:

Trackopolis SAAS Corp.
300, 1711 – 10th Avenue S.W.
Calgary, Alberta T3C 0K1
Attn: Richard Clarke
Email: rclarke@trakopolis.com

(b) to the Lender at:

c/o ESW Capital, LLC
401 Congress Ave.
Suite 2650
Austin, Texas 78701
Attn: Neeraj Gupta
Email: neeraj.gupta@trilogy.com

or at such other address or email address as may be given by any of them to the others in writing from time to time and such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if sent by email transmission, on the date of transmission unless sent on a day which is not a Business Day or after 5:00 p.m. (local time of the recipient) on a Business Day, in which case it shall be deemed to have been received on the next Business Day following the day of such transmission.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan and Security Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term “Debtor”, when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to “Collateral” (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any “Collateral” thereafter owned or acquired by the amalgamated corporation;
- (b) shall secure the “Obligations” (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any “Obligations” of the amalgamated corporation to the Lender thereafter arising; and
- (c) shall attach to “Collateral” owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any “Collateral” thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement

Except for the Loan and Security Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor’s legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramountcy

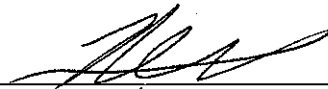
In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan and Security Agreement, the provisions of the Loan and Security Agreement shall prevail and be paramount.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

TRAKOPOLIS SAAS CORP.

Per: _____



Name: Brent Moore

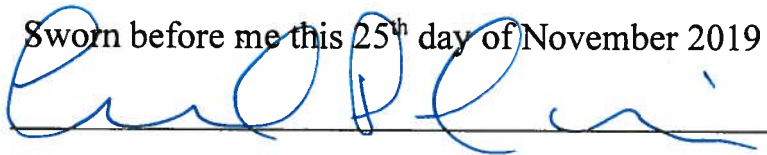
Title: Chief Executive Officer

I have the authority to bind the Corporation

This is Exhibit “J” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of the 27th day of November, 2018 and executed and delivered by **TRAKOPOLIS IOT CORP.** (the “**Guarantor**”) to and in favour of **ESW HOLDINGS, INC.** (the “**Lender**”).

RECITALS:

- A. Trakopolis SaaS Corp. (the “**Borrower**”) has entered into the Loan and Security Agreement (as defined below), pursuant to which it will become indebted to the Lender;
- B. As security for the payment and performance of the Obligations of the Borrower to the Lender under the Loan and Security Document or any Loan Documents (collectively, the “**Guaranteed Obligations**”), the Guarantor has agreed to guarantee payment of the Guaranteed Obligations to the Lender, on the terms and subject to the conditions hereinafter set forth; and
- C. It is in the best interests of the Guarantor to execute and deliver this Guarantee, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the establishment of the aforesaid credit facilities by the Lender in favour of the Borrower.

NOW THEREFORE in consideration of the extension of credit by the Lender to the Borrowers, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby covenants and agrees to and in favour of the Lender as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Guarantee (including in the Recitals hereof) but not defined herein shall have the meanings assigned to such terms in the Loan and Security Agreement. In addition, in this Guarantee, the following words and phrases shall have the meaning set forth below:

“**Guarantor Security Documents**” means the general security agreement dated as of the date hereof and any other security executed and delivered by the Guarantor to and in favour of the Lender, from time to time in respect of the Guaranteed Obligations.

“**Intercompany Indebtedness**” has the meaning specified in Section 3.5.

“**Loan and Security Agreement**” means the amended and restated loan and security agreement made as of the date hereof among, *inter alios*, the Lender, the Borrower and the Guarantor, as the same may be further amended, restated, modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

1.2 Interpretation

- (a) In this Guarantee the words “**including**”, “**includes**” and “**include**” mean “**including (or includes or include) without limitation**”. The phrase “**the aggregate of**”, “**the total of**”, “**the sum of**”, or a phrase of similar meaning means “**the aggregate (or total or sum), without duplication, of**”. The expression “**Article**”, “**Section**” or other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Guarantee.
- (b) Any reference in this Guarantee to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (c) The division of this Guarantee into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and are not to affect its interpretation.
- (d) Any schedules attached to this Guarantee form an integral part of it for all purposes.
- (e) Except as otherwise provided in this Guarantee, any reference to this Guarantee, the Loan and Security Agreement or any of the Loan Documents refers to this Guarantee, the Loan and Security Agreement or such Loan Documents as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules to it. Except as otherwise provided in this Guarantee, any reference in this Guarantee to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

ARTICLE 2 GUARANTEE

2.1 Guarantee

The Guarantor irrevocably and unconditionally guarantees to the Lender the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise, of the Guaranteed Obligations. The Guarantor agrees that the Guaranteed Obligations will be paid to the Lender strictly in accordance with their terms and conditions.

2.2 Indemnity

If any or all of the Guaranteed Obligations are not duly performed by the Borrower and are not performed by the Guarantor under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Borrower to duly perform such Guaranteed Obligations, other than losses resulting from the gross negligence or wilful misconduct of the Lender.

2.3 Primary Obligation

If any or all of the Guaranteed Obligations are not duly performed by the Borrower, or the Lender is not indemnified under Section 2.2, in each case, for any reason whatsoever, such Guaranteed Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor. The Guarantor may, by notice in writing delivered to the Lender, with effect from and after the date that is thirty (30) days following the date of receipt by the Lender of such notice, determine its liability under this Guarantee but not under the Loan and Security Agreement in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Lender may fulfill any requirements of the Guarantor based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this Guarantee.

2.4 Absolute Liability

To the extent permitted by Applicable Law, the Guarantor agrees that the liability of the Guarantor hereunder is given on an unlimited basis, and is absolute and unconditional irrespective of:

- (a) the lack of validity or enforceability of any terms of the Loan and Security Agreement or any of the Loan Documents;
- (b) any contest by either the Borrower or Guarantor or any other Person as to the amount of the Guaranteed Obligations, the validity or enforceability of any terms of the Loan and Security Agreement or the Loan Documents or the perfection or priority of any security granted to the Lender;
- (c) any defence, counter claim or right of set-off available to either the Borrower or Guarantor or any other Person;
- (d) any release, compounding or other variance of the liability of either the Borrower or Guarantor or any other Person liable in any manner under or in respect of the Guaranteed Obligations or the extinguishment of all or any part of the Guaranteed Obligations by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Guaranteed Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Lender may grant to either the Borrower or Guarantor or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of (including any increase in the amounts available thereunder or the inclusion of an additional borrower thereunder), or other action or inaction under, the Loan and Security Agreement or the Loan Documents or any other related document or instrument, or the Guaranteed Obligations;

- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of any credit or credit facilities to, or the terms or conditions of any transaction with, either the Borrower or Guarantor or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of either the Borrower or Guarantor or any other Person or any reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of either the Borrower or Guarantor and any other Person or their respective businesses;
- (i) any dealings with the security which the Lender holds or may hold pursuant to the terms and conditions of the Loan and Security Agreement or the Loan Documents, including the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) any limitation of status or power, disability, incapacity or other circumstance relating to either the Borrower or Guarantor or any other Person, including any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, winding-up or other like proceeding involving or affecting either the Borrower or Guarantor or any other Person or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have notice or knowledge of any of the foregoing;
- (k) the assignment of all or any part of the benefits of this Guarantee by the Lender;
- (l) any impossibility, impracticability, frustration of purpose, force majeure or illegality of the Loan and Security Agreement or any of the Loan Documents, or the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction or by any present or future action of (i) any governmental entity that amends, varies, reduces or otherwise affects, or purports to amend, vary, reduce or otherwise affect, any of the Guaranteed Obligations or the obligations of the Guarantor under this Guarantee, or (ii) any court order that amends, varies, reduces or otherwise affects any of the Guaranteed Obligations;
- (m) any taking or failure to take security, any loss of, or loss of value of, any security, or any invalidity, non-perfection or unenforceability of any security held by the Lender, or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which the Lender realizes on such security;
- (n) any application of any sums received to the Guaranteed Obligations, or any part thereof, and any change in such application; and

- (o) any other circumstances which might otherwise constitute a defence available to, or a discharge of, either the Borrower or Guarantor or any other Person in respect of the Guaranteed Obligations or this Guarantee.

ARTICLE 3 ENFORCEMENT

3.1 Remedies

The Lender is not bound to exhaust their recourse against the Borrower or any other Person or realize on any security they may hold in respect of the Guaranteed Obligations before being entitled to (i) enforce payment and performance under this Guarantee, or (ii) pursue any other remedy against the Guarantor, and the Guarantor renounces all benefits of discussion and division.

3.2 Amount of Obligations

Any account settled or stated by or between the Lender and the Borrower or Guarantor, or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Lender shall, in the absence of manifest error, be accepted by the Guarantor as conclusive evidence of the amount of the Guaranteed Obligations which is due by the Borrower or Guarantor to the Lender or remains unpaid by either the Borrower or Guarantor to the Lender.

3.3 Payment on Demand

The Guarantor will pay and perform the Guaranteed Obligations and pay all other amounts payable by it to the Lender under this Guarantee, and the obligation to do so arises, immediately after demand for such payment or performance is made in writing to it. The liability of the Guarantor bears interest from the date of such demand at the rate or rates of interest then applicable to the Guaranteed Obligations under and calculated in the manner provided in the Loan and Security Agreement (including any adjustment to give effect to the provisions of the *Interest Act* (Canada)).

3.4 Costs and Expenses

The Guarantor is liable for and will pay on demand by the Lender any and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Guarantee, including all reasonable legal fees, court costs, receivers or agent's remuneration and other expenses in connection with enforcing any of their rights under the Loan and Security Agreement or any of the Loan Documents.

3.5 Assignment and Postponement

- (a) All obligations, liabilities and indebtedness of the Borrower to the Guarantor of any nature whatsoever and all security therefor (the "**Intercompany Indebtedness**") are assigned and transferred to the Lender, as general, continuing and collateral security for the Guarantor's obligations under this Guarantee and postponed to the indefeasible payment and performance in full of all the Guaranteed Obligations. Until the occurrence of an Event of Default which has not been previously cured or

waived in writing by the Lender in accordance with the Loan and Security Agreement, the Guarantor may receive payments in respect of the Intercompany Indebtedness as permitted under the Loan and Security Agreement. The Guarantor will not assign all or any part of the Intercompany Indebtedness to any Person other than the Lender.

- (b) Upon the occurrence of an Event of Default which has not been previously cured or waived in writing by the Lender in accordance with the Loan and Security Agreement, all Intercompany Indebtedness shall be, and shall be deemed to be, held in trust for the Lender and will be collected, enforced or proved subject to, and for the purpose of, this Guarantee. In such event, any payments received by the Guarantor in respect of the Intercompany Indebtedness shall be, and shall be deemed to be, held exclusively in trust for the Lender, and segregated from other funds and property held by the Guarantor and immediately paid to the Lender, on account of the Guaranteed Obligations.
- (c) The Intercompany Indebtedness shall not be released or withdrawn by the Guarantor without the prior written consent of the Lender. The Guarantor will not allow a limitation period to expire on the Intercompany Indebtedness or ask for or obtain any security or negotiable paper for, or other evidence of, the Intercompany Indebtedness except for the purpose of delivering the same to the Lender.
- (d) In the event of any insolvency, bankruptcy or other proceeding involving the liquidation, arrangement, compromise, reorganization or other relief with respect to the Borrower or its debts, the Guarantor will, upon the request of the Lender, make and present a proof of claim or commence such other proceedings against the Borrower on account of the Intercompany Indebtedness as may be reasonably necessary to establish the Guarantor's entitlement to payment of any Intercompany Indebtedness. Such proof of claim or other proceeding must be made or commenced prior to the earlier of (i) the day which is thirty (30) days after notice requesting such action is delivered by or on behalf of the Lender to the Guarantor, and (ii) the day which is ten (10) days preceding the date when such proof of claim or other proceeding is required by Applicable Law to be made or commenced. Such proof of claim or other proceeding must be in form and substance acceptable to the Lender, acting reasonably.
- (e) If the Guarantor fails to make and file such proof of claim or commence such other proceeding in accordance with this Section, the Lender is irrevocably authorized, empowered and directed and appointed the true and lawful attorney of the Guarantor (but is not obliged) with full power of substitution (and which is coupled with an interest) and with the power to exercise for and on behalf of the Guarantor the following rights, upon the occurrence of an Event of Default which has not been previously cured or waived in writing by the Lender in accordance with the Loan and Security Agreement: (i) to make and present for and on behalf of the Guarantor proofs of claims or other such proceedings against the Borrower on account of the Intercompany Indebtedness, (ii) to demand, sue for, receive and collect any and all dividends or other payments or disbursements made in respect of the Intercompany

Indebtedness in whatever form the same may be paid or issued and to apply the same on account of the Guaranteed Obligations, and (iii) to demand, sue for, collect and receive each such payment and distribution and give acquittance therefor and to file claims and take such other actions, in its own name or in the name of the Guarantor or otherwise, as the Lender may deem necessary or advisable to enforce their rights under this Guarantee.

- (f) The Guarantor will execute all subordinations, postponements, assignments and other agreements as the Lender may reasonably request to more effectively subordinate and postpone the Intercompany Indebtedness to the payment and performance of the Guaranteed Obligations.
- (g) The provisions of this Section 3.5 survive the termination of this Guarantee and remain in full force and effect until (i) the Guaranteed Obligations and all other amounts owing under the Loan and Security Agreement and the Loan Documents are indefeasibly paid and performed in full, and (ii) the Lender has no further Guaranteed Obligations under the Loan and Security Agreement or any of the Loan Documents.

3.6 Suspension of Guarantor Rights

So long as there are any Guaranteed Obligations, the Guarantor shall not exercise any rights which it may at any time have by reason of the performance of any of its obligations under this Guarantee (i) to be indemnified by the Borrower, (ii) to claim contribution from any other Person, or (iii) subject to Section 3.8, to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under the Loan and Security Agreement or any of the Loan Documents.

3.7 No Prejudice to Lender

The Lender is not prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Borrower, Guarantor or the Lender. The Lender, may, subject to any formality required in any Loan Document, at any time and from time to time, in such manner as they determine is expedient, without any consent of, or notice to, the Guarantor and without impairing or releasing the obligations of the Guarantor (i) change the manner, place, time or terms of payment or performance of the Guaranteed Obligations, (ii) renew or alter the Guaranteed Obligations, (iii) amend, vary, modify, supplement or replace the Loan and Security Agreement or any Loan Document or any other related document or instrument, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Borrower, Guarantor or any other Person, (v) release, compound or vary the liability of the Borrower, Guarantor or any other Person liable in any manner under or in respect of the Guaranteed Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Borrower, Guarantor or any other Person, (viii) accept compromises or arrangement from any Person, (ix) apply any sums from time to time received to the Guaranteed Obligations, or any part thereof, and change any such application in whole or in part from time to time, (x) otherwise deal with, or

waive or modify their right to deal with, any Person and security. In their dealings with any of the Borrower, Guarantor or, the Lender need not enquire into the authority or power of any Person purporting to act for or on behalf of the Borrower or Guarantor.

3.8 Rights of Subrogation

Any rights of subrogation acquired by the Guarantor by reason of payment under this Guarantee shall not be exercised until the Guaranteed Obligations and all other amounts due to the Lender have been indefeasibly paid and performed in full and such rights of subrogation shall be no greater than the rights held by the Lender. In the event (i) of the liquidation, winding up or bankruptcy of the Borrower (whether voluntary or compulsory), (ii) that the Borrower makes a bulk sale of any of its assets within the meaning of any bulk sales or insolvency legislation, or (iii) that the Borrower makes any composition with creditors or enters into any scheme of arrangement, the Lender has the right to rank in priority to the Guarantor for its full claims in respect of the Guaranteed Obligations and receive all dividends and other payments until its claims have been indefeasibly paid in full. The Guarantor will continue to be liable, less any payments made by it, for any balance which may be owing to the Lender by the Borrower. No valuation or retention of its security by the Lender shall, as between the Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of all or any part of the Guaranteed Obligations. If any amount is paid to the Guarantor at any time when all the Guaranteed Obligations and other amounts due to the Lender have not been indefeasibly paid in full, the amount shall be, and shall be deemed to be, held in trust exclusively for the benefit of the Lender and immediately paid to the Lender, to be credited and applied to the Guaranteed Obligations as it sees fit, whether matured or unmatured. The Guarantor has no recourse against the Lender for any invalidity, non-perfection or unenforceability of any security held by the Lender or any irregularity or defect in the manner or procedure by which the Lender realizes on such security.

3.9 No Set-off

To the fullest extent permitted by Applicable Law, the Guarantor shall make all payments under this Guarantee without regard to any defence, adverse claim, counter-claim or right of set-off available to it.

3.10 Successors of the Borrower or Guarantor

This Guarantee will not be revoked by any change in the constitution of the Borrower or Guarantor and this Guarantee and the Guarantor Security Documents shall extend and apply to any Person acquiring, or from time to time carrying on the business of, or resulting from any amalgamation involving, the Borrower or Guarantor.

3.11 Continuing Guarantee and Continuing Obligations

The obligations of the Guarantor hereunder are continuing obligations. Each of Section 2.1, Section 2.2 and Section 2.3 extends to all present and future Guaranteed Obligations, applies to and secures the ultimate balance of the Guaranteed Obligations due or remaining due to the Lender and is binding as a continuing obligation of the Guarantor until the Lender releases the Guarantor in writing. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be

returned by the Lender upon the insolvency, bankruptcy or reorganization of the Borrower or Guarantor or otherwise, all as though the payment had not been made.

3.12 Supplemental Security

This Guarantee is in addition and supplemental to and without prejudice to all other guarantees, indemnities, obligations and security now held or which may hereafter be held by the Lender.

3.13 Security for Guarantee

The Guarantor acknowledges that this Guarantee is intended to secure payment and performance of the Guaranteed Obligations and that the payment and performance of the Guaranteed Obligations and the other obligations of the Guarantor under this Guarantee are secured pursuant to the terms and provisions of the Guarantor Security Documents.

3.14 Right of Set-off

Upon the occurrence of any Event of Default which has not been previously cured or waived in writing by the Lender in accordance with the Loan and Security Agreement, the Lender is authorized by the Guarantor at any time and from time to time and may, to the fullest extent permitted by Applicable Law, set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing irrespective of whether or not (i) the Lender has made any demand under this Guarantee, or (ii) any of the obligations comprising the Guaranteed Obligations which are contingent or unmatured. The rights of the Lender under this Section 3.14 are in addition and without prejudice to and supplemental to other rights and remedies which the Lender may have.

3.15 Interest Act (Canada)

The Guarantor acknowledges that certain of the rates of interest applicable to the Guaranteed Obligations may be computed on the basis of a period of less than 365 days. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate based on a period of less than 365 days, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to (i) the applicable rate based on a period of less than 365 days, (ii) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or compounded) ends, and (iii) divided by the number of days in the period that is less than 365 days.

3.16 Taxes

- (a) All payments to the Lender by the Guarantor under this Guarantee, the Loan and Security Agreement or under any of the Guarantor Security Documents will be made free and clear of and without deduction or withholding for any and all taxes, unless such taxes are required by Applicable Law to be deducted or withheld. If the Guarantor is required by Applicable Law to deduct or withhold any such taxes from or in respect of any amount payable under this Guarantee, the Loan and

Security Agreement or under any of the Guarantor Security Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 3.16), the Lender receives an amount equal to the amount they would have received if no such deduction or withholding had been made, (ii) the Guarantor will make such deductions or withholdings, and (iii) the Guarantor will immediately pay the full amount deducted or withheld to the relevant governmental authority in accordance with Applicable Law.

- (b) The Guarantor agrees to immediately pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any Loan Document (“**Other Taxes**”).
- (c) The Guarantor will indemnify the Lender for the full amount of taxes and Other Taxes (including, without limitation, any taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Guarantor under this Section 3.16 but specifically excluding any Taxes imposed on or measured by Lender’s overall net income that are imposed by a jurisdiction where Lender is a tax resident) paid by the Lender and any liability (including penalties, interest and expenses) arising from or with respect to such taxes, and Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification will be made within thirty (30) days from the date the Lender makes written demand for it. A certificate as to the amount of such taxes and Other Taxes submitted to the Guarantor by the Lender is conclusive evidence, absent manifest error, of the amount due from the Guarantor to the Lender.
- (d) The Guarantor will furnish to the Lender the original or a certified copy of a receipt evidencing payment of any taxes or Other Taxes made by the Guarantor within thirty (30) days after the date of any payment of such taxes or Other Taxes.
- (e) The provisions of this Section 3.16 survive the termination of this Guarantee.

ARTICLE 4

REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

To induce the Lender to extend credit to the Borrower, the Guarantor hereby represents and warrants to the Lender as follows and acknowledges and confirms that the Lender is relying upon such representations and warranties in extending credit to the Borrower:

- (a) **Power.** The Guarantor has full power and authority to enter into this Guarantee and any other related documents to which he is a party and to do all acts and execute

and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by him in accordance with their terms.

- (b) **Enforcement of Documents.** The Guarantor has duly executed and delivered this Guarantee. This Guarantee is a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.
- (c) **Solvency.** The Guarantor has not:
 - (i) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due;
 - (ii) filed an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;
 - (iii) made an assignment for the benefit of its creditors;
 - (iv) consented to the appointment of a receiver of the whole or any substantial part of its assets;
 - (v) filed a petition, answer or proposal, or a notice of intention to file a petition, answer or proposal seeking a reorganization, arrangement, adjustment or composition under applicable bankruptcy laws or any other applicable law or statute; or
 - (vi) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy with such decree or order having remained in force and undischarged or unstayed for a period of thirty days.
- (d) **Loan and Security Agreement Representations.** Each representation and warranty made by the Borrower pursuant to the Loan and Security Agreement, to the extent it pertains to the Guarantor or the business of the Guarantor, and pursuant to the Loan and Security Agreement or the Loan Documents to which the Guarantor is a party, is true, accurate and complete in all material respects.

All of the representations and warranties of the Guarantor contained in Section 4.1 shall survive the execution and delivery of this Guarantee notwithstanding any investigation made at any time by or on behalf of the Lender.

4.2 Covenants

Until the Guaranteed Obligations and all other amounts owing under this Guarantee are indefeasibly paid and performed in full and the Lender has no Guaranteed Obligations under the Loan and Security Agreement or the Loan Documents, the Guarantor covenants and agrees that:

- (a) it will take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in the Loan and Security Agreement or the Loan Documents, and so that no Event of Default is caused by the actions of the Guarantor or any of its subsidiaries or affiliates;
- (b) it will not surrender or lose possession of, sell, encumber, lease, rent, or otherwise dispose of or transfer any of its real or personal property or right or interest therein, other than in the ordinary course of business consistent with past practice, without prior written consent of the Lender; and
- (c) it will not incur, issue or make any request for or permit to exist any further indebtedness to any third party, other than debt secured by Permitted Encumbrances under the Loan and Security Agreement and unsecured trade debt incurred in the ordinary course of business consistent with past practice or any contingent liabilities in connection with contracts entered into in the ordinary course of business, without prior written consent of the Lender.

ARTICLE 5 GENERAL

5.1 Notices, etc.

Any notices, directions or other communications provided for in this Guarantee shall be in writing and given in accordance with the provisions of the Loan and Security Agreement.

5.2 No Merger, Survival of Representations and Warranties

The representations, warranties and covenants of the Guarantor in this Guarantee survive the execution and delivery of this Guarantee. Notwithstanding any investigation made by or on behalf of the Lender, the representations, warranties and covenants in this Guarantee continue in full force and effect.

5.3 Further Assurances

- (a) The Guarantor will do all acts and things and execute and deliver, or cause to be executed and delivered, all documents and instruments that the Lender may reasonably request to give full effect to this Guarantee and to perfect and preserve the rights and powers of the Lender under this Guarantee, including any acknowledgements and confirmations of this Guarantee and the Guarantor Security Documents.

- (b) The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Borrower on a continuing basis all information desired by the Guarantor concerning the financial condition of the Borrower and that the Guarantor will look to the Borrower and not to the Lender, in order for the Guarantor to keep adequately informed of changes in the Borrower's financial condition.

5.4 Successors and Assigns

This Guarantee is binding upon the Guarantor, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Guarantee may not be assigned by the Lender except to the extent the Lender assigns the Loan and Security Agreement in accordance with the provisions thereof. The Guarantor may not assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Lender, which may be unreasonably withheld.

5.5 Amendment

This Guarantee may only be amended, supplemented or otherwise modified by written agreement executed by the Lender and the Guarantor.

5.6 Waivers, etc.

- (a) No consent or waiver by the Lender in respect of this Guarantee is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this Guarantee is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Guarantee constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Lender in exercising a right under this Guarantee does not operate as a waiver of, or impair, any right of the Lender however arising. A single or partial exercise of a right on the part of the Lender does not preclude any other or further exercise of that right or the exercise of any other right by the Lender.

5.7 Severability

If any court of competent jurisdiction from which no appeal exists or is taken, determines that any provision of this Guarantee is illegal, invalid or unenforceable, that provision will be severed from this Guarantee and the remaining provisions will remain in full force and effect.

5.8 Application of Proceeds

All monies collected by the Lender under this Guarantee will be applied as provided in the Loan and Security Agreement. To the extent the Loan and Security Agreement or the Loan Documents require proceeds of collateral under the Loan and Security Agreement or such Loan Document to be applied in accordance with the provisions of this Guarantee, the Lender shall apply such proceeds in accordance with this Section 5.8.

5.9 Governing Law

- (a) This Guarantee shall exclusively (without regard to any principle or rule relating to conflicts of laws) be governed by, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- (b) The parties hereto irrevocably attorn and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Alberta sitting in Calgary in any action or proceeding arising out of or relating to this Guarantee and the Loan and Security Agreement and the Loan Documents to which it is a party. The parties hereto irrevocably waive objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 5.9 affects or limits the rights of the Lender to bring proceedings against the Guarantor in the courts of any other jurisdiction.
- (c) The parties hereto hereby irrevocably consent to the service of any and all process in any such action or proceeding by the delivery of copies of such process to the applicable address set forth herein.

5.10 Limitation Period

The limitation period on this Guarantee shall not begin to run until demand is made hereunder, and such limitation period (in accordance with the Applicable Law) is hereby expressly stated to be a period of six (6) years from the date such demand is made.

5.11 Paramountcy

In the event of any conflict or inconsistency with the provisions hereof and the provisions of the Loan and Security Agreement, the provisions of the Loan and Security Agreement shall prevail and govern but only to the extent of such conflict or inconsistency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Guarantor has executed and delivered this Guarantee to and in favour of the Lender, under seal with effect as of the date first written above.

TRAKOPOLIS IOT CORP.

By: 

Name: BRENT MOORE c/s
Title: CEO

ESW HOLDINGS, INC.

By: _____

Name: _____ c/s
Title: _____

34292589.2

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of the 27th day of November, 2018 and executed and delivered by **TRAKOPOLIS USA CORP.**, a Delaware corporation (the “**Guarantor**”) to and in favor of **ESW HOLDINGS, INC.** (the “**Lender**”).

RECITALS:

- A. Trakopolis Saas Corp. (the “**Borrower**”) has entered into the Loan and Security Agreement (as defined below), pursuant to which it will become indebted to the Lender;
- B. As security for the payment and performance of the Obligations of the Borrower to the Lender under the Loan and Security Document and any other Loan Documents (collectively, the “**Guaranteed Obligations**”), the Guarantor has agreed to guarantee payment of the Guaranteed Obligations to the Lender, on the terms and subject to the conditions hereinafter set forth; and
- C. It is in the best interests of the Guarantor to execute and deliver this Guarantee, inasmuch as the Guarantor will derive substantial direct and indirect benefits from the establishment of the aforesaid credit facilities by the Lender in favor of the Borrower.

NOW THEREFORE in consideration of the extension of credit by the Lender to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby covenants and agrees to and in favor of the Lender as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

Except as otherwise expressly provided herein, capitalized terms used in this Guarantee (including in the Recitals hereof) but not defined herein shall have the meanings assigned to such terms in the Loan and Security Agreement. In addition, in this Guarantee, the following words and phrases shall have the meaning set forth below:

“**Guarantor Security Documents**” means the general security agreement dated as of the date hereof and any other security executed and delivered by the Guarantor to and in favor of the Lender, from time to time in respect of the Guaranteed Obligations.

“**Intercompany Indebtedness**” has the meaning specified in Section 3.5.

“**Loan and Security Agreement**” means the amended and restated loan and security agreement made as of the date hereof among, *inter alios*, the Lender and the Borrower, as the same may be amended, restated, modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favor of the Borrower.

1.2 Interpretation

- (a) In this Guarantee the words “**including**”, “**includes**” and “**include**” mean “**including (or includes or include) without limitation**”. The phrase “**the aggregate of**”, “**the total of**”, “**the sum of**”, or a phrase of similar meaning means “**the aggregate (or total or sum), without duplication, of**”. The expression “**Article**”, “**Section**” or other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Guarantee.
- (b) Any reference in this Guarantee to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (c) The division of this Guarantee into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and are not to affect its interpretation.
- (d) Any schedules attached to this Guarantee form an integral part of it for all purposes.
- (e) Except as otherwise provided in this Guarantee, any reference to this Guarantee, the Loan and Security Agreement or any of the Loan Documents refers to this Guarantee, the Loan and Security Agreement or such Loan Documents as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules to it. Except as otherwise provided in this Guarantee, any reference in this Guarantee to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

ARTICLE 2 GUARANTEE

2.1 Guarantee

The Guarantor irrevocably and unconditionally guarantees to the Lender the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise, of the Guaranteed Obligations. The Guarantor agrees that the Guaranteed Obligations will be paid to the Lender strictly in accordance with their terms and conditions.

2.2 Indemnity

If any or all of the Guaranteed Obligations are not duly performed by the Borrower and are not performed by the Guarantor under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Borrower to duly perform such Guaranteed Obligations, other than losses resulting from the gross negligence or wilful misconduct of the Lender.

2.3 Primary Obligation

If any or all of the Guaranteed Obligations are not duly performed by the Borrower, or the Lender is not indemnified under Section 2.2, in each case, for any reason whatsoever, such Guaranteed Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor. The Guarantor may, by notice in writing delivered to the Lender, with effect from and after the date that is thirty (30) days following the date of receipt by the Lender of such notice, determine its liability under this Guarantee but not under the Loan and Security Agreement in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Lender may fulfill any requirements of the Guarantor based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this Guarantee.

2.4 Absolute Liability

- (a) To the extent permitted by Applicable Law, the Guarantor agrees that the liability of the Guarantor hereunder is given on an unlimited basis, and is absolute and unconditional irrespective of: the lack of validity or enforceability of any terms of the Loan and Security Agreement or any of the Loan Documents;
- (b) any contest by either the Borrower or Guarantor or any other Person as to the amount of the Guaranteed Obligations, the validity or enforceability of any terms of the Loan and Security Agreement or the Loan Documents or the perfection or priority of any security granted to the Lender;
- (c) any defense, counterclaim or right of set-off available to either the Borrower or Guarantor or any other Person;
- (d) any release, compounding or other variance of the liability of either the Borrower or Guarantor or any other Person liable in any manner under or in respect of the Guaranteed Obligations or the extinguishment of all or any part of the Guaranteed Obligations by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Guaranteed Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Lender may grant to either the Borrower or Guarantor or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of (including any increase in the amounts available thereunder or the inclusion of an additional borrower thereunder), or other action or inaction under, the Loan and Security Agreement or the Loan Documents or any other related document or instrument, or the Guaranteed Obligations;

- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of any credit or credit facilities to, or the terms or conditions of any transaction with, either the Borrower or Guarantor or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of either the Borrower or Guarantor or any other Person or any reorganization (whether by way of reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of either the Borrower or Guarantor and any other Person or their respective businesses;
- (i) any dealings with the security or collateral which the Lender holds or may hold pursuant to the terms and conditions of the Loan and Security Agreement or the Loan Documents, including any release of any such security or collateral and/or the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) any limitation of status or power, disability, incapacity or other circumstance relating to either the Borrower or Guarantor or any other Person, including any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, winding-up or other like proceeding involving or affecting either the Borrower or Guarantor or any other Person or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have notice or knowledge of any of the foregoing;
- (k) the assignment of all or any part of the benefits of this Guarantee by the Lender;
- (l) any impossibility, impracticability, frustration of purpose, force majeure or illegality of the Loan and Security Agreement or any of the Loan Documents, or the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction or by any present or future action of (i) any governmental entity that amends, varies, reduces or otherwise affects, or purports to amend, vary, reduce or otherwise affect, any of the Guaranteed Obligations or the obligations of the Guarantor under this Guarantee, or (ii) any court order that amends, varies, reduces or otherwise affects any of the Guaranteed Obligations;
- (m) any taking or failure to take security, any loss of, or loss of value of, any security or collateral, or any invalidity, non-perfection or unenforceability of any security held by the Lender (including any failure to perfect a security interest in or lien upon any security or collateral), or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which the Lender realizes on such security or collateral;
- (n) any application of any sums received to the Guaranteed Obligations, or any part thereof, and any change in such application;

- (o) the benefit of any statute of limitations affecting the Guarantor's liability or obligations hereunder;
- (p) any defense based on any claim that the Guarantor's obligations exceed or are more burdensome than those of the Borrower; and
- (q) any other circumstances which might otherwise constitute a defense available to, or a discharge of, either the Borrower or Guarantor or any other Person in respect of the Guaranteed Obligations or this Guarantee.

ARTICLE 3 ENFORCEMENT

3.1 Remedies

The Lender is not bound to proceed against or exhaust its recourse against the Borrower or any other Person or to proceed against, realize on or exhaust any security or collateral it may hold in respect of the Guaranteed Obligations before being entitled to (i) enforce payment and performance under this Guarantee, or (ii) pursue any other remedy against the Guarantor, and the Guarantor renounces and waives all benefits of discussion and division. In addition, Guarantor renounces and waives any right to require the Lender marshal assets, or pursue any other remedy in the Lender's power whatsoever and any defense based upon the doctrines of marshalling of assets or of election of remedies.

3.2 Amount of Obligations

Any account settled or stated by or between the Lender and the Borrower or Guarantor, or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Lender shall, in the absence of manifest error, be accepted by the Guarantor as conclusive evidence of the amount of the Guaranteed Obligations which is due by the Borrower or Guarantor to the Lender or remains unpaid by either the Borrower or Guarantor to the Lender.

3.3 Payment on Demand

The Guarantor will pay and perform the Guaranteed Obligations and pay all other amounts payable by it to the Lender under this Guarantee, and the obligation to do so arises, immediately after demand for such payment or performance is made in writing to it. The liability of the Guarantor bears interest from the date of such demand at the rate or rates of interest then applicable to the Guaranteed Obligations under and calculated in the manner provided in the Loan and Security Agreement (including any adjustment to give effect to the provisions of the *Interest Act* (Canada)).

3.4 Costs and Expenses

The Guarantor is liable for and will pay on demand by the Lender any and all expenses, costs and charges incurred by or on behalf of the Lender in connection with this Guarantee, including all reasonable legal fees, court costs, receivers or agent's remuneration and other expenses in

connection with any exercise of remedies and/or enforcing any of Lender's rights under the Loan and Security Agreement or any of the Loan Documents.

3.5 Assignment and Postponement

- (a) All obligations, liabilities and indebtedness of the Borrower to the Guarantor of any nature whatsoever and all security therefor (the "**Intercompany Indebtedness**") are hereby assigned and transferred to the Lender, as general, continuing and collateral security for the Guarantor's obligations under this Guarantee and postponed to the indefeasible payment and performance in full of all the Guaranteed Obligations. Until the occurrence of an Event of Default which has not been previously cured or waived in writing by the Lender in accordance with the Loan and Security Agreement, the Guarantor may receive payments in respect of the Intercompany Indebtedness as permitted under the Loan and Security Agreement. The Guarantor will not assign all or any part of the Intercompany Indebtedness to any Person other than the Lender.
- (b) Upon the occurrence of an Event of Default which has not been previously cured or waived in writing by the Lender in accordance with the Loan and Security Agreement, all Intercompany Indebtedness shall be, and shall be deemed to be, held in trust for the Lender and will be collected, enforced or proved subject to, and for the purpose of, this Guarantee. In such event, any payments received by the Guarantor in respect of the Intercompany Indebtedness shall be, and shall be deemed to be, held exclusively in trust for the Lender, and segregated from other funds and property held by the Guarantor and immediately paid to the Lender, on account of the Guaranteed Obligations.
- (c) The Intercompany Indebtedness shall not be released or withdrawn by the Guarantor without the prior written consent of the Lender. The Guarantor will not allow a limitation period to expire on the Intercompany Indebtedness or ask for or obtain any security or negotiable paper for, or other evidence of, the Intercompany Indebtedness except for the purpose of delivering the same to the Lender (and in such event, it will promptly deliver the same to Lender).
- (d) In the event of any insolvency, bankruptcy or other proceeding involving the liquidation, arrangement, compromise, reorganization or other relief with respect to the Borrower or its debts, the Guarantor will, upon the request of the Lender, make and present a proof of claim or commence such other proceedings against the Borrower on account of the Intercompany Indebtedness as may be reasonably necessary to establish the Guarantor's entitlement to payment of any Intercompany Indebtedness. Such proof of claim or other proceeding must be made or commenced prior to the earlier of (i) the day which is thirty (30) days after notice requesting such action is delivered by or on behalf of the Lender to the Guarantor, and (ii) the day which is ten (10) days preceding the date when such proof of claim or other proceeding is required by Applicable Law to be made or commenced. Such proof of claim or other proceeding must be in form and substance acceptable to the Lender, acting reasonably.

- (e) If the Guarantor fails to make and file such proof of claim or commence such other proceeding in accordance with this Section, the Lender is irrevocably authorized, empowered and directed and appointed the true and lawful attorney of the Guarantor (but is not obliged) with full power of substitution (and which is coupled with an interest) and with the power to exercise for and on behalf of the Guarantor the following rights, upon the occurrence of an Event of Default which has not been previously cured or waived in writing by the Lender in accordance with the Loan and Security Agreement: (i) to make and present for and on behalf of the Guarantor proofs of claims or other such proceedings against the Borrower on account of the Intercompany Indebtedness, (ii) to demand, sue for, receive and collect any and all dividends or other payments or disbursements made in respect of the Intercompany Indebtedness in whatever form the same may be paid or issued and to apply the same on account of the Guaranteed Obligations, and (iii) to demand, sue for, collect and receive each such payment and distribution and give acquittance therefor and to file claims and take such other actions, in its own name or in the name of the Guarantor or otherwise, as the Lender may deem necessary or advisable to enforce its rights under this Guarantee.
- (f) The Guarantor will execute all subordinations, postponements, assignments and other agreements as the Lender may reasonably request to more effectively subordinate and postpone the Intercompany Indebtedness to the payment and performance of the Guaranteed Obligations.
- (g) The provisions of this Section 3.5 survive the termination of this Guarantee and remain in full force and effect until (i) the Guaranteed Obligations and all other amounts owing under the Loan and Security Agreement and the Loan Documents are indefeasibly paid and performed in full, and (ii) the Lender has no further Guaranteed Obligations under the Loan and Security Agreement or any of the Loan Documents.

3.6 Suspension of Guarantor Rights

So long as there are any Guaranteed Obligations, the Guarantor shall not exercise any rights which it may at any time have by reason of the performance of any of its obligations under this Guarantee (i) to be indemnified by the Borrower, (ii) to claim contribution from any other Person, or (iii) subject to Section 3.8, to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under the Loan and Security Agreement or any of the Loan Documents.

3.7 No Prejudice to Lender

The Lender is not prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Borrower, Guarantor or the Lender. The Lender, may, subject to any formality required in any Loan Document, at any time and from time to time, in such manner as it determines is expedient, without any consent of, or notice to, the Guarantor and without impairing or releasing the obligations of the Guarantor (i) change the manner, place, time or terms of payment or performance of the Guaranteed Obligations, (ii) renew or alter the

Guaranteed Obligations, (iii) amend, vary, modify, supplement or replace the Loan and Security Agreement or any Loan Document or any other related document or instrument, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Borrower, Guarantor or any other Person, (v) release, compound or vary the liability of the Borrower, Guarantor or any other Person liable in any manner under or in respect of the Guaranteed Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Borrower, Guarantor or any other Person, (viii) accept compromises or arrangement from any Person, (ix) apply any sums from time to time received to the Guaranteed Obligations, or any part thereof, and change any such application in whole or in part from time to time, (x) otherwise deal with, or waive or modify its right to deal with, any Person and security. In its dealings with any of the Borrower, Guarantor or any other Person, the Lender need not enquire into the authority or power of any Person purporting to act for or on behalf of the Borrower or Guarantor or other such Person.

3.8 Rights of Subrogation

Any rights of subrogation acquired by the Guarantor by reason of payment under this Guarantee shall not be exercised until the Guaranteed Obligations and all other amounts due to the Lender have been indefeasibly paid and performed in full and such rights of subrogation shall be no greater than the rights held by the Lender. In the event (i) of the liquidation, winding up or bankruptcy of the Borrower (whether voluntary or compulsory), (ii) that the Borrower makes a bulk sale of any of its assets within the meaning of any bulk sales or insolvency legislation, or (iii) that the Borrower makes any composition with creditors or enters into any scheme of arrangement, the Lender has the right to rank in priority and senior to the Guarantor for its full claims in respect of the Guaranteed Obligations and receive all dividends and other payments until its claims have been indefeasibly paid in full. The Guarantor will continue to be liable, less any payments made by it to Lender, for any balance which may be owing to the Lender by the Borrower. No valuation or retention of its security by the Lender shall, as between the Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of all or any part of the Guaranteed Obligations. If any amount is paid to the Guarantor at any time when all the Guaranteed Obligations and other amounts due to the Lender have not been indefeasibly paid in full, the amount shall be, and shall be deemed to be, held in trust exclusively for the benefit of the Lender and immediately paid to the Lender, to be credited and applied to the Guaranteed Obligations as it sees fit, whether matured or unmatured. The Guarantor has no recourse against the Lender for any invalidity, non-perfection or unenforceability of any security held by the Lender or any irregularity or defect in the manner or procedure by which the Lender realizes on such security.

3.9 No Set-off

To the fullest extent permitted by Applicable Law, the Guarantor shall make all payments under this Guarantee without regard to any defense, adverse claim, counter-claim or right of set-off available to it.

3.10 Successors of the Borrower or Guarantor

This Guarantee will not be revoked by any change in the constitution or organizational documents of the Borrower or Guarantor and this Guarantee and the Guarantor Security Documents shall extend and apply to any Person acquiring, or from time to time carrying on the business of, or resulting from any merger, consolidation or amalgamation involving, the Borrower or Guarantor.

3.11 Continuing Guarantee and Continuing Obligations

The obligations of the Guarantor hereunder are continuing obligations. Each of Section 2.1, Section 2.2 and Section 2.3 extends to all present and future Guaranteed Obligations, applies to and secures the ultimate balance of the Guaranteed Obligations due or remaining due to the Lender and is binding as a continuing obligation of the Guarantor until the Lender releases the Guarantor in writing. This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Lender upon the insolvency, bankruptcy or reorganization of the Borrower or Guarantor or otherwise, all as though the payment had not been made.

3.12 Supplemental Security

This Guarantee is in addition and supplemental to and without prejudice to all other guarantees, indemnities, obligations and security now held or which may hereafter be held by the Lender.

3.13 Security for Guarantee

The Guarantor acknowledges that this Guarantee is intended to secure payment and performance of the Guaranteed Obligations and that the payment and performance of the Guaranteed Obligations and the other obligations of the Guarantor under this Guarantee are secured pursuant to the terms and provisions of the Guarantor Security Documents.

3.14 Right of Set-off

Upon the occurrence of any Event of Default which has not been previously cured or waived in writing by the Lender in accordance with the Loan and Security Agreement, the Lender is authorized by the Guarantor at any time and from time to time and may, to the fullest extent permitted by Applicable Law, set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing irrespective of whether or not (i) the Lender has made any demand under this Guarantee, or (ii) any of the obligations comprising the Guaranteed Obligations which are contingent or unmatured. The rights of the Lender under this Section 3.14 are in addition and without prejudice to and supplemental to other rights and remedies which the Lender may have.

3.15 Interest Act (Canada)

The Guarantor acknowledges that certain of the rates of interest applicable to the Guaranteed Obligations may be computed on the basis of a period of less than 365 days. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate based on a period of less than 365 days, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to (i) the applicable rate based on a period of less than 365 days, (ii) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or compounded) ends, and (iii) divided by the number of days in the period that is less than 365 days.

3.16 Taxes

- (a) All payments to the Lender by the Guarantor under this Guarantee, the Loan and Security Agreement or under any of the Guarantor Security Documents will be made free and clear of and without deduction or withholding for any and all taxes, unless such taxes are required by Applicable Law to be deducted or withheld. If the Guarantor is required by Applicable Law to deduct or withhold any such taxes from or in respect of any amount payable under this Guarantee, the Loan and Security Agreement or under any of the Guarantor Security Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 3.16), the Lender receives an amount equal to the amount it would have received if no such deduction or withholding had been made, (ii) the Guarantor will make such deductions or withholdings, and (iii) the Guarantor will immediately pay the full amount deducted or withheld to the relevant governmental authority in accordance with Applicable Law.
- (b) The Guarantor agrees to immediately pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any Loan Document (“**Other Taxes**”).
- (c) The Guarantor will indemnify the Lender for the full amount of taxes and Other Taxes (including, without limitation, any taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Guarantor under this Section 3.16 but specifically excluding any Taxes imposed on or measured by Lender’s overall net income that are imposed by a jurisdiction where Lender is a tax resident) paid by the Lender and any liability (including penalties, interest and expenses) arising from or with respect to such taxes, and Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification will be made within thirty (30) days from the date the Lender makes written demand for it. A certificate as to the amount of such taxes and Other Taxes submitted to the

Guarantor by the Lender is conclusive evidence, absent manifest error, of the amount due from the Guarantor to the Lender.

- (d) The Guarantor will furnish to the Lender the original or a certified copy of a receipt evidencing payment of any taxes or Other Taxes made by the Guarantor within thirty (30) days after the date of any payment of such taxes or Other Taxes.
- (e) The provisions of this Section 3.16 survive the termination of this Guarantee.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

To induce the Lender to extend credit to the Borrower, the Guarantor hereby represents and warrants to the Lender as follows and acknowledges and confirms that the Lender is relying upon such representations and warranties in extending credit to the Borrower:

- (a) **Good Standing; Power.** The Guarantor (i) is duly organized and in good standing under the laws of Delaware, United States of America and (ii) has full power and authority to enter into this Guarantee and any other related documents to which it is a party and to do all acts and execute and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by it in accordance with their terms.
- (b) **Enforcement of Documents.** The Guarantor has duly authorized, executed and delivered this Guarantee. This Guarantee is a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor by the Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.
- (c) **Solvency.** The Guarantor has not:
 - (i) admitted its inability to pay its debts generally as they become due or failed to pay its debts generally as they become due;
 - (ii) filed an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;
 - (iii) made an assignment for the benefit of its creditors;
 - (iv) consented to the appointment of a receiver of the whole or any substantial part of its assets;
 - (v) filed a petition, answer or proposal, or a notice of intention to file a petition, answer or proposal seeking a reorganization, arrangement,

adjustment or composition under applicable bankruptcy laws or any other applicable law or statute; or

- (vi) been adjudged by a court having jurisdiction a bankrupt or insolvent, nor has a decree or order of a court having jurisdiction been entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy with such decree or order having remained in force and undischarged or unstayed for a period of thirty (30) days.

- (d) **Loan and Security Agreement Representations.** Each representation and warranty made by each Canadian Credit Party pursuant to the Loan and Security Agreement, to the extent it pertains to the Guarantor or the business of the Guarantor, and pursuant to the Loan and Security Agreement or the Loan Documents to which the Guarantor is a party, is true, accurate and complete in all material respects.

All of the representations and warranties of the Guarantor contained in this Section 4.1 shall survive the execution and delivery of this Guarantee notwithstanding any investigation made at any time by or on behalf of the Lender.

4.2 Covenants

Until the Guaranteed Obligations and all other amounts owing under this Guarantee are indefeasibly paid and performed in full and the Lender has no Guaranteed Obligations under the Loan and Security Agreement or the Loan Documents, the Guarantor covenants and agrees that:

- (a) it will take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in the Loan and Security Agreement or the Loan Documents, and so that no Event of Default, is caused by the actions of the Guarantor or any of its subsidiaries or affiliates;
- (b) except to the extent permitted by the Loan and Security Agreement, it will not surrender or lose possession of, sell, encumber, lease, rent, or otherwise dispose of or transfer any of its real or personal property or right or interest therein, other than in the ordinary course of business consistent with past practice, without prior written consent of the Lender; and
- (c) it will not incur, issue or make any request for or permit to exist any further indebtedness to any third party, other than to the extent permitted by the Loan and Security Agreement, without prior written consent of the Lender.

ARTICLE 5 GENERAL

5.1 Notices, etc.

All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery or by email transmission addressed to such other party or delivered to such other party as follows:

- (a) to Debtor at:

Trakopolis USA Corp.
c/o Trakopolos Saas Corp.
300, 1711 – 10th Avenue S.W.
Calgary, Alberta T3C 0K1
Attn: Richard Clarke
Email: rclarke@trakopolis.com

- (a) to the Lender at:

c/o ESW Capital, LLC
401 Congress Ave.
Suite 2650
Austin, Texas 78701
Attn: Neeraj Gupta
Email: neeraj.gupta@trilogy.com

or at such other address or email address as may be given by any of them to the others in writing from time to time and such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if sent by email transmission, on the date of transmission unless sent on a day which is not a Business Day or after 5:00 p.m. (local time of the recipient) on a Business Day, in which case it shall be deemed to have been received on the next Business Day following the day of such transmission.

5.2 No Merger, Survival of Representations and Warranties

The representations, warranties and covenants of the Guarantor in this Guarantee survive the execution and delivery of this Guarantee. Notwithstanding any investigation made by or on behalf of the Lender, the representations, warranties and covenants in this Guarantee continue in full force and effect.

5.3 Further Assurances

- (a) The Guarantor will do all acts and things and execute and deliver, or cause to be executed and delivered, all documents and instruments that the Lender may reasonably request to give full effect to this Guarantee and to perfect and preserve the rights and powers of the Lender under this Guarantee, including any

acknowledgements and confirmations of this Guarantee and the Guarantor Security Documents.

- (b) The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Borrower on a continuing basis all information desired by the Guarantor concerning the financial condition of the Borrower and that the Guarantor will look to the Borrower and not to the Lender, in order for the Guarantor to keep adequately informed of changes in the Borrower's financial condition.

5.4 Successors and Assigns

This Guarantee is binding upon the Guarantor, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Guarantee may not be assigned by the Lender except to the extent the Lender assigns the Loan and Security Agreement in accordance with the provisions thereof. The Guarantor may not assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Lender, which may be unreasonably withheld.

5.5 Amendment

This Guarantee may be amended, supplemented or otherwise modified only by written agreement executed by the Lender and the Guarantor.

5.6 Waivers, etc.

- (a) No consent or waiver by the Lender in respect of this Guarantee is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this Guarantee is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Guarantee constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Lender in exercising a right under this Guarantee does not operate as a waiver of, or impair, any right of the Lender however arising. A single or partial exercise of a right on the part of the Lender does not preclude any other or further exercise of that right or the exercise of any other right by the Lender.

5.7 Severability

If any court of competent jurisdiction from which no appeal exists or is taken, determines that any provision of this Guarantee is illegal, invalid or unenforceable, that provision will be severed from this Guarantee and the remaining provisions will remain in full force and effect.

5.8 Application of Proceeds

All monies collected by the Lender under this Guarantee will be applied as provided in the Loan and Security Agreement. To the extent the Loan and Security Agreement or the Loan

Documents require proceeds of collateral under the Loan and Security Agreement or such Loan Document to be applied in accordance with the provisions of this Guarantee, the Lender shall apply such proceeds in accordance with this Section 5.8.

5.9 Extent of Guarantee

Anything contained herein to the contrary notwithstanding, the obligations of the Guarantor hereunder at any time shall be limited to an aggregate amount equal to the largest amount that would not render Guarantor's obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code (Title 11, United States Code) or any comparable provisions of any similar federal or state law.

5.10 Governing Law

- (a) This Guarantee shall exclusively (without regard to any principle or rule relating to conflicts of laws) be governed by, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- (b) The parties hereto irrevocably attorn and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Alberta sitting in Calgary in any action or proceeding arising out of or relating to this Guarantee and the Loan and Security Agreement and the Loan Documents to which it is a party. The parties hereto irrevocably waive objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 5.9 affects or limits the rights of the Lender to bring proceedings against the Guarantor in the courts of any other jurisdiction.
- (c) The parties hereto hereby irrevocably consent to the service of any and all process in any such action or proceeding by the delivery of copies of such process to the applicable address set forth herein.

5.11 Limitation Period

The limitation period on this Guarantee shall not begin to run until demand is made hereunder, and such limitation period (in accordance with the Applicable Law) is hereby expressly stated to be a period of six (6) years from the date such demand is made.

5.12 Paramountcy

In the event of any conflict or inconsistency with the provisions hereof and the provisions of the Loan and Security Agreement, the provisions of the Loan and Security Agreement shall prevail and govern but only to the extent of such conflict or inconsistency.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Guarantor has executed and delivered this Guarantee to and in favor of the Lender, under seal with effect as of the date first written above.

TRAKOPOLIS USA CORP.

By: 

Name: BRENT MOORE c/s

Title: CEO

ESW HOLDINGS, INC.

By: _____

Name: _____ c/s

Title: _____

34329315.2

IN WITNESS WHEREOF the Guarantor has executed and delivered this Guarantee to and in favour of the Lender, under seal with effect as of the date first written above.

TRAKOPOLIS IOT CORP.

By: _____
Name: _____ c/s
Title: _____

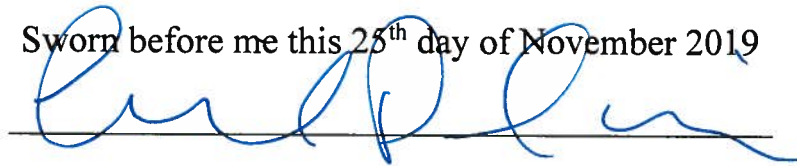
ESW HOLDINGS, INC.

By: Andrew S Price
Andrew S Price (Nov 27, 2018)
Name: Andrew S Price c/s
Title: CFO

This is Exhibit “K” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of the 27th day of November, 2018.

B E T W E E N :

ESW HOLDINGS, INC.

(herein called the “**Lender**”),

- and -

TRAKOPOLIS IOT CORP., a corporation continued under the laws of the province of Alberta

(herein called the “**Debtor**”),

WHEREAS:

- A. Trakopolis SaaS Corp. (the “**Borrower**”) has entered into the Loan and Security Agreement (as defined below), pursuant to which it will become indebted to the Lender;
- B. As a condition of the Lender entering into the Loan and Security Agreement, the Debtor has guaranteed the obligations of the Borrower to the Lender; and
- C. It is a further condition of the Loan and Security Agreement that the Debtor execute and deliver this Agreement to the Lender.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan and Security Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

“**Act**” means the *Personal Property Security Act* (Alberta), as amended from time to time, and any regulations thereto.

“**Collateral**” means all undertaking, personal property and assets of the Debtor now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further described, without limitation, in Section 2.02.

“Default Rate” means the amount of interest payable during the continuance of any Event of Default pursuant to the Loan and Security Agreement.

“Loan and Security Agreement” means the amended and restated loan and security agreement made as of the date hereof among, *inter alios*, the Lender, the Borrower and the Debtor, as the same may be amended, restated, modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favour of the Borrower.

“Obligations” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Debtor to the Lender or remaining unpaid by the Debtor to the Lender including, without limitation, under or in connection with the Loan and Security Agreement or any other Loan Document (including, without limitation, any guarantee of amounts owing under the Loan and Security Agreement) to which the Debtor is a party.

1.02 Other Usages

References to “this Agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Alberta and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.06 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.07 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.08 Terms Defined by the Act

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the Act shall have the meanings ascribed thereto respectively by the Act.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

As general, continuing and collateral security for the payment and performance of all Obligations, the Debtor hereby grants to the Lender a security interest in the Collateral.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favour of the Lender created by this Agreement:

- (a) **Accounts:** all accounts, debts, amounts, claims, choses in action and moneys which now are, or which may at any time hereafter become, due or owing to or owned by the Debtor, whether or not earned by performance, including without limitation any and all accounts receivable arising or resulting from the sale, lease, use, assignment or other disposition of any property described in this Section 2.02; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of such accounts, debts, amounts, claims, choses in action and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to such accounts, debts, amounts, claims, choses in action and moneys or any part thereof, all of which are herein called the “**Accounts**”;
- (b) **Inventory:** all goods and chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale, resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, timber to be cut, minerals and hydrocarbons to be extracted, all livestock and their unborn young and all growing crops, all of which are herein called the “**Inventory**”;
- (c) **Equipment:** all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all purchase warranties and claims, drawings, specifications, plans and

manuals relating thereto, any equipment specified as equipment of the Debtor and described in any schedule, exhibit or appendix hereto and any other tangible personal property which is not Inventory, all of which are herein called the “**Equipment**”;

- (d) **Intangibles:** all intangible property now owned or hereafter acquired by the Debtor and which is not accounts including, without limitation, all contractual rights, insurance claims, goodwill, licences, inventions, franchises, designer rights, know-how processes and formulae, patents, patent applications, trademarks, trade names, copyrights and other intellectual or industrial property of the Debtor, whether registered or not and whether under licence or otherwise, and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the “**Intangibles**”;
- (e) **Documents of Title:** all writings now or hereafter owned by the Debtor, each of which writing purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee’s possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of such writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the “**Documents of Title**”;
- (f) **Money:** all money now or hereafter owned by the Debtor, whether or not such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the “**Money**”;
- (g) **Chattel Paper:** all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the “**Chattel Paper**”;
- (h) **Instruments:** all present and future bills, notes and cheques (as such terms are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery and all letters of credit and advices of credit provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the “**Instruments**”;
- (i) **Investment Property:** all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests,

interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer, together with all accretions thereto, all substitutions therefor, and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the “**Investment Property**”;

- (j) **Documents:** all books of account and other books, invoices, writings, letters, papers and other documents whether in written, magnetic, electronic or other form, relating to or being records of the Collateral or by which any of the Collateral is secured, evidenced, acknowledged or made payable, all of which are herein called the “**Documents**”;
- (k) **Proceeds:** all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the “**Proceeds**”;
- (l) **Leases:** subject to Section 2.05, all leases now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, together with all of the Debtor’s erections, improvements and fixtures situate thereupon, all of which are herein called the “**Leaseholds**”; and
- (m) **Undertaking:** all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the “**Undertaking**”.

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the “**Collateral**”.

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan and Security Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and

- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as defined in the *Securities Transfer Act* (Alberta), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.

- (b) After the security hereby constituted becomes enforceable, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan and Security Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.
- (b) The Collateral is now and will be located at the address(es) set out in the Schedule to the Loan and Security Agreement. In the event the Collateral becomes located at any address not set out in the Schedule to the Loan and Security Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.
- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.
- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all applicable laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.

- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;
 - (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
 - (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including, without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.
- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.02 and agrees that all such costs and expenses shall be payable by the Debtor to the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan and Security Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, lease or otherwise dispose of the Collateral or any part thereof;
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location.

4.02 Permitted Sales

The Debtor may, at any time, without the consent of the Lender:

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and
- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

After the security hereby constituted becomes enforceable,

- (a) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to

the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and

- (b) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the occurrence of an Event of Default set forth in the Loan and Security Agreement.

5.02 Remedies

At any time after the happening of any event by which the security hereby constituted becomes enforceable, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the “**Receiver**”) of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;

- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor's name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;
- (h) to enjoy and exercise all of the rights and remedies of a secured party under the Act;
- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;

- (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the Act to the Debtor and to any other person to whom the Act requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a solicitor and client basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and

others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.02 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;
- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and
- (d) fourth, in payment of any surplus in accordance with applicable law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers,

functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

The Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favour of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

Any notices, directions or other communications provided for in this Agreement shall be in writing and given in accordance with the provisions of the Loan and Security Agreement.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan and Security Agreement, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "Debtor", when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation;
- (b) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Obligations" of the amalgamated corporation to the Lender thereafter arising; and
- (c) shall attach to "Collateral" owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

6.10 Entire Agreement

Except for the Loan and Security Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramountcy


In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan and Security Agreement, the provisions of the Loan and Security Agreement shall prevail and be paramount.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

TRAKOPOLIS IOT CORP.

Per:


Name: BRENT MOORE

Title: CEO

I have the authority to bind the Corporation

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented, replaced or otherwise altered, from time to time, this “**Agreement**”) is made as of the 27th day of November, 2018.

B E T W E E N :

ESW HOLDINGS, INC.

(herein called the “**Lender**”),

- and -

TRAKOPOLIS USA CORP., a corporation amalgamated under the laws of the province of Alberta

(herein called the “**Debtor**”),

WHEREAS:

- A.** Trakopolis IoT Corp. (the “**Borrower**”) has entered into the Loan and Security Agreement (as defined below), pursuant to which it will become indebted to the Lender;
- B.** As a condition of the Lender entering into the Loan and Security Agreement, the Debtor has guaranteed the obligations of the Borrower to the Lender; and
- C.** It is a further condition of the Loan and Security Agreement that the Debtor execute and deliver this Agreement to the Lender.

THIS AGREEMENT WITNESSES that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Lender as follows:

ARTICLE 1 - INTERPRETATION

1.01 Defined Terms

All capitalized terms which are used herein which are not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan and Security Agreement. In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

“**Act**” means the *Personal Property Security Act* (Alberta), as amended from time to time, and any regulations thereto.

“**Collateral**” means all undertaking, personal property and assets of the Debtor now owned or hereafter acquired and any proceeds from the sale or other disposition thereof, all of which is further described, without limitation, in Section 2.02.

“**Default Rate**” means the amount of interest payable during the continuance of any Event of Default pursuant to the Loan and Security Agreement.

“Loan and Security Agreement” means the amended and restated loan and security agreement made as of the date hereof among, *inter alios*, the Lender and the Borrower, as the same may be amended, restated, modified or replaced from time to time, and pursuant to which the Lender established certain credit facilities in favor of the Borrower.

“Obligations” means all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Debtor to the Lender or remaining unpaid by the Debtor to the Lender including, without limitation, under or in connection with the Loan and Security Agreement or any other Loan Document (including, without limitation, any guarantee of amounts owing under the Loan and Security Agreement) to which the Debtor is a party.

“UCC” means the Uniform Commercial Code as in effect on the date hereof and from time to time in the State of New York; provided, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interests in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, “UCC” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy.

1.02 Other Usages

References to “this Agreement”, “hereof”, “herein”, “hereto” and like references refer to this General Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.03 Number and Gender

Where the context so requires, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

1.04 Headings

The insertion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.05 Applicable Law and Attornment Clause

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties hereby attorn to the courts of the Province of Alberta and agree that those courts shall have non-exclusive jurisdiction to determine all disputes relating to this Agreement.

1.06 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision

and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.07 Time of the Essence

Time shall in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder shall operate as a waiver of this provision.

1.08 Terms Defined by the Act

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the Act shall have the meanings ascribed thereto respectively by the Act.

ARTICLE 2 - SECURITY INTEREST

2.01 Grant of Security Interest

The Debtor hereby grants and pledges to the Lender a continuing security interest in the Collateral, as general, continuing and collateral security to secure the prompt payment and performance of any and all Obligations and to secure the prompt performance by each Credit Party of each of its covenants and duties under the Loan Documents. Except for Permitted Liens, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in later-acquired Collateral. Notwithstanding any termination of this Agreement, Lender's Lien on the Collateral shall remain in effect for so long as any Obligations are outstanding.

2.02 Description of Collateral

The following undertaking, property and assets of the Debtor shall be subject to the security interest in favor of the Lender created by this Agreement:

- (a) **Accounts:** all accounts, debts, amounts, claims, choses in action and moneys which now are, or which may at any time hereafter become, due or owing to or owned by the Debtor, whether or not earned by performance, including without limitation any and all accounts receivable arising or resulting from the sale, lease, use, assignment or other disposition of any property described in this Section 2.02; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of such accounts, debts, amounts, claims, choses in action and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to such accounts, debts, amounts, claims, choses in action and moneys or any part thereof, all of which are herein called the "**Accounts**";
- (b) **Inventory:** all goods and chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale, resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and

goods used in or procured for packing or packaging, timber to be cut, minerals and hydrocarbons to be extracted, all livestock and their unborn young and all growing crops, all of which are herein called the “**Inventory**”;

- (c) **Equipment:** all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all purchase warranties and claims, drawings, specifications, plans and manuals relating thereto, any equipment specified as equipment of the Debtor and described in any schedule, exhibit or appendix hereto and any other tangible personal property which is not Inventory, all of which are herein called the “**Equipment**”;
- (d) **Intangibles:** all intangible property now owned or hereafter acquired by the Debtor and which is not accounts including, without limitation, all contractual rights, insurance claims, goodwill, licences, inventions, franchises, designer rights, know-how processes and formulae, patents, patent applications, trademarks, trade names, copyrights and other intellectual or industrial property of the Debtor, whether registered or not and whether under licence or otherwise, and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the “**Intangibles**”;
- (e) **Documents of Title:** all writings now or hereafter owned by the Debtor, each of which writing purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee’s possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of such writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts, all of which are herein called the “**Documents of Title**”;
- (f) **Money:** all money now or hereafter owned by the Debtor, whether or not such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the “**Money**”;
- (g) **Chattel Paper:** all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the “**Chattel Paper**”;
- (h) **Instruments:** all present and future bills, notes and cheques (as such terms are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings that evidence a right to the payment of money and are of a type that

in the ordinary course of business are transferred by delivery and all letters of credit and advices of credit provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the “**Instruments**”;

- (i) **Investment Property:** all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer, together with all accretions thereto, all substitutions therefor, and, subject to Section 2.06, dividends and income derived therefrom, all of which are herein called the “**Investment Property**”;
- (j) **Documents:** all books of account and other books, invoices, writings, letters, papers and other documents whether in written, magnetic, electronic or other form, relating to or being records of the Collateral or by which any of the Collateral is secured, evidenced, acknowledged or made payable, all of which are herein called the “**Documents**”;
- (k) **Proceeds:** all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the “**Proceeds**”;
- (l) **Leases:** subject to Section 2.05, all leases now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, together with all of the Debtor’s erections, improvements and fixtures situate thereupon, all of which are herein called the “**Leaseholds**”; and
- (m) **Undertaking:** all present and future personal property, business, and undertaking of the Debtor not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the “**Undertaking**”.

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the “**Collateral**”.

In addition, to the extent the UCC applies to this Agreement and/or the security interest created by this Agreement, the “**Collateral**” shall also include and be deemed to include all of the following: All personal property of Debtor of every kind, whether presently existing or hereafter created or acquired, and wherever located, including but not limited to: (a) all accounts (including health-care-insurance receivables), chattel paper (including tangible and electronic chattel paper), deposit accounts, documents (including negotiable documents), equipment (including all accessions and additions thereto), general intangibles (including patents,

trademarks, copyrights, other intellectual property, customer contracts, trade secrets, goodwill, payment intangibles, domain names and software), goods (including fixtures), instruments (including promissory notes), inventory (including all goods held for sale or lease or to be furnished under a contract of service, and including returns and repossessions), investment property (including securities and securities entitlements), letter of credit rights, money, and all of Debtor's books and records with respect to any of the foregoing, and the computers and equipment containing said books and records; and (b) any and all cash proceeds and/or noncash proceeds thereof, including, without limitation, insurance proceeds, and all supporting obligations and the security therefor or for any right to payment. All terms used but otherwise defined in this paragraph have the meanings given to them in the UCC.

2.03 Further Description of Collateral

Without limiting the generality of the description of Collateral as set out in Section 2.02, for greater certainty the Collateral shall include all present and future personal property of the Debtor located on or about or in transit to or from the location(s) set out in the Disclosure Schedule to the Loan and Security Agreement.

2.04 Attachment of Security Interest

The parties hereby acknowledge that:

- (a) value has been given;
- (b) the Debtor has rights in the Collateral; and
- (c) the parties have not agreed to postpone the time for attachment of the security interest created by this Agreement.

2.05 Exception re: Leaseholds and Contractual Rights

The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the security interest created by this Agreement, but the Debtor agrees to stand possessed of such last day in trust for such person as the Lender may direct and the Debtor shall assign and dispose thereof in accordance with such direction. To the extent that the security interest created by this Agreement in any contractual rights would constitute a breach or cause the acceleration of such contract, said security interest shall not be granted hereunder but the Debtor shall hold its interest therein in trust for the Lender, shall use its best efforts to obtain the appropriate consents to the attachment of said security interest and shall grant a security interest in such contractual rights to the Lender forthwith upon obtaining the appropriate consents to the attachment of said security interest.

2.06 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property, (a) the Debtor authorizes the Lender to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Lender shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered

owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Lender or its nominee as such record owner, and agrees that no proxy or proxies given by the Lender to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Lender "control" of such Investment Property, as defined in the *Securities Transfer Act* (Alberta), which "control" shall be in such manner as the Lender shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Lender, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

2.07 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the security hereby constituted becomes enforceable, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Lender receives any such income or interest prior to the security hereby constituted becoming enforceable, the Lender shall pay such income or interest promptly to the Debtor.
- (b) Effective upon occurrence and during the continuance of an Event of Default, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Lender in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Lender in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Lender may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Lender shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Lender as follows:

- (a) The Debtor will keep its chief executive office where it keeps its records concerning the Accounts located at the address set out in the Loan and Security Agreement for notices, or, upon 20 Business Days prior notice to the Lender, at such other location in a jurisdiction where all actions required by Section 6.03 shall have been taken.

- (b) The Collateral is now and will be located at the address(es) set out in the Schedule to the Loan and Security Agreement. In the event the Collateral becomes located at any address not set out in the Schedule to the Loan and Security Agreement, the Debtor shall promptly notify the Lender in writing of the details thereof.
- (c) The Debtor shall keep the Collateral in good condition and repair.
- (d) The Debtor agrees to promptly notify the Lender in writing of the acquisition by the Debtor of any personal property which is not of the nature or type described by the definition of Collateral, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Agreement or additional security agreements as may be reasonably required by the Lender in order that a security interest shall attach to such personal property.
- (e) The Debtor shall obtain, observe and perform all its obligations under leases, licenses and agreements, preserve its rights, powers, licenses, privileges, franchises and goodwill, and comply with all applicable laws, rules and regulations in a proper and efficient manner so as to preserve and protect the Collateral, the security interest created by this Agreement and the business and undertaking of the Debtor.
- (f) The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement, or becoming affixed to any real property.
- (g) The Debtor shall deliver to the Lender from time to time as requested by the Lender all items of Collateral comprising Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Lender all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer.
- (h) The Debtor shall deliver to the Lender upon the request of the Lender from time to time all items of Collateral comprising Documents of Title, Chattel Paper, Instruments and Documents.
- (i) The Debtor shall pay all reasonable costs and expenses of the Lender, its agents, officers and employees (including, without limitation, reasonable legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s), continuation statements, amendments and financing change statement(s) with respect to this Agreement;
 - (ii) dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the security interest created by this Agreement;

- (iii) the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement; and
- (iv) recovering or repossessing the Collateral and any other proceedings taken for the purpose of enforcing the remedies provided herein, including, without limitation, the appointment of a receiver, manager or receiver and manager, whether by order of the court or by private appointment.
- (j) The Debtor shall indemnify the Lender for all reasonable costs and expenses as set out in Sections 3.01(i) and 3.03 and agrees that all such costs and expenses shall be payable by the Debtor to the Lender on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

3.02 Perfection of Security Interest; Right to Inspect.

- (a) Perfection of Security Interest under UCC. Debtor authorizes Lender to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of Debtor of the kind pledged hereunder, and (ii) contain any other information required by the UCC for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, including whether Debtor is an organization, the type of organization and any organizational identification number issued to Debtor, if applicable. Any such financing statements may be filed by Lender at any time in any jurisdiction whether or not Article 9 of the UCC is then in effect in that jurisdiction. Debtor shall from time to time endorse and deliver to Lender, at the request of Lender, all Negotiable Collateral and other documents that Lender may reasonably request, in form satisfactory to Lender, to perfect and continue perfection of Lender's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents. Debtor shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where Lender chooses to perfect its security interest by possession in addition to the filing of a financing statement. Where Collateral is in possession of a third party bailee, Debtor shall take such steps as Lender reasonably requests for Lender to (i) obtain an acknowledgment, in form and substance satisfactory to Lender, of the bailee that the bailee holds such Collateral for the benefit of Lender, and (ii) obtain "control" of any Collateral consisting of investment property, deposit accounts, securities accounts, letter-of-credit rights or electronic chattel paper (as such items and the term "control" are defined in Article 9 or Article 8 of the UCC) by causing the securities intermediary or depository institution or issuing bank to execute a Control Agreement in form and substance satisfactory to Lender. Debtor will not create any chattel paper without placing a legend on the chattel paper acceptable to Lender indicating that Lender has a security interest in the chattel paper.
- (b) Right to Inspect. Lender (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Debtor's

usual business hours but no more than twice a year (unless an Event of Default has occurred and is continuing), to inspect Debtor's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify Debtor's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

3.03 Performance of Covenants by the Lender

The Lender may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Lender is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Lender will not be obligated to perform any such covenant on behalf of the Debtor and no such performance by the Lender will require the Lender further to perform the Debtor's covenants nor operate as a derogation of the rights and remedies of the Lender under this Agreement.

ARTICLE 4 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

4.01 General Restrictions

Except as herein provided or except as provided in the Loan and Security Agreement, the Debtor shall not, without the prior written consent of the Lender:

- (a) sell, transfer, assign, lease, mortgage, pledge, license, grant a Lien in or upon or encumber, or otherwise dispose of the Collateral or any part thereof (including without limitation any of the Debtor's Intellectual Property);
- (b) release, surrender or abandon possession of the Collateral or any part thereof; or
- (c) move or transfer the Collateral or any part thereof from its present location.

4.02 Accounts; Permitted Collections

The Debtor may, at any time, without the consent of the Lender,

- (a) lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business so that the purchaser thereof takes title clear of the security interest created by this Agreement but if such sale, lease or other dealing with results in an Account, such Account shall be subject to the security interest created by this Agreement;
- (b) sell or otherwise dispose of such part of its Equipment which is not necessary to or useful in connection with its business and undertaking, or which has become worn out or damaged or otherwise unsuitable for its purpose; provided that such Equipment is replaced or has nominal value; and
- (c) continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Accounts; and in connection with such collections, take (and, at the Lender's direction, shall take) such action as the Debtor or the Lender may

deem necessary or advisable to enforce collection of the Accounts; provided, however, that the Lender shall have the right at any time upon the security hereby constituted becoming enforceable to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Lender and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done.

Effective upon occurrence and during the continuance of an Event of Default:

- (d) all money or other form of payment received by the Debtor in respect of the Accounts shall be received in trust for the benefit of the Lender hereunder, shall be segregated from other funds of the Debtor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 5.07; and
- (e) the Debtor shall not adjust, settle or compromise the amount or payment of any Accounts, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon without prior written consent of the Lender.

4.03 Release by the Lender

The Lender may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Obligations either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

4.04 Proceeds Held in Trust

All Proceeds that are monies collected or received by the Debtor will be received by the Debtor in trust for the Lender and will be forthwith paid to the Lender. The Lender shall not exercise its rights under this Section 4.04, and the Debtor's trust obligations under this Section 4.04 need not be complied with, unless such Proceeds arise from a disposition of Collateral which is not permitted hereunder or unless and until the security hereby constituted becomes enforceable.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.01 Enforcement

The security hereby constituted shall immediately become enforceable upon the occurrence of an Event of Default set forth in the Loan and Security Agreement.

5.02 Remedies

Effective upon occurrence and during the continuance of an Event of Default, the Lender shall have the following rights, powers and remedies:

- (a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the “**Receiver**”) of the Collateral and to remove any Receiver so appointed and to appoint another if the Lender so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Lender hereunder, and in addition, shall have the power to carry on the business of the Debtor;
- (b) to make payments to parties having prior charges or encumbrances on properties on which the Lender may hold charges or encumbrances;
- (c) to enter onto any premises where the Collateral may be located;
- (d) to take possession of all or any part of the Collateral with power to exclude the Debtor, its agents and its servants therefrom;
- (e) to preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Lender shall deem advisable;
- (f) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement including, without limitation, the power to purchase on credit, the power to borrow in the Debtor’s name or in the name of the Receiver and to advance its own money to the Debtor at such rates of interest as it may deem reasonable, provided that the Receiver shall borrow money only with the prior consent of the Lender, and to grant security interests in the Collateral in priority to the security interest created by this Agreement, as security for the money so borrowed;
- (g) to sell, lease or dispose of all or any part of the Collateral whether by public or private sale or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment of credit; provided that
 - (i) the Lender or the Receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Lender or the Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iii) subject to Section 5.07, the Debtor will be entitled to be credited with the actual proceeds of any such sale, lease or other disposition only when such proceeds are received by the Lender or the Receiver in cash or such other form of compensation as may be acceptable to the Lender, in its sole discretion;
- (h) to enjoy and exercise all of the rights and remedies of a secured party under the Act;

- (i) to dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
- (j) to sell or otherwise dispose of any part of the Collateral without giving any notice whatsoever where:
 - (i) the Collateral is perishable;
 - (ii) the Lender or the Receiver believes on reasonable grounds that the Collateral will decline speedily in value;
 - (iii) the Collateral is of a type customarily sold on a recognized market;
 - (iv) the cost of care and storage of the Collateral is disproportionately large relative to its value;
 - (v) every person entitled by law to receive a notice of disposition consents in writing to the immediate disposition of the Collateral; or
 - (vi) the Receiver disposes of the Collateral in the course of the Debtor's business;
- (k) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Lender or such nominee of the Lender as the Lender shall direct;
- (l) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the Receiver or the Debtor for the purpose of exercising any of the rights, powers and remedies set out in this Section 5.02, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral; and
- (m) at the sole option of the Lender, provided notice is given in the manner required by the Act to the Debtor and to any other person to whom the Act requires notice be given, to elect to retain all or any part of the Collateral in satisfaction of the Obligations.

5.03 Receiver as Agent

The Receiver shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Lender shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Debtor hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties as set out herein.

5.04 Expenses of Enforcement

The Debtor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, reasonable legal fees and disbursements on a solicitor and client basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Lender and the Receiver as required all amounts of money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Debtor to the Lender and the Receiver pursuant to this Section 5.04 shall be payable on demand and shall bear interest at the Default Rate, which interest shall be calculated and compounded monthly and payable on demand.

5.05 Indulgences and Releases

Either the Lender or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Lender or the Receiver may see fit without prejudice to the Obligations or the right of the Lender and the Receiver to repossess, hold, collect and realize the Collateral.

5.06 No Liability for Failure to Exercise Remedies

The Lender and the Receiver shall not be liable or accountable to the Debtor or to any other person for any failure to exercise any of the rights, powers and remedies set out in Section 5.02, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Lender, the Receiver, the Debtor or any other party in respect of the same.

5.07 Proceeds of Disposition

Subject to the claims, if any, of the prior secured creditors of the Debtor, all monies received by the Lender or by the Receiver pursuant to Section 5.02 shall be applied as follows:

- (a) first, in payment of all costs and expenses incurred by the Lender in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the costs and expenses referred to in Sections 3.01(i) and 3.03 and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 5.04;
- (b) second, in payment of all amounts of money borrowed or advanced by either of the Lender or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;
- (c) third, to the payment or prepayment of the Obligations, provided that if there are not sufficient moneys to pay all of the Obligations, the Lender may apply the moneys available to such part or parts thereof as the Lender, in its sole discretion, may determine; and

- (d) fourth, in payment of any surplus in accordance with applicable law.

5.08 Debtor Liable for Deficiency

If the monies received by the Lender or the Receiver pursuant to Section 5.02 are not sufficient to pay the claims set out in Sections 5.07(a), (b) and (c), the Debtor shall immediately pay the Lender the amount of such deficiency.

5.09 Restriction on Debtor

Upon the Lender taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, servant or agent of the Debtor shall be unaffected by such events.

5.10 Rights Cumulative

All rights and remedies of the Lender set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute. The taking of a judgment or judgments with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

5.11 Care by the Lender

The Lender shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in the Lender's possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Lender to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

5.12 Standards of Sale

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable (including under Section 5.13 and/or to the extent the UCC may be applicable), the Debtor acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;

- (b) Collateral may be disposed of by public sale following one advertisement in a newspaper or trade publication having general circulation in the location of such Collateral at least seven days prior to such sale;
- (c) Collateral may be disposed of by private sale after receipt by the Lender of two written offers;
- (d) the purchaser or lessee of such Collateral may be a customer of the Lender;
- (e) the disposition may be for cash or credit, or part cash and part credit; and
- (f) the Lender may establish a reserve bid in respect of all or any portion of the Collateral.

5.13 Additional Rights and Remedies.

Upon the occurrence and during the continuance of an Event of Default, Lender may, following the Forbearance Period (if applicable), at its election, upon notice to the Borrower and the Debtor, and only to the extent the UCC may be applicable to this Agreement, the security interest created hereby and/or the enforcement of any rights, powers and remedies with respect to the security interest created by and under this Agreement:

- (a) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that Lender reasonably considers advisable;
- (b) Make such payments and do such acts as Lender considers necessary or reasonable to protect its Lien in the Collateral. Debtor agrees to assemble the Collateral if Lender so requires, and to make the Collateral available to Lender as Lender may designate. Debtor authorizes Lender to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or Lien which in Lender's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Debtor's owned premises, Debtor hereby grants Lender a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of Lender's rights or remedies provided herein, at law, in equity, or otherwise;
- (c) Set off and apply to the Obligations any and all (i) balances and deposits of Debtor held by Lender, and (ii) Indebtedness at any time owing to or for the credit or the account of Debtor held by Lender;
- (d) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Lender is hereby granted a license or other right, solely pursuant to the provisions of this Section 5.13, to use, without charge, Debtor's labels, Patents, Copyrights, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in

connection with Lender's exercise of its rights under this Section 5.13, Debtor's rights under all licenses and all franchise agreements shall inure to Lender's benefit;

- (e) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Debtor's premises) as Lender determines is commercially reasonable, and apply any proceeds to the Obligations in whatever manner or order Lender deems appropriate. Lender may sell the Collateral without giving any warranties as to the Collateral. Lender may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If Lender sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Lender, and applied to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, Lender may resell the Collateral and Debtor shall be credited with the proceeds of the sale;
- (f) Lender may credit bid and purchase at any public sale;
- (g) Have a receiver, trustee, liquidator or conservator of the Collateral appointed, without notice and without regard to the adequacy of the security for the Obligations and without regard to the solvency of Debtor, any guarantor or any other Person liable for any of the Obligations; and
- (h) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Debtor.

Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

5.14 Accounts Collection. Effective upon the occurrence and during the continuance of an Event of Default, Lender may notify any Person owing funds to Debtor of Lender's security interest in such funds and verify the amount of such Account. Debtor shall collect all amounts owing to Debtor for Lender, receive in trust all payments as Lender's trustee, and immediately deliver such payments to Lender in their original form as received from the account debtor, with proper endorsements for deposit.

5.15 Protective Advances. Lender may from time to time make such disbursements and advances ("***Protective Advances***") which Lender, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by Debtor of the Credit Extensions, Lender Expenses and other Obligations or to pay any other amount chargeable to the Debtor pursuant to the terms of this Agreement or the Loan and Security Agreement. The Protective Advances shall be repayable on demand and be secured by the Collateral. The Protective Advances shall constitute Obligations

hereunder which may be charged to the Line in accordance with Section 2.2(b) of the Loan and Security Agreement.

- 5.16 Lender's Liability for Collateral.** Lender has no obligation to clean up or otherwise assemble or prepare the Collateral for sale. All risk of loss, damage or destruction of the Collateral shall be borne by Debtor.
- 5.17 No Obligation to Pursue Others.** Lender has no obligation to attempt to satisfy the Obligations by collecting them from any other Person liable for them and Lender may release, modify or waive any collateral provided by any other Person to secure any of the Obligations, all without affecting Lender's rights against Debtor. Debtor waives any right it may have to require Lender to pursue any other Person for any of the Obligations.
- 5.18 Remedies Cumulative.** Lender's rights and remedies under this Agreement, the Loan and Security Agreement, the other Loan Documents, and all other agreements shall be cumulative. Lender shall have all other rights and remedies not inconsistent herewith as provided under the UCC, by law, or in equity. No exercise by Lender of one right or remedy shall be deemed an election, and no waiver by Lender of any Event of Default on Debtor's part shall be deemed a continuing waiver. No delay by Lender shall constitute a waiver, election, or acquiescence by it. No waiver by Lender shall be effective unless made in a written document signed on behalf of Lender and then shall be effective only in the specific instance and for the specific purpose for which it was given. Debtor expressly agrees that this Section 5.18 may not be waived or modified by Lender by course of performance, conduct, estoppel or otherwise.
- 5.19 Demand; Protest.** Except as otherwise provided in this Agreement, Debtor waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment and any other notices relating to the Obligations.

ARTICLE 6 - GENERAL

6.01 Waiver

Any breach by the Debtor of any of the provisions contained in this Agreement or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

6.02 The Lender as Attorney

The Debtor hereby irrevocably appoints the Lender and any person further designated by the Lender to be the attorney in fact of the Debtor for and in the name of the Debtor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Lender. The power of

attorney hereby granted is coupled with an interest, is irrevocable and shall extend to the successor and assigns of the Debtor. The Debtor agrees to be bound by any representations and actions made or taken in good faith by the Lender pursuant to this power of attorney in accordance with the terms thereof and hereby waives any and all defenses which may be available to it to contest, negate or disaffirm the actions of the Lender taken in good faith under this power of attorney.

6.03 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances and take all such further action or cause such further action to be taken as the Lender shall reasonably require for the better assuring, charging, assigning and conferring unto the Lender a security interest in the Collateral or property intended to be charged hereunder, or which the Debtor may hereafter become bound to charge in favor of the Lender, for the purpose of accomplishing and effecting the intention of this Agreement.

6.04 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Obligations until all of the Obligations from time to time are paid and performed in full and this Agreement is terminated.

6.05 No Obligation to Advance

Neither the execution nor delivery of this Agreement shall obligate the Lender to advance any moneys to the Debtor.

6.06 Consumer Goods

Notwithstanding any other clause in this Agreement, in no event shall goods that are used or acquired for use primarily for personal, family or household purposes form part of the Collateral.

6.07 Notices

All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery or by email transmission addressed to such other party or delivered to such other party as follows:

(a) to Debtor at:

Trakopolis USA Corp.
c/o Trakopolis SaaS Corp.
300, 1711 – 10th Avenue S.W.
Calgary, Alberta T3C 0K1
Attn: Richard Clarke
Email: rclarke@trakopolis.com

(b) to the Lender at:

c/o ESW Capital, LLC
401 Congress Ave.
Suite 2650
Austin, Texas 78701
Attn: Neeraj Gupta
Email: neeraj.gupta@trilogy.com

or at such other address or email address as may be given by any of them to the others in writing from time to time and such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if sent by email transmission, on the date of transmission unless sent on a day which is not a Business Day or after 5:00 p.m. (local time of the recipient) on a Business Day, in which case it shall be deemed to have been received on the next Business Day following the day of such transmission.

6.08 Successors and Assigns

This Agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

6.09 Amalgamation of Debtor

The Debtor hereby acknowledges and agrees that, subject to compliance with the Loan and Security Agreement, in the event it amalgamates, merges or consolidates with any other corporation or corporations, it is the intention of the parties hereto that the term “Debtor”, when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interest granted hereby:

- (a) shall extend to “Collateral” (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any “Collateral” thereafter owned or acquired by the amalgamated corporation;
- (b) shall secure the “Obligations” (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any “Obligations” of the amalgamated corporation to the Lender thereafter arising; and
- (c) shall attach to “Collateral” owned by each corporation amalgamating with the Debtor and by the amalgamated corporation, at the time of amalgamation, and shall attach to any “Collateral” thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

As used herein, the term “the amalgamating corporations” shall also mean and include the merging and consolidating corporations; and the term “the amalgamated corporation” shall also mean and include any merged and/or consolidated corporation.

6.10 Entire Agreement

Except for the Loan and Security Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

6.11 Receipt of Financing Statement, etc

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

6.12 Acknowledgment

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan and Security Agreement, the provisions of the Loan and Security Agreement shall prevail and be paramount.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the date first written above.

TRAKOPOLIS USA CORP.

Per:


Name: BRENT MOORE

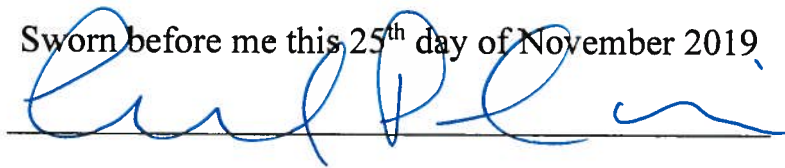
Title: CEO

I have the authority to bind the Corporation

This is Exhibit “L” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019,



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

SHARE PLEDGE AGREEMENT

THIS SHARE PLEDGE AGREEMENT (as amended, modified, supplemented, restated, extended, renewed, or replaced from time to time, this “**Pledge Agreement**”), dated as of November 15, 2018 made by **Trakopolis SaaS Corp.**, an Alberta corporation (“**Pledgor**”), to and in favour of **ESW Holdings, Inc.** (together with its successors and assigns “**Lender**”).

WITNESSETH:

WHEREAS Lender has entered into the Credit Agreement with Borrower pursuant to which Lender may make loans to Borrower;

AND WHEREAS the Pledgor is a wholly-owned subsidiary of the Borrower and the sole shareholder of Trakopolis USA Corp. (“**Trakopolis USA**”), and will be receiving a direct and indirect benefit from the accommodations of credit being made available under the Credit Agreement;

AND WHEREAS in order to induce Lender to enter into the Credit Agreement and the other Loan Documents and to make the loans under the Credit Agreement, and as a condition precedent thereto, Lender requires that Pledgor shall have executed and delivered this Pledge Agreement to secure the payment in full and performance of all of the Obligations;

NOW THEREFORE, in consideration of the extension of credit under the Credit Agreement, mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree, as follows:

ARTICLE 1 - DEFINITIONS

1.1 Certain Terms

The following terms when used in this Pledge Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms hereto):

“**BIA**” means the *Bankruptcy and Insolvency Act* (Canada).

“**Borrower**” shall mean Trakopolis IoT Corp. and its successors and assigns.

“**Business Day**” shall mean a day (other than a Saturday, Sunday or statutory holiday in Alberta and Texas) on which Lender’s Austin, Texas office is open for business in the normal course.

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada).

“**Collateral**” is defined in Section 2.1.

“Credit Agreement” shall mean the loan and security agreement dated as of the date hereof between, *inter alios*, Lender and Borrower, as the same now exists and may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

“Discharge Event” means the payment in full in cash (or other form acceptable to Lender) of all Obligations under the Credit Agreement.

“Distributions” means all stock dividends, liquidating dividends, shares of stock resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non-cash dividends, amalgamations, mergers, consolidations, and all other distributions (whether similar or dissimilar to the foregoing) on or with respect to any Pledged Shares or other shares of capital stock constituting Collateral, but shall not include Dividends.

“Dividends” means cash dividends and cash distributions with respect to any Pledged Shares made in the ordinary course of business and not a liquidating dividend.

“Event of Default” shall mean the occurrence or existence of any Event of Default under the Credit Agreement.

“Loan Documents” shall have the meaning ascribed thereto in the Credit Agreement.

“Obligations” means the aggregate of all indebtedness, obligations and liabilities, direct or indirect, absolute or contingent, matured or not, of the Borrower to the Lender under the Loan Documents, including extensions and renewals.

“Person” or **“person”** shall mean any individual, sole proprietorship, partnership, limited partnership, corporation, limited liability company, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

“Pledged Share Issuer” means the Person identified in Attachment 1 hereto as the issuer of the Pledged Shares identified opposite the name of such Person.

“Pledged Shares” means all of the shares, interests, participations, units or other equivalents in the capital stock, partnership interests or limited liability company interests, as the case may be, of each Pledged Share Issuer which are now owned or are hereafter acquired by Pledgor including, without limitation, the shares described in Attachment 1.

“PPSA” means the *Personal Property Security Act* as in effect in the Province of Alberta.

1.2 Credit Agreement Definitions

Unless otherwise defined herein or the context otherwise requires, terms used in this Pledge Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

1.3 PPSA Definitions

Unless otherwise defined herein or the context otherwise requires, terms for which meanings are provided in the PPSA are used in this Pledge Agreement, including its preamble and recitals, have the meanings provided in the PPSA.

1.4 Statutes

References herein to any statute or any provision thereof include such statute or provision as amended, revised, re-enacted and/or consolidated from time to time and any successors statute thereto.

ARTICLE 2 - PLEDGE

2.1 Grant of Security Interest

Pledgor hereby pledges, hypothecates, assigns, charges, mortgages, delivers, and transfers to Lender and hereby grants to Lender a general, continuing, collateral lien, charge and security interest in, all of the following property (the “**Collateral**”):

- (a) all issued and outstanding shares of capital stock of each Pledged Share Issuer identified in Attachment 1 hereto;
- (b) all other Pledged Shares issued from time to time;
- (c) all Dividends, Distributions, interest, and other payments and rights with respect to any Pledged Shares; and
- (d) all proceeds of any of the foregoing.

2.2 Security for Obligations

This Pledge Agreement and the Collateral granted herewith secures the payment and performance in full of all the Obligations.

2.3 Delivery of Collateral

All certificates representing or evidencing any Collateral, including all Pledged Shares, shall be delivered to and held by or on behalf of Lender pursuant hereto, shall be accompanied by all necessary instruments of transfer or assignment, duly executed in blank. As long as no Event of Default shall have occurred and be continuing and until written notice shall be given to Pledgor in accordance with Section 4.4(b) hereof, Pledgor shall have the right, from time to time, to vote, give consents and exercise all other rights with respect to the Pledged Shares, or any part thereof, for all purposes not inconsistent with the provisions of this Pledge Agreement, the Credit Agreement or any other Document; provided however, that no vote or other right shall be exercised or action taken which would have the effect of impairing the Collateral. At any time after and during the continuance of an Event of Default, all Pledged Shares may, at the option of Lender upon notice to the Pledgor (but without the Pledgor's consent), be registered in the name of Lender

or its nominee and the Pledgor waives all rights to be advised of or to receive any notices, statements or communications received by Lender or its nominee as such record owner.

2.4 Dividends on Pledged Shares

In the event that any Dividend is to be paid on any Pledged Share at a time when such Dividend is permitted by the Credit Agreement and no Event of Default exists and is continuing, such Dividend or payment may be paid directly to Pledgor. If any such Event of Default has occurred and is continuing, Lender is hereby authorized and empowered to collect and receive all such Dividends and payments and, if any such Dividend or payment is received by Pledgor, it shall be paid directly to Lender.

2.5 Continuing Security Interest

This Pledge Agreement shall create a general, continuing, collateral security interest in the Collateral and shall:

- (a) remain in full force and effect until the occurrence of a Discharge Event;
- (b) be binding upon Pledgor and its successors and assigns, and
- (c) enure, together with the rights and remedies of Lender hereunder, to the benefit of Lender and its successors and assigns.

Without limiting the foregoing clause (c), Lender may assign or otherwise transfer (in whole or in part) its rights hereunder to any other Person or entity in accordance with the Credit Agreement, and such other Person or entity shall thereupon become vested with all the rights and benefits in respect thereof granted to each party. Upon the occurrence of a Discharge Event, the security interest granted herein shall terminate and all rights to the Collateral shall revert to Pledgor. Upon any such termination, Lender will, at Pledgor's sole expense, deliver to Pledgor, without any representations, warranties or recourse of any kind whatsoever, all certificates and instruments representing or evidencing all Pledged Shares, together with all other Collateral held by Lender hereunder, and all instruments of transfer or assignment executed in connection therewith or herewith, and execute and deliver to Pledgor such documents as Pledgor shall reasonably request to evidence such termination.

2.6 Control

The Pledgor agrees to execute such other documents and to perform such other acts, and to cause any Pledged Share Issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give Lender "control" of the Collateral, as defined in the *Securities Transfer Act* (Alberta), which "control" shall be in such manner as Lender shall designate in its reasonable judgement and discretion, including, without limitation, an agreement by any such issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by Lender, whether before (in which case such orders will be consistent with the terms of this Agreement) or after the occurrence of an Event of Default, without further consent by the Pledgor.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

3.1 Warranties, etc.

Pledgor represents and warrants to Lender, as at the date of each pledge and delivery hereunder (including each pledge and delivery of Pledged Shares after the date hereof) by Pledgor to Lender of any Collateral, as set forth in this Article.

3.2 Ownership, No Liens, etc.

Pledgor is the legal and beneficial owner of, and has good title to (and has full right and authority to pledge and assign) such Collateral, free and clear of all liens, security interests, options, or other charges or encumbrances, except any lien or security interest granted pursuant hereto or otherwise granted in favour of Lender.

3.3 As to Pledged Shares

All Pledged Shares are duly authorized and validly issued, fully paid, and non-assessable, and constitute such percentage of all of the issued and outstanding shares of each such class of capital stock of each Pledged Share Issuer as set forth on Attachment 1. Subject to a unanimous shareholders agreement among the shareholders of the Borrower, there is no agreement, option or right pursuant to which Pledgor may be required to sell or otherwise dispose of any of the Pledged Shares. The Pledged Shares identified on Attachment 1 attached hereto represent all of the capital stock of every Pledged Share Issuer owned by Pledgor.

3.4 Authorization, Approval, etc.

No authorization, approval, or other action by, and no notice to or filing with, any governmental authority, regulator body or any other Person is required either:

- (a) for the pledge by Pledgor of any Collateral pursuant to this Pledge Agreement or for the execution, delivery, and performance of this Pledge Agreement by Pledgor, or
- (b) for the exercise by Lender of the voting or other rights provided for in this Pledge Agreement, or the remedies in respect of the Collateral pursuant to this Pledge Agreement except as may be required in connection with a disposition of the Collateral pledged hereunder by laws affecting the offering and sale of securities generally.

ARTICLE 4 - COVENANTS

4.1 Protect Collateral, Further Assurances, etc.

Pledgor will not sell, assign, transfer, pledge, or encumber in any other manner the Collateral. Pledgor will warrant and defend the right and title herein granted unto Lender in and to the Collateral (and all right, title, and interest represented by the Collateral) against the claims and demands of all Persons whomsoever. Pledgor agrees that it will, from time to time and upon

acquisition of the capital stock of any Pledged Share Issuer, forthwith deliver to Lender such capital stock and such capital stock shall, upon its acquisition, constitute Pledged Shares and shall form part of the Collateral. Pledgor agrees that any time, and from time to time, at the expense of Pledgor, Pledgor will promptly execute and deliver all further instruments and take all further action reasonably requested by Lender that may be necessary in the opinion of Lender in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

4.2 Stock Powers, etc.

Pledgor agrees that all Pledged Shares delivered by Pledgor pursuant to this Pledge Agreement will be accompanied by duly executed blank stock powers, or other equivalent instruments of transfer acceptable to Lender. Pledgor will, from time to time upon the request of Lender, promptly deliver to Lender such stock powers, instruments, and similar documents, satisfactory in form and substance to Lender, with respect to the Collateral as Lender may reasonably request and will, from time to time upon the request of Lender after the occurrence of any Event of Default which has not been waived in writing by Lender and is continuing, promptly transfer any Pledged Shares into the name of any nominee designated by Lender.

4.3 Continuous Pledge

Subject to Section 2.4 and Section 2.5, Pledgor will, at all times, keep pledged to Lender pursuant hereto, and shall deliver forthwith to Lender, all Pledged Shares, all Dividends and Distributions with respect thereto, and all other Collateral and will not permit any Pledged Share Issuer to issue any capital stock which shall not have been immediately duly pledged hereunder on a perfected basis.

4.4 Voting Rights; Dividends, etc.

Pledgor agrees:

- (a) after any Event of Default has occurred and during the continuance of such Event of Default, promptly upon receipt thereof by Pledgor and without any request therefor by Lender, to deliver (properly endorsed where required hereby or requested by Lender) to Lender all Dividends, Distributions, and all proceeds of the Collateral, all of which shall be held by Lender as additional Collateral for use in accordance with Section 6.3; and
- (b) after any Event of Default has occurred and during the continuance of such Event of Default:
 - (i) Lender may exercise (to the exclusion of Pledgor) the voting power and all other incidental rights of ownership with respect to any Pledged Shares and Pledgor hereby grants Lender an irrevocable proxy, exercisable under such circumstances, to vote the Pledged Shares; and
 - (ii) Pledgor shall promptly deliver to Lender such additional proxies and other documents reasonably requested by Lender that may be necessary, in the

reasonable opinion of Lender, to allow Lender to exercise such voting power.

All Dividends, Distributions and proceeds which may at any time and from time to time be held by Pledgor but which Pledgor is then obligated to deliver to Lender (other than Dividends permitted to be paid to Pledgor pursuant to Section 2.4), shall, until delivery to Lender, be held by Pledgor separate and apart from its other property in trust for Lender. Lender agrees that unless an Event of Default shall have occurred and be continuing and Lender shall have given the notice referred to in Section 4.4(b), Pledgor shall have the exclusive voting power with respect to any shares of capital stock (including any of the Pledged Shares) constituting Collateral; provided, however, that no vote shall be cast, or consent, waiver, or ratification given, or action taken by Pledgor that would impair any Collateral or be inconsistent with or violate any provision of this Pledge Agreement.

ARTICLE 5 - RIGHTS AND POWERS

5.1 Lender Appointed Attorney-in-Fact

Pledgor hereby irrevocably appoints Lender Pledgor's attorney-in-fact with effect following the occurrence of an Event of Default which is continuing and has not been waived in writing by Lender, with full authority in the place and stead of Pledgor and in the name of Pledgor or otherwise from time to time in its discretion, to take any action and to execute any instrument which Lender may reasonably deem necessary or advisable to accomplish the purposes of this Pledge Agreement, including without limitation:

- (a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
- (b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above; and
- (c) to file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Lender with respect to any of the Collateral.

Pledgor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is (until termination of the security interest granted hereunder upon a Discharge Event) irrevocable and coupled with an interest.

5.2 Lender May Perform

If Pledgor fails to perform any agreement contained herein after being requested in writing to so perform (it being understood that no such request need be given after the occurrence of an Event of Default and during the continuance of such Event of Default), Lender may itself perform, or cause performance of, such agreement, and the expenses of Lender incurred in connection therewith shall be payable by Pledgor pursuant to Section 6.3 and secured hereunder.

5.3 Lender Has No Duty

The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Lender shall have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any pledged Collateral, whether or not Lender has or is deemed to have knowledge of such matters.
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

ARTICLE 6 - REMEDIES

6.1 Certain Remedies

If any Event of Default shall have occurred and be continuing which has not been waived in writing by the Lender:

- (a) Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the PPSA (whether or not the PPSA applies to the affected Collateral) and also may, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Lender may deem commercially reasonable. Pledgor agrees that, to the extent notice of sale shall be required by law, at least 15 days' prior notice to Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification (unless a longer period is specified by applicable law). Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.
- (b) Lender may:
 - (i) transfer all or any part of the Collateral into the name of Lender or its nominee, with or without disclosing that such Collateral is subject to the lien and security interest hereunder,
 - (ii) notify the parties obligated on any of the Collateral to make payment to Lender of any amount due or to become due thereunder,
 - (iii) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or

extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto,

- (iv) endorse any cheques, drafts, or other writings in Pledgor's name to allow collection of the Collateral,
- (v) take control of any proceeds of the Collateral, and
- (vi) execute (in the name, place and stead of Pledgor) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral.

6.2 Compliance with Restrictions

Pledgor agrees that in any sale of any of the Collateral, whenever an Event of Default shall have occurred, Lender is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental regulatory authority or official, and Pledgor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall Lender be liable nor accountable to Pledgor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

6.3 Application of Proceeds

All cash proceeds received by Lender in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral may, in the discretion of Lender, be held by Lender as additional collateral security for, or then or at any time thereafter be applied in whole or in part by Lender against, all or any part of the Obligations in such order as Lender shall elect. Any surplus of such cash or cash proceeds held by Lender and remaining after payment and satisfaction in full of all the Obligations shall be paid over to Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

ARTICLE 7 - MISCELLANEOUS PROVISIONS

7.1 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Credit Agreement, the provisions of the Credit Agreement shall prevail and be paramount.

7.2 Protection of Collateral

Lender may from time to time, at its option, perform any act which Pledgor agrees hereunder to perform and which Pledgor shall fail to perform after being requested in writing to so perform (it being understood that no such request need be given after the occurrence of an Event of Default and during the continuance of such Event of Default) and Lender may from time to time take any other action which it reasonably deems necessary for the maintenance, preservation or protection of any of the Collateral or of its security interest therein.

7.3 Notices

All notices, requests and demands hereunder shall be in writing and

- (a) made to Lender at its address set out in the Credit Agreement and to Pledgor at its chief executive office set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision; and
- (b) deemed to have been given or made; if delivered in person, immediately upon delivery; if by facsimile or email transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by registered mail, return receipt requested, five (5) days after mailing.

7.4 Governing Law; Choice of Forum; Service of Process

- (a) Notwithstanding anything to the contrary in the Credit Agreement, the validity, interpretation and enforcement of this Pledge Agreement and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- (b) The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the City of Calgary in the Province of Alberta for all matters arising out of, or in connection with, this Agreement and the other Loan Documents and waives any objection based on venue or *forum non conveniens* with respect to any action instituted therein arising under this Pledge Agreement or any of the other Loan Documents or in any way connected or related or incidental to the dealings of Pledgor and Lender in respect of this Pledge Agreement or the other Loan Documents or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agrees that any dispute with respect to any such matters shall be heard only in the courts described above (except that Lender shall have the right to bring any action or proceeding against Pledgor or its property in the courts of any other jurisdiction, as required by the Lender in order to realize on the Collateral or to otherwise enforce its rights against Pledgor or its property).
- (c) To the extent permitted by law, the parties hereby waive personal service of any and all process upon it and consents that all such service of process may be made

by registered mail (return receipt requested) directed to its address set forth in the Credit Agreement and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the Canadian mail, or by service upon the other party in any other manner provided under the rules of any court of Alberta.

- (d) Lender shall not have any liability to Pledgor (whether in tort, contract, equity or otherwise) for losses suffered by Pledgor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Pledge Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Lender that the losses were the result of acts or omissions of Lender constituting gross negligence, willful misconduct, breach of contract or bad faith.
- (e) To the extent permitted by law, Pledgor hereby expressly waives all rights of notice and hearing of any kind prior to the exercise of rights by Lender from and after the occurrence of an Event of Default and during the continuance of such Event of Default to repossess the Collateral with judicial process or to replevy, attach or levy upon the Collateral, except as expressly provided herein. Pledgor waives the posting of any bond otherwise required of Lender in connection with any judicial process or proceeding to obtain possession of, replevy, attach or levy upon the Collateral, to enforce any judgment or other court order entered in favour of Lender or to enforce by specific performance, temporary restraining order, preliminary or permanent injunction, this Pledge Agreement.

7.5 Waiver of Notices

To the extent permitted by law, Pledgor hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonour with respect to any and all instruments and commercial paper, included in or evidencing any of the Obligations or the Collateral. No notice to or demand on Pledgor which Lender may elect to give shall entitle Pledgor to any other or further notice or demand in the same, similar or other circumstances.

7.6 Amendments and Waivers

Neither this Pledge Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Lender, and as to amendments, as also signed by an authorized officer of Pledgor. Lender shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Lender of any right, power and/or remedy and any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

7.7 Waiver of Counterclaims

Pledgor waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other than compulsory counterclaims) in any action or proceeding with respect to this Pledge Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.

7.8 Indemnification

Any and all losses, claims, damages, liabilities, costs or expenses imposed on, incurred by or asserted against any of the Lender and its directors, agents, employees and counsel in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Pledge Agreement or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the reasonable fees and expenses of counsel, except to the extent that any of the foregoing arises out of the gross negligence, wilful misconduct, breach of contract or bad faith of the party being indemnified (as determined by a final non-appealable judgment of a court of competent jurisdiction) shall be part of the Obligations and secured by the Collateral.

7.9 Partial Invalidity

If any provision of this Pledge Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Pledge Agreement as a whole, but this Pledge Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

7.10 Successors

This Pledge Agreement and any other document referred to herein shall be binding upon Pledgor and its successors and assigns and inure to the benefit of and be enforceable by Lender and its successors and assigns, except that Pledgor may not assign its rights under this Pledge Agreement and any other document referred to herein to which it is a party without the prior written consent of Lender.

7.11 Entire Agreement

This Pledge Agreement, the other Documents, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

7.12 Attachment

The Pledgor hereby acknowledges that value has been given by the Lender for the granting of the security interest created hereunder, that the Pledgor has rights in the Collateral (other than future and hereafter acquired Collateral), and that the parties have agreed not to postpone the time for attachment of the security interest created hereunder.

7.13 Headings

The division of this Agreement into Sections and the insertion of headings are for convenience only and shall not affect the construction or interpretation of this Pledge Agreement.

7.14 Acknowledgement

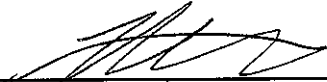
Pledgor acknowledges receipt of a copy of this Pledge Agreement.

7.15 Facsimile

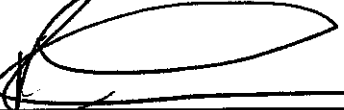
This Pledge Agreement may be executed and delivered by facsimile transmission or electronic delivery and in counterparts and Lender may rely on all such signatures as though such signatures were original signatures and all such counterparts when taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have caused this Pledge Agreement to be duly executed and delivered as of the date first written above.

TRAKOPOLIS SAAS CORP.

By: 

Name: Brent Moore
Title: Chief Executive Officer

By: 

Name: Richard Clarke
Title: Chief Financial Officer

ESW HOLDINGS, INC.

Per: _____

Name:
Title:

Per: _____

Name:
Title:

IN WITNESS WHEREOF, the parties have caused this Pledge Agreement to be duly executed and delivered as of the date first written above.

TRAKOPOLIS SAAS CORP.

By: _____
Name:
Title:

By: _____
Name:
Title:

ESW HOLDINGS, INC.

Per: Andrew S Price
Andrew S Price (Nov 13, 2018)
Name: Andrew S Price
Title: CFO

Per: _____
Name:
Title:

**ATTACHMENT 1
PLEDGED SHARES**

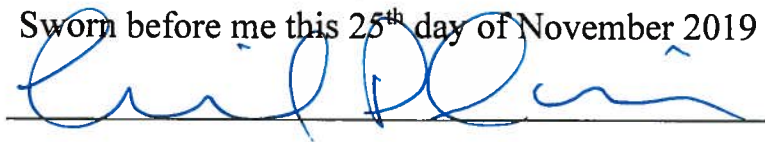
<u>Pledged Share Issuer</u>	<u>Pledged Shares</u>	<u>Percentage</u>
Trakopolis USA Corp.	100 shares, Share Certificate number 1	100%

34098644.4

This is Exhibit “M” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 22, 2018.

PRINCIPAL AMOUNT: CAD\$1,000,000
(hereinafter referred to as the "Principal Amount")

TRAKOPOLIS IOT CORP.
(incorporated under the laws of the Province of Alberta)

CONVERTIBLE DEBENTURE

Trakopolis IoT Corp. (hereinafter referred to as the "**Debtor**"), for value received hereby acknowledges itself indebted and promises to pay to **TRISEC SECURITIES INC.** (the "**Holder**"), subject to the terms and conditions set forth in this certificate, on September 30, 2020 (the "**Maturity Date**"), the Principal Amount in lawful money of Canada at the foregoing address of the Holder, or at such other place or places, as may be designated by the Holder from time to time by notice in writing to the Debtor. The Debtor will pay interest at a rate of 8.0% per annum, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, with the first interest payment on September 30, 2018. The September 30, 2018 interest payment will represent accrued interest from the date hereof, to but excluding September 30, 2018. Interest may be payable in cash or, at the Debtor's option and subject to any required regulatory approval, in common shares in the capital of the Debtor (the "**Common Shares**") issued at a price equal to the volume weighted average trading price ("**VWAP**") of the Common Shares on the TSX Venture Exchange ("**TSXV**") for the 20 trading days ending on the fifth day prior to the date on which such interest payment is due.

The Debentures will be direct, unsecured subordinated indebtedness of the Debtor and will rank subordinate to all liabilities, except liabilities which by their terms rank in right of payment equally with or subordinate to the Debentures. The Debentures will rank *pari passu* with all future unsecured subordinated debentures issued by the Company from time to time.

By its execution hereof, the Holder acknowledges and agrees to the terms and conditions hereof, including the terms set out in Schedule "A" hereto.

IN WITNESS WHEREOF, the Debtor and the Holder have caused this Debenture to be executed as of June 21, 2018.

TRAKOPOLIS IOT CORP.

Per: _____

Name: _____

Title: _____

SCHEDULE "A"

The following terms and conditions are applicable to the Convertible Debenture of Trakopolis IoT Corp. made in favour of the Holder.

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Debenture, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the indicated meanings, respectively:

"this Debenture", "the Debenture", "Debenture", "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to the convertible debenture represented hereby and not to any particular Article, Section, Subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto and every debenture issued in replacement hereof;

"business day" means a day that is not a Saturday or Sunday or a civic or statutory holiday in the City of Calgary, Alberta;

"Change of Control" means:

- (a) the acquisition by any person or group of persons acting jointly or in concert of voting control or direction over an aggregate of more than 50% of the aggregate voting rights attached to the outstanding Common Shares, or
- (b) the sale or other transfer of all or substantially all of the assets of the Debtor on a consolidated basis.

"Common Share" or "Common Shares" means the common shares in the capital of the Debtor, as constituted on the date hereof;

"Conversion Price" means \$0.90 per Common Share;

"Date of Conversion" shall have the meaning ascribed therein in Subsection 2.2(b);

"Debtor" means Trakopolis IoT Corp., a body corporate incorporated under the laws of the Province of Alberta and includes any successor corporation to or of the Debtor within the meaning of Article 9;

"Event of Default" means any event specified in Section 4.1, which has not been waived, cured or remedied;

"Holder" shall have the meaning ascribed to such term on the face page of this Debenture;

"Maturity Date" shall have the meaning ascribed to such term on the face page hereof;

"Offer Price" means a price equal to 105% of the Principal Amount outstanding plus accrued and unpaid interest thereon;

"Person" includes individuals, partnerships, corporations, companies and other business or legal entities;

"Principal Amount" means the principal amount of this Debenture as set forth on the face page hereof;

"Share Reorganization" shall have the meaning ascribed thereto in subsection 2.3(a);

"Subscription Agreement" means the agreement dated as of the date hereof between the Debtor and the Holder, pursuant to which the Holder subscribed for and agreed to purchase one or more Debentures; and

"Time of Expiry" shall have the meaning ascribed thereto in subsection 2.1(a).

1.2 Interpretation

Whenever used in this Debenture, words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the neuter or the feminine gender and vice versa.

1.3 Headings, Etc.

The division of this Debenture into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

1.4 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a business day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a business day.

1.5 Calculation of interest

For purposes of the *Interest Act* (Canada), (i) whenever any interest or fee under this Debenture is calculated using a rate based on a year of 365 days or 366 days, as the case may be, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 365 days or 366 days, as the case may be, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 365 or 366, as the case may be, (ii) the principle of deemed reinvestment of interest does not apply to any interest or fee calculation under this Debenture, and (iii) the rates of interest stipulated in this Debenture are intended to be nominal rates and not effective rates or yields.

1.6 Currency

All references to currency herein shall be to lawful money of Canada.

ARTICLE 2 CONVERSION OF DEBENTURE

2.1 Conversion and Conversion Price

- (a) Upon and subject to the terms and conditions set out in this Article 2, the Holder shall have the right, at its option at any time, and from time to time, prior to the earlier of (i) the business day preceding the Maturity Date, and (ii) if called for repurchase pursuant to a Change of Control in accordance with Section 2.1(b), on the business day immediately preceding the payment date, (the **"Time of Expiry"**) to convert, in whole or in part, (i) the Principal Amount into fully paid and non-assessable Common Shares, at the Conversion Price, or (ii) the Principal Amount, along with the corresponding amount of accrued and unpaid interest thereon, into fully paid and non-assessable Common Shares, at the Conversion Price.

- (b) Within 30 days following the occurrence of a Change of Control, the Debtor shall make an offer in writing to holders of the Debentures to repurchase their Debentures then outstanding at the Offer Price. If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the notice of the Change of Control have been tendered for redemption in accordance with the terms of the offer, the Debtor will have the right to redeem all of the remaining Debentures at the Offer Price.
- (c) The Debtor may force the conversion of the Principal Amount then outstanding at the Conversion Price on not more than 60 days' and not less than 30 days' notice should the VWAP be greater than \$1.15 for the consecutive 30 trading days preceding the date of such notice.
- (d) The Conversion Price shall be subject to adjustment as provided in Section 2.3.
- (e) The right of conversion set forth herein shall extend only to the maximum number of whole Common Shares into which the Principal Amount may be converted in accordance with the foregoing provisions of this Article 2.
- (f) Fractional interests in Common Shares that would otherwise be issuable upon any conversion of the Principal Amount shall be adjusted in the manner provided in Section 2.4.

2.2 Manner of Exercise of Right to Convert

- (a) If the Holder wishes to convert any portion of the Principal Amount, or any portion of the Principal Amount together with any accrued but unpaid interest thereon, into Common Shares, the Holder shall, prior to the Time of Expiry, send written notice, substantially in the form of Appendix I hereto, duly executed by the Holder or its legal representative or attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Debtor, exercising its right to convert the Principal Amount or the Principal Amount together with accrued but unpaid interest into Common Shares. Thereupon, the Holder or, subject to the payment of all applicable security transfer taxes or other governmental charges by the Holder, its nominee(s) or assignee(s), shall be entitled to be entered in the books of the Debtor (as of the Date of Conversion) as the holder of the number of Common Shares into which the Principal Amount or the Principal Amount together with accrued but unpaid interest is converted and, as soon as practicable thereafter, the Debtor shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares.
- (b) For the purposes of this Article 2, the Holder shall be deemed to be entitled to conversion of the Principal Amount (or the Principal Amount together with any accrued but unpaid interest thereon) then outstanding to Common Shares on the date (herein called the "**Date of Conversion**") on which the notice contemplated by subsection 2.2(a) above is actually received by the Debtor.
- (c) At the time of conversion, the Holder shall be entitled to receive accrued and unpaid interest in respect thereof up to the Date of Conversion. Common Shares issued upon conversion of the Principal Amount by the Holder shall only be entitled to receive dividends declared in favour of shareholders of record on or after the Date of Conversion, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

2.3 Adjustment of Conversion Price

- (a) Whenever at any time and from time to time the Debtor shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (other than a dividend in the ordinary course paid in Common Shares or securities exchangeable or convertible into Common Shares) (any of such events being herein called a "**Share Reorganization**"), the Conversion Price shall be adjusted effective immediately after the effective date or record date for the Share Reorganization, by multiplying the Conversion Price in effect immediately prior to such effective date or record date by the quotient obtained when:
- (i) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization,
- is divided by
- (ii) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date.
- (b) Whenever there is a capital reorganization of the Debtor not otherwise provided for in subsection 2.3(a) or a consolidation, merger, arrangement or amalgamation (statutory or otherwise) of the Debtor with or into another body corporate (any such event being called a "**Capital Reorganization**"), and the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization, then the Holder shall be entitled to receive and shall accept, upon any conversion of the Principal Amount (or the Principal Amount together with accrued but unpaid interest thereon) after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of Common Shares or other securities of the Debtor or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, it had been the registered holder of the number of Common Shares to which it was theretofore entitled upon the conversion of the Principal Amount; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Debtor or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization. The foregoing provisions of this subsection 2.3(b) shall apply *mutatis mutandis* in respect of any interest proposed to be paid through the issuance of Common Shares by the Debtor.

2.4 No Requirement to Issue Fractional Common Shares

The Debtor shall not be required to issue fractional Common Shares upon the conversion of the Principal Amount or any accrued but unpaid interest thereon into Common Shares pursuant to this Article 2.

2.5 Cancellation of Converted Debenture

Upon conversion of the entire Principal Amount, if applicable, pursuant to this Article 2 and payment of all accrued and unpaid interest (whether in cash or Common Shares), this Debenture shall be cancelled and shall be of no further force or effect.

2.6 Certificate as to Adjustment

The Debtor shall from time to time, immediately after the occurrence of any event that requires an adjustment or readjustment as provided in Section 2.3, deliver written notice to the Holder (the "**Adjustment Notice**") specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, provided, however, that in the event the Holder does not agree with the adjustment as set forth in the Adjustment Notice, the Debtor shall obtain the opinion as to the appropriate adjustment from the auditors of the Debtor, which certificate or opinion shall be conclusive and binding on the Debtor and the Holder.

2.7 Notice of Special Matters

The Debtor covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder, in the manner provided in Section 8.3, of its intention to fix a record date or an effective date for any event referred to in Section 2.3 that may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 2.7, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets etc.) sent to the holders of Common Shares in respect of the event in question, provided that the Debtor shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date or effective date.

2.8 Resale Restrictions

Any Common Shares issued upon conversion of this Debenture before October 22, 2018, shall bear the following legend:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE OCTOBER 22, 2018."

ARTICLE 3 COVENANTS

The Debtor hereby covenants and agrees with the Holder as follows.

3.1 To Pay Principal and Interest

The Debtor will duly and punctually pay or cause to be paid to the Holder the principal of and interest accrued on this Debenture on the dates, at the places and in the manner mentioned in this Debenture.

ARTICLE 4 EVENTS OF DEFAULT

4.1 Events of Default

The happening of any one or more of the following events shall be considered an event of default (each an "Event of Default"):

- (a) if the Debtor defaults in the payment of the Principal Amount of the Debenture or any interest thereon when the same becomes due and payable under any provision hereof and such default is not waived, cured or remedied within 30 days of the Debtor receiving written notification of such an event by the Holder;
- (b) if any proceedings are commenced against the Debtor under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or under the *Winding-Up Act* (Canada) or any other similar legislation and are not discharged within 60 days or if the Debtor makes a proposal under insolvency or restructuring statutes;
- (c) the Debtor (i) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (ii) makes an assignment for the benefit of its creditors, (iii) consents to the appointment of a custodian, receiver, trustee, liquidator or other officer with similar powers with respect to it or with respect to any substantial part of its property, or (iv) is adjudicated as insolvent or to be liquidated;
- (d) a court or governmental authority of competent jurisdiction enters an order appointing a custodian, receiver, trustee, liquidator or other officer with similar powers with respect to it or with respect to any substantial part of this property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation for the Debtor, or any such petition shall be filed against the Debtor, and such petition shall not be dismissed within 60 days; and
- (e) if the Debtor defaults in the observation or performance of any covenant, condition, representation, warranty or obligation contained in this Debenture and such default is not waived, cured or remedied within 30 days of Debtor receiving written notification of such an event by the Debenture Holder.

ARTICLE 5 ENFORCEMENT

5.1 Enforcement

If an Event of Default shall occur and be continuing and the Debtor shall fail forthwith to pay the amounts owing hereunder, the Holder shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the

Debtor and collect in the manner provided by law out of the property of the Debtor or other obligors upon this Debenture wherever situated the monies adjudged or decreed to be payable. In addition, the Debenture Holder may, in their discretion, proceed to protect and enforce the rights vested in them by this Debenture by such appropriate judicial proceedings as the Debenture Holder shall deem most effectual to protect and enforce any of such rights, either at law or in equity and either in bankruptcy or otherwise.

ARTICLE 6 PREPAYMENT AND PURCHASE FOR CANCELLATION

6.1 Prepayment

This Debenture shall be fully open to prepayment of the outstanding Principal Amount, together with accrued but unpaid interest thereon, either in whole or in part, upon 10 days notice in writing to the Holder. Debtor shall, concurrent with such prepayment, pay a prepayment fee of 5% of the outstanding Principal Amount then being prepaid.

6.2 Purchase for Cancellation

The Debtor may purchase Debentures for cancellation in the market or by tender or by private contract at any time subject to regulatory requirements or the occurrence of a continuing event of default hereunder.

ARTICLE 7 PRESENTMENT

7.1 Presentment

The Debtor hereby expressly waives demand for payment, presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Holder to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

ARTICLE 8 MISCELLANEOUS

8.1 Severability

If any covenant or provision herein is determined to be illegal, unenforceable or prohibited by applicable law such illegality, unenforceability or prohibition shall not affect or impair the validity of any other covenant or provision herein.

8.2 Laws of Alberta

This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Holder hereby irrevocably submits to the jurisdiction of the courts of Alberta in respect of any action, suit or any other proceeding arising out of or relating to this Debenture and any other agreement or instrument mentioned herein and any of the transactions contemplated thereby.

8.3 Notices

All notices, reports or other communications required or permitted by this Debenture must be in writing and either delivered by hand, mail or by any form of electronic communication by means of which a written or typed copy is produced at the address of the recipient and is effective on actual receipt unless

sent (i) by mail in which case it shall be deemed to have been received and be effective on the date that is three business days following the date of mailing, or (ii) by electronic means in which case it is effective on the business day, next following the date of transmission, addressed to the relevant party, as follows:

- (a) if to the Debtor:

Trakopolis IoT Corp.
300, 1711 – 10th Avenue S.W.
Calgary, Alberta T3C 0K1

Attention: Richard Clarke, Chief Financial Officer
Facsimile : (403) 450-7886
Email: rclarke@trakopolis.com

- (b) if to the Holder, at the address specified on the face page hereof,

or the last address or telecopier number of the addressee, notice of which was given in accordance with this Section 8.3.

8.4 Enurement

This Debenture and all its provisions shall enure to the benefit of the Holder, its successors and assigns and shall be binding upon the Debtor and its successors and assigns.

8.5 Time of the Essence

Time shall be of the essence of this Agreement.

8.6 Maximum Rate Permitted by Law

Under no circumstances shall the Holder be entitled to receive nor shall it in fact receive a payment or partial payment of interest, fees or other amounts under or in relation to this Debenture at a rate that is prohibited by applicable law. Accordingly, notwithstanding anything herein or elsewhere contained, if and to the extent that under any circumstances, the effective annual rate of "interest" (as defined in Section 347 of the Criminal Code of Canada) received or to be received by a Holder (determined in accordance with such section) on any amount of "credit advanced" (as defined in that section) pursuant to these presents or any agreement or arrangement collateral hereto entered into in consequence or implementation hereof would, but for this Section 8.6, be a rate that is prohibited by applicable law, then the effective annual rate of interest, as so determined, received or to be received by the Holder on such amount of credit advanced shall be and be deemed to be adjusted to a rate that is one whole percentage point less than the lowest effective annual rate of interest that is so prohibited (the "adjusted rate"); and, if the Holder has received a payment or partial payment which would, but for this Section 8.6, be so prohibited then any amount or amounts so received by the Holder in excess of the lowest effective annual rate that is so prohibited shall and shall be deemed to have comprised a credit to be applied to subsequent payments on account of interest, fees or other amounts due to the Holder at the adjusted rate.

8.7 Transferability

Subject to applicable statutory resale restrictions, this Debenture may be assigned and transferred by the Holder upon providing written notice of such transfer to the Debtor.

ARTICLE 9
SUCCESSOR CORPORATION

9.1 Certain Requirements

The Debtor shall not, directly or indirectly, sell, lease, transfer or otherwise dispose of all or substantially all of its property and assets as an entirety to any other corporation (any such other corporation being herein referred to as a "**Successor Debtor**") unless the successor corporation shall execute, prior to or contemporaneously with the consummation of any such transaction, an agreement, together with such other instruments as are, in the opinion of legal counsel to the Debtor, necessary or advisable to evidence the assumption by the Successor Debtor of the due and punctual payment of this Debenture and the interest thereon and all other moneys payable hereunder and its agreement to observe and perform all the covenants and obligations of the Debtor under this Debenture.

**APPENDIX I TO THE CONVERTIBLE DEBENTURE
OF TRAKOPOLIS IOT CORP.**

To: Trakopolis IoT Corp.
300, 1711 – 10th Avenue S.W.
Calgary, Alberta T3C 0K1

The undersigned registered Holder of the within convertible debenture (the "**Debenture**") hereby irrevocably elects to convert \$_____ of principal amount [**and accrued but unpaid interest**] of the Debenture into common shares of Trakopolis IoT Corp. in accordance with the terms of the Debenture and directs that the common shares issuable and deliverable upon the conversion be issued and delivered to the Holder (or person indicated below)*.

DATED _____, 20__.

(Signature of Registered Holder)

Name:

(Address)

(City and State/Province)

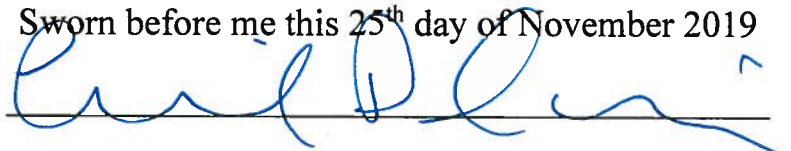
(Zip/Postal Code)

* The signature of the registered holder must be guaranteed by a Canadian chartered bank, Medallion Guarantee or other entity acceptable to Trakopolis IoT Corp., if the Direction as to the Registration is in the name of anything other than the registered holder of the Debenture.

This is Exhibit "N" referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



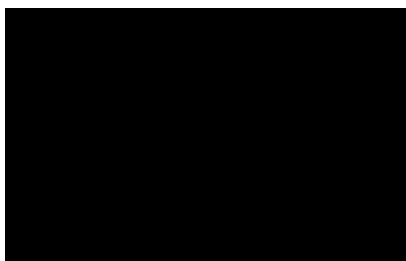
Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

PRIVATE & CONFIDENTIAL

Delivered via e-mail

January 11, 2019



Re: Project Pantheon Submission of Initial Expression of Interest

Dear Sirs and Mesdames:

We appreciate the interest you have expressed in exploring a potential transaction with Trakopolis IoT Corp. (“**TRAK**” or the “**Company**”). This letter is being provided to you pursuant to the Confidentiality Agreement (the “**CA**”) which you have executed with the Company.

As you are aware, the Company has retained Canaccord Genuity Corp. (“**Canaccord Genuity**”) as its exclusive financial advisor to assist in the evaluation of a potential sale (the “**Process**”). To facilitate the evaluation of your interest in the Company, we invite you to submit a confidential, written and non-binding proposal (the “**Proposal**”) based upon your review of the public and confidential information provided to date.

Deadline for Submission of Proposals

The deadline for submission of Proposals is **January 29th, 2019 by 5:00 p.m. (EST) (the “Submission Time”)**. The Proposal must be submitted in writing and sent electronically or by courier, messenger, facsimile or other means to Canaccord Genuity, as outlined below, such that it is received no later than the foregoing deadline (electronic submission is preferred). The Proposal should be addressed as follows:

Jamie Brown
Vice Chairman,
Managing Director,
Investment Banking
Canaccord Genuity
Suite 2100
609 Granville St.
Vancouver, BC V7Y 1H2
Tel: (604) 643-7776
e-mail: jbrown@cgf.com

Mike Lauzon
Managing Director,
Head of TMT,
Investment Banking – Canada
Canaccord Genuity
Suite 3100
161 Bay St.
Toronto, ON M5J 2S1
Tel: (416) 869-7238
e-mail: mlauzon@cgf.com

Shoaib Ansari
Director,
Investment Banking
Canaccord Genuity
Suite 2100
609 Granville St.
Vancouver, BC V7Y 1H2
Tel: (604) 643-7636
e-mail: sansari@cgf.com

Contents of Proposal

Your Proposal should discuss in reasonable detail all matters relating to the proposed transaction and include clear detailed statements with respect to at least the following:

1. **Purchase Price.** Your Proposal should express the aggregate consideration in Canadian dollars that you would be prepared to pay for all of the outstanding common shares of the Company on a fully diluted basis, including an explanation of the methods and assumptions used to determine your purchase price. If acquiring the outstanding common shares of the Company, your proposal should express the purchase price on a per share basis. State clearly whether you intend to pay in cash or in a combination of cash and other consideration (in such case, state clearly the breakdown between cash and other consideration), as well as sufficient information to enable an adequate review of the non-cash consideration.
2. **Financing.** A specific indication of the anticipated sources and timing of financing, evidence of the availability of such financing, including the names of any lenders or partners and the steps necessary to obtain funding commitments to the extent it is not already committed, or any related contingencies.
3. **Transaction Structure.** A description of the proposed transaction structure and description of the acquiring entity. Please note the Company's preferred transaction structure is a share sale.
4. **Due Diligence.** Successful prospective parties will be provided access to an electronic data room containing detailed financial, legal and operational information following the submission of proposals. The Company has prepared a detailed data room index which will be provided upon access to the data room being granted and which will form the basis of the information to which prospective parties will have access during their due diligence.
5. **Timing and Approvals.** A description of any material considerations affecting timing, including any required corporate, shareholder or regulatory approvals, or consents necessary to complete a transaction and satisfy any other conditions to closing the transaction. Also, provide an indication of the level of review and approval within your organization that your Proposal has received to date.
6. **Material Conditions.** Any other material conditions to which your Proposal is subject.
7. **Potential Management Meetings.** Subject to review of your Proposal, you should indicate your availability for more detailed management meetings for the weeks of February 4 and February 11, 2019.
8. **Contact Information.** The names of any advisors or consultants that you have retained to assist you in the evaluation of the Company and the names, location and contact numbers and emails of the persons to be contacted by Canaccord Genuity, including your advisors as appropriate ("**Contact Details**").
9. **Additional Information.** Any other factors you believe may be relevant in evaluating your Proposal.

Procedures Following Receipt of Proposals

The Company and Canaccord Genuity will evaluate all Proposals received. The principal objective in considering the Proposals will be to optimize several variables in the Process including, among other things, (a) price received; (b) whether the consideration is all cash or a combination of cash and other consideration; (c) certainty of completion; (d) retention of management and other employees and (e) timing to enter into a definitive agreement.

If you are selected to continue in the Process, you will be invited to participate in more detailed management meetings, as well as be invited to access a virtual data room to undertake a due diligence review. As such, the Contact Details should include all parties that will require access to the due diligence materials.

Qualifications Regarding the Sale Process

The Company and Canaccord Genuity expressly reserve the right at any time, with or without providing notice or reasons, to: (i) amend or terminate the Process; (ii) decline to permit any interested party to participate in the Process; (iii) negotiate with one or more interested parties with respect to a transaction; (iv) terminate discussions with any or all interested parties; (v) reject any or all offers; (vi) accept an offer other than the highest offer; (vii) pursue other value maximizing alternatives; or (viii) limit access at any time to any additional information; all without any liability to the Company or Canaccord Genuity. The Company shall have complete discretion for all decisions regarding the Process.

In addition, the Company and Canaccord Genuity reserve the right to amend any information which has been made available to interested parties either by way of addition, deletion or amendment. Each interested party will be solely responsible for all costs incurred by it in connection with the Process, and no finder's fees, commissions, expenses or other compensation will be paid by the Company or Canaccord Genuity to agents, consultants, advisors or other intermediaries of any interested parties.

The Company and its representatives disclaim any and all liability for any information supplied to you, either written or oral, and no representation or warranty is made with respect to the accuracy or completeness of such information. By submitting your Proposal, you acknowledge that you are relying solely upon your own independent investigation and evaluation of the Company.

Questions Regarding the Sale Process

It is the intention of the Company and Canaccord Genuity to conduct the Process so that it minimizes any disruption to the operations and employees of the Company. The existence and contents of this letter, which is also being provided to other interested parties, remain subject to the Confidentiality Agreement previously entered into by you and the Company. You are reminded that you are not to make contact with any director, employee, shareholder, supplier or customer of the Company, or any agent or representative of the foregoing, or with any other prospective bidder, without the express written consent of Canaccord Genuity.

All communications or inquiries regarding the Process or any other matters relating to this letter should be directed to Jamie Brown at (604) 643-7776, Mike Lauzon at (416) 869-7238, or Shoaib Ansari at (604) 643-7636 at Canaccord Genuity.

On behalf of the Company, we appreciate your interest and we look forward to receiving your Proposal.

Yours truly,



Jamie Brown
Vice Chairman,
Managing Director,
Investment Banking
Canaccord Genuity



Mike Lauzon
Managing Director,
Head of TMT,
Investment Banking – Canada
Canaccord Genuity



Shoaib Ansari
Director,
Investment Banking
Canaccord Genuity

This is Exhibit “O” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

Trakopolis Provides Update on Credit Facility Amendment with ESW Holdings

CALGARY, Alberta, Aug. 07, 2019 -- Trakopolis IoT Corp. (TSXV: TRAK) ("**Trakopolis**" or the "**Company**") wishes to provide an update on certain provisions contained in the agreement with ESW Holdings, Inc. ("**ESW**") amending its US\$3.0 million senior secured credit facility (the "**Amending Agreement**"), as previously announced on August 2, 2019.

The Amending Agreement contemplated that certain milestones must be achieved by Trakopolis. In particular, the Amending Agreement required the Company, by not later than August 7, 2019, to provide ESW with a financing plan that contemplates full repayment of the senior secured credit facility by not later than September 30, 2019 (subject to extension by ESW). That financing plan has now been provided to ESW. It is also a milestone to the Amending Agreement that the Company pursue an equity raise in the aggregate amount of not less than CAD\$3.0 million (the "**Financing**") and make a public announcement with respect to such Financing by no later than August 7, 2019. The Board of Directors has resolved to move forward with the Financing and has engaged external legal and financial advisors to assist the Company in that regard. It is currently contemplated that a rights offering to existing shareholders will form one component of the Financing potentially combined with a private placement to existing shareholders and new investors. Other financing options to augment the Financing are also being considered.

The Company anticipates making a further disclosure with respect to the terms of the Financing once required stock exchange approvals have been received. In addition, Trakopolis wishes to advise that the work of the Special Committee noted in our August 2nd press release is on-going. Other than noted above, Trakopolis does not intend to comment further regarding the Financing or the Special Committee process unless a specific transaction is approved by the Board of Directors of the Company.

About Trakopolis

Trakopolis is a Software-as-a-Service (SaaS) company with proprietary, cloud-based solutions for real-time tracking, data analysis and management of corporate assets such as equipment, devices, vehicles and workers. The Company's asset management platform works across a variety of networks and devices. Trakopolis has a diversified revenue stream from many verticals including oil and gas, forestry, transportation, construction, rentals, urban services, mining, government and others.

For further information please contact:

Brent Moore, President and Chief Executive Officer
Trakopolis IoT Corp.
Telephone: (403) 450-7854
Email: bmoore@trakopolis.com

Forward-looking Statements

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements regarding the form and amount of the Financing. These forward-looking statements are dependent on a number of assumptions and risk factors, including Trakopolis' ability to attract sufficient interest in the Financing to satisfy the conditions of the Amending Agreement and Trakopolis' receiving required approval from the TSX Venture Exchange. A failure to comply with the obligations in the Amending Agreement could result in a default which, if not cured or waived, could result in an acceleration of the credit facility's repayment. If repayment of the credit facility were to be accelerated, there can be no assurance that Trakopolis' assets would be sufficient to repay in full that indebtedness.

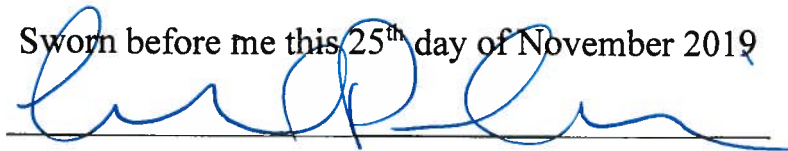
Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected effects on Trakopolis. These forward-looking statements are made as of the date of this press release. Except as required by applicable securities legislation, the Company assumes no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This is Exhibit “P” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

AIRD BERLIS

Kyle Plunkett
Direct: 416.865.3406
E mail: kplunkett@airdberlis.com

November 1, 2019

**PRIVATE & CONFIDENTIAL
DELIVERED BY EMAIL & COURIER**

Trakopolis IoT Corp.
1600, 144 – 4th Avenue SW
Calgary, Alberta T2P 3N4

Dear Sirs:

Re: ESW Holdings, Inc. (the “Lender”) loans to Trakopolis SAAS Corp. (the “Debtor”)

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to the Lender with respect to a certain credit facility (the “**Credit Facility**”) made available by the Lender to the Debtor pursuant to and under the terms of an amended and restated loan and security agreement entered into between, *inter alios*, the Lender and the Debtor dated November 27, 2018 (as amended, replaced, restated or supplemented from time to time, collectively, the “**Credit Agreement**”). All capitalized terms used but not defined herein shall have the meanings given to such terms in the Credit Agreement.

Trakopolis IoT Corp. (the “**Guarantor**”) has guaranteed the obligations of the Debtor to the Lender pursuant to an unlimited guarantee dated November 27, 2018 (the “**Guarantee**”).

One or more Event(s) of Default (as defined in the Credit Agreement) has/have occurred under the Credit Agreement, and the Lender has made formal demand on the Debtor.

The following amounts are owing by the Debtor to the Lender for principal, interest and fees pursuant to the Credit Facility, plus costs and expenses, pursuant to the Credit Agreement as of November 1, 2019:

Trakopolis SAAS Corp.	Indebtedness
Credit facility – Principal:	USD\$3,052,568.09
Default Interest accrued from October 1, 2019 to October 31, 2019:	USD\$38,093.51
Prepayment Premium (as defined in the Credit Agreement)	USD\$309,066.16
Professional Fees (Legal) – Billed but not yet collected	USD\$16,290.24
Unbilled Professional Fees (Legal) to the date hereof	USD\$9,500
Total	USD\$3,425,518.00

On behalf of the Lender, we hereby make formal demand for payment of USD\$3,425,518.00, together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by the Lender (collectively, the

"**Guaranteed Indebtedness**") pursuant to the Guarantee. Payment is required to be made immediately. Interest continues to accrue on the Guaranteed Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

The Guarantee is secured by, *inter alia*, a general security agreement dated November 27, 2018 granted by the Guarantor in favour of the Lender, which grants the Lender, amongst other things, a security interest in any and all of the Guarantor's assets, undertaking and personal property.

If payment of the Guaranteed Indebtedness is not received immediately, the Lender shall take whatever steps it may consider necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the appointment of an interim receiver, receiver and/or receiver and manager of the Guarantor, in which case the Lender will also be seeking all costs associated with doing so.

On behalf of the Lender, we hereby enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA Notice**").

The Lender hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Please govern yourself accordingly.

Yours truly,

AIRD & BERLIS LLP

per. *K. Plunkett*
for

Kyle Plunkett

KP/jm

Encl.

cc: *Martin Kovnats and Sean Mason, Aird & Berlis LLP*
Frank Turner and Andrea Whyte, Osler Hoskin & Harcourt LLP
Neeraj Gupta

AIRD BERLIS

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

Delivered By Email and Courier

TO: Trakopolis IoT Corp.
1600, 144 – 4th Avenue SW
Calgary, Alberta T2P 3N4

insolvent company / person

TAKE NOTICE that:

1. ESW Holdings, Inc. (the “**Lender**”), a secured creditor, intends to enforce its security on the property, assets and undertakings of Trakopolis IoT Corp. (the “**Debtor**”), including, without limiting the generality of the foregoing, all assets, undertaking and personal property of the Debtor.
2. The security that is to be enforced is in the form of, *inter alia*, a general security agreement dated November 27, 2018 granted by the Debtor in favour of the Lender, which grants the Lender, amongst other things, a security interest in any and all of the Debtor’s property, assets and undertakings (collectively, the “**Security**”).
3. As at November 1, 2019, the total amount of the indebtedness secured by the Security is the sum of USD\$3,425,518.00, in principal and interest, plus accruing interest and recovery costs and fees of the Lender (including, without limitation, the Lender’s legal and other professional fees).
4. The Lender will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of November, 2019.

ESW HOLDINGS, INC.
by its lawyers, Aird & Berlis LLP

Per: *K. Plunkett* *SRM*
Kyle Plunkett

Brookfield Place, Suite 1800
181 Bay Street, Box 754
Toronto, ON M5J 2T9
Tel: 416-863-1500
Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

AIRD BERLIS

Kyle Plunkett
Direct: 416.865.3406
E-mail: kplunkett@airdberlis.com

November 1, 2019

**PRIVATE & CONFIDENTIAL
DELIVERED BY EMAIL & COURIER**

Trakopolis SAAS Corp.
1600, 144 – 4th Avenue SW
Calgary, Alberta T2P 3N4

Dear Sir/Madam

Re: ESW Holdings, Inc. (the “Lender”) loans to Trakopolis SAAS Corp. (the “Debtor”)

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to the Lender with respect to a certain credit facility (the “**Credit Facility**”) made available by the Lender to the Debtor pursuant to and under the terms of an amended and restated loan and security agreement entered into between, *inter alios*, the Lender and the Debtor dated November 27, 2018 (as amended, replaced, restated or supplemented from time to time, collectively, the “**Credit Agreement**”). All capitalized terms used but not defined herein shall have the meanings given to such terms in the Credit Agreement.

The Debtor is in default of their obligations under the Credit Agreement.

The following amounts are owing to the Lender for principal, interest and fees pursuant to the Credit Facility, plus costs and expenses, pursuant to the Credit Agreement as of November 1, 2019:

Trakopolis SAAS Corp.	Indebtedness
Credit facility – Principal:	USD\$3,052,568.09
Default Interest accrued from October 1, 2019 to October 31, 2019:	USD\$38,093.51
Prepayment Premium (as defined in the Credit Agreement)	USD\$309,066.16
Professional Fees (Legal) – Billed but not yet collected	USD\$16,290.24
Unbilled Professional Fees (Legal) to the date hereof	USD\$9,500
Total	USD\$3,425,518.00

On behalf of the Lender, we hereby make formal demand for payment of USD\$3,425,518.00, together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by the Lender (collectively, the “**Indebtedness**”). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

AIRD BERLIS

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

Delivered By Email & Courier

TO: **Trakopolis SAAS Corp.**
1600, 144 – 4th Avenue SW
Calgary, Alberta T2P 3N4

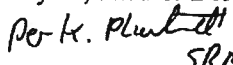
insolvent company / person

TAKE NOTICE that:

1. ESW Holdings, Inc. (the “**Lender**”), a secured creditor, intends to enforce its security on the property, assets and undertakings of Trakopolis SAAS Corp. (the “**Debtor**”), including, without limiting the generality of the foregoing, all assets, undertaking and personal property of the Debtor.
2. The security that is to be enforced is in the form of, *inter alia*, (a) a general security agreement dated November 15, 2018 granted by the Debtor in favour of the Lender and (b) a share pledge agreement dated November 15, 2018 granted by the Debtor in favour of the Lender in respect of the shares in the capital stock of Trakopolis USA Corp. (collectively, the “**Security**”).
3. As at November 1, 2019, the total amount of the indebtedness secured by the Security is the sum of USD\$3,425,518.00 in principal and interest, plus accruing interest and recovery costs and fees of the Lender (including, without limitation, the Lender's legal and other professional fees).
4. The Lender will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of November, 2019.

ESW HOLDINGS, INC.
by its lawyers, **Aird & Berlis LLP**

Per: 
Kyle Plunkett

Brookfield Place, Suite 1800
181 Bay Street, Box 754
Toronto, ON M5J 2T9
Tel: 416-863-1500
Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

AIRD BERLIS

Kyle Plunkett
Direct: 416.865.3406
E mail: kplunkett@airdberlis.com

November 1, 2019

**PRIVATE & CONFIDENTIAL
DELIVERED BY EMAIL & COURIER**

Trakopolis USA Corp.
1201 North Market Street, 18th Floor
Wilmington, Delaware, USA
19801

Dear Sirs:

Re: ESW Holdings, Inc. (the "Lender") loans to Trakopolis SAAS Corp. (the "Debtor")

We are the lawyers for the Lender in connection with its lending arrangements with the Debtor.

The Debtor is indebted to the Lender with respect to a certain credit facility (the "**Credit Facility**") made available by the Lender to the Debtor pursuant to and under the terms of an amended and restated loan and security agreement entered into between, *inter alios*, the Lender and the Debtor dated November 27, 2018 (as amended, replaced, restated or supplemented from time to time, collectively, the "**Credit Agreement**"). All capitalized terms used but not defined herein shall have the meanings given to such terms in the Credit Agreement.

Trakopolis USA Corp. (the "**Guarantor**") has guaranteed the obligations of the Debtor to the Lender pursuant to an unlimited guarantee dated November 27, 2018 (the "**Guarantee**").

One or more Event(s) of Default (as defined in the Credit Agreement) has/have occurred under the Credit Agreement, and the Lender has made formal demand on the Debtor.

The following amounts are owing by the Debtor to the Lender for principal, interest and fees pursuant to the Credit Facility, plus costs and expenses, pursuant to the Credit Agreement as of November 1, 2019:

Trakopolis SAAS Corp.	Indebtedness
Credit facility – Principal:	USD\$3,052,568.09
Default Interest accrued from October 1, 2019 to October 31, 2019:	USD\$38,093.51
Prepayment Premium (as defined in the Credit Agreement)	USD\$309,066.16
Professional Fees (Legal) – Billed but not yet collected	USD\$16,290.24
Unbilled Professional Fees (Legal) to the date hereof	USD\$9,500
Total	USD\$3,425,518.00

On behalf of the Lender, we hereby make formal demand for payment of USD\$3,425,518.00, together with accruing interest and any and all costs and expenses (including, without limitation, any additional legal and other professional fees) incurred by the Lender (collectively, the

“Guaranteed Indebtedness”) pursuant to the Guarantee. Payment is required to be made immediately. Interest continues to accrue on the Guaranteed Indebtedness at the rates established by the Credit Agreement and any other agreement, as applicable.

The Guarantee is secured by, *inter alia*, a security agreement dated November 27, 2018 between USA and the Lender, which grants the Lender, amongst other things, a security interest in any and all of the Guarantor’s property, assets and undertaking.

If payment of the Guaranteed Indebtedness is not received immediately, the Lender shall take whatever steps it may consider necessary or appropriate to collect and recover the amounts owing to it, including, without limitation, the appointment of an interim receiver, receiver and/or receiver and manager of the Guarantor, in which case the Lender will also be seeking all costs associated with doing so.

On behalf of the Lender, we hereby enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the **“BIA Notice”**).

The Lender hereby reserves its rights to initiate proceedings within the ten (10) day period set out in the BIA Notice, if circumstances warrant such proceedings.

Please govern yourself accordingly.

Yours truly,

AIRD & BERLIS LLP

per K. Plunkett
KP
Kyle Plunkett

KP/jm
Encl.

cc: *Martin Kovnats and Sean Mason, Aird & Berlis LLP*
Frank Turner and Andrea Whyte, Osler Hoskin & Harcourt LLP
Neeraj Gupta

AIRD BERLIS

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

Delivered By Email and Courier

TO: Trakopolios USA Corp.
1201 North Market Street, 18th Floor
Wilmington, Delaware, USA
19801


insolvent company / person

TAKE NOTICE that:

1. ESW Holdings, Inc. (the "**Lender**"), a secured creditor, intends to enforce its security on the property, assets and undertakings of Trakopolios USA Corp. (the "**Debtor**"), including, without limiting the generality of the foregoing, all assets, undertaking and personal property of the Debtor.
2. The security that is to be enforced is in the form of, *inter alia*, a security agreement dated November 27, 2018 between the Debtor and the Lender, which grants the Lender, amongst other things, a security interest in any and all of the Debtor's property, assets and undertakings (collectively, the "**Security**").
3. As at November 1, 2019, the total amount of the indebtedness secured by the Security is the sum of USD\$3,425,518.00, in principal and interest, plus accruing interest and recovery costs and fees of the Lender (including, without limitation, the Lender's legal and other professional fees).
4. The Lender will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Toronto this 1st day of November, 2019.

ESW HOLDINGS, INC.
by its lawyers, Ajrd & Berlis LLP

Per: 

Kyle Plunkett

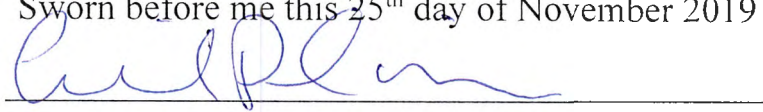
Brookfield Place, Suite 1800
181 Bay Street, Box 754
Toronto, ON M5J 2T9
Tel: 416-863-1500
Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

This is Exhibit “Q” referred to in the

Affidavit of Chris Burchell

Sworn before me this 25th day of November 2019



Notary Public/Commissioner for Oaths in and for Alberta

EMILY E. PAPLAWSKI
Barrister & Solicitor

Sales and Investment Solicitation Process

On November 7, 2019, Trakopolis IoT Corp. (“**IoT**”) filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”). On November 9, 2019, Trakopolis Saas Corp. (“**Saas**” and together with IoT, the “**Companies**”) filed a Notice of Intention to Make a Proposal under the BIA. Alvarez & Marsal Canada Inc. has been appointed as Proposal Trustee (the “**Proposal Trustee**”) of the Companies.

On November ____, 2019, the Companies filed an Application with the Alberta Court of Queen’s Bench (the “**Court**”) seeking an order, among other things, approving the sale and investment solicitation process (“**SISP**”) and the procedures set forth herein (as such process may be amended, restated or supplemented pursuant to the terms herein, the “**SISP Procedures**”).

On December 6, 2019, the Court entered an order (the “**Bid Procedures Order**”) approving the SISP Procedures. The Bid Procedures Order and the SISP Procedures are to be followed with respect to a sale and investor solicitation process to be undertaken with respect to the Companies.

These SISP Procedures describe, among other things, the Assets and Business of the Companies available for sale, the opportunity for the acquisition of the Assets or Business, the opportunity for an investment in the Companies, the manner in which Interested Parties may gain access to or continue to have access to due diligence materials concerning the Assets, Business or an investment in the Companies, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively, the receipt and negotiation of bids received, the ultimate selection of one or more Successful Bid(s), and the process for obtaining approval of one or more Successful Bid(s) by the Court.

1. Definitions

All capitalized terms used but not otherwise defined herein shall have the following meanings:

“**Assets**” means the assets, undertakings and property of the Companies.

“**Bid**” means an offer made to the Companies to purchase all or any part of the Assets, the Business, or make an investment in the Companies.

“**Bidder**” means a person who has made a Bid.

“**Business**” means the business of technological services carried on by the Companies.

“**Business Day**” means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are open for business in the City of Calgary.

“**Court**” means the Court of Queen’s Bench of Alberta.

“Form Asset Purchase Agreement” means the template agreement of purchase and sale provided by the Proposal Trustee to all Interested Parties.

“Form Share Purchase Agreement” means the template share purchase agreement provided by the Proposal Trustee to all Interested Parties.

“Lender” means ESW Holdings, Inc.

“Proceedings” means Court Nos. 25-2582159 and 25-2581252.

“Qualified Bid” means a Bid that complies with the requirements of section 4 below.

“Qualified Bidder” means a person who made a Qualified Bid.

“Representatives” when used with respect to a person means each director, officer, employee, consultant, contractor, financial advisor, legal counsel, accountant and other agent, adviser or representative of that person.

“Successful Bid” has the meaning given to it in section 6 below.

“Successful Bidder” means the Qualified Bidder(s) who made the Successful Bid(s).

2. Procedure

Any interested party that executes a confidentiality agreement on terms and conditions satisfactory to the Companies (**“Confidentiality Agreement”**) and is determined by the Companies, in consultation with the Proposal Trustee, to be reasonably capable of submitting a Qualified Bid by the Bid Deadline (an **“Interested Party”**), shall be provided with access to the virtual data room established by the Companies in order for such Interested Party to be able to prepare and submit a Qualified Bid by the Bid Deadline. Any party who has previously entered into a valid and binding Confidentiality Agreement in connection with the sale of the Business or the Assets shall be deemed to be an Interested Party for the purposes of this SISF.

3. As Is, Where Is Sale

The sale of the Business or any part of the Assets will be on an **"as is, where is"** basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Proposal Trustee or any of its Representatives, except to the extent set forth in the relevant definitive agreement(s) with the Successful Bidder(s).

By participating in this process, each Interested Party is deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Business or the Assets of the Companies prior to making its Bid, that it has relied solely on its own independent review, investigation, and/or inspection of any documents regarding the Business or Assets in making its Bid, and that it does not rely on any written or oral statements, representations, promises, warranties, conditions or guarantees whatsoever, whether express, implied, by operation of law or otherwise, regarding the Business, the Assets or the Companies or the completeness of any information provided

in connection therewith, express as expressly stated in the relevant definitive agreement(s).

4. Bid Deadline

An Interested Party that wishes to make a Bid to (a) acquire the Business or all, substantially all or any part of the Assets (a “**Sale Proposal**”), or (b) make an investment in the Companies by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Companies with one or more lenders and/or investors or security holders (an “**Investment Proposal**”), must deliver a Qualified Bid to the Proposal Trustee at the address specified in Exhibit 1 hereto (including by email) so as to be received by the Proposal Trustee **not later than 5:00 p.m. (MST) on January 10, 2020**, or such other later date or time as may be agreed by the Companies and the Proposal Trustee with the consent of the Lender (the “**Bid Deadline**”).

In order for a Bid to be deemed a Qualified Bid under this SISP, it must:

- a. be irrevocable until Court approval of the Successful Bid(s);
- b. include:
 - a. Sale Proposal: in the case of a Sale Proposal, a duly authorized and executed definitive asset purchase agreement or share purchase agreement together with all completed schedules thereto substantially in the form of the Form Asset Purchase Agreement or the Form Share Purchase Agreement, as applicable, containing the detailed terms and conditions of the proposed transaction, including the Business or the Assets proposed to be acquired, the obligations to be assumed, the purchase price for the Business or Assets proposed to be acquired (the “**Purchase Price**”), the expected timeframe to complete the transaction, the detailed structure and financing of the proposed transaction, and whether the Interested Party proposes to act as a stalking horse bidder and the proposed terms of such stalking horse transaction, together with a blackline comparing the asset purchase agreement or share purchase agreement submitted with the Bid to the Form Asset Purchase Agreement or the Form Share Purchase Agreement, as the case may be; and
 - b. Investment Proposal: in the case of an Investment Proposal, a duly authorized and executed binding term sheet describing the detailed terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Companies following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the pro forma capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Companies, and

the debt, equity, or other securities, if any, proposed to be allocated to the creditors of the Companies;

- c. provide written evidence upon which the Companies and the Proposal Trustee may reasonably conclude that the Interested Party has the necessary financial ability to close the contemplated transaction and provide adequate assurance of future performance of all obligations to be assumed in such contemplated transaction;
- d. confirm that the Bid is not conditional on the outcome of unperformed due diligence and/or obtaining financing;
- e. provide evidence, in form and substance reasonably satisfactory to the Companies and the Proposal Trustee, of authorization and approval from the Interested Party's board of director (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Bid, and identification of any anticipated shareholder, regulatory or other approvals outstanding, and the anticipated time frame and any anticipated impediments to obtaining such approvals;
- f. acknowledge and represent that the Interested Party: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Business and/or Assets to be acquired, liabilities to be assumed or the Companies in making its bid; and (ii) did not rely on any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express or implied (by operation of law or otherwise) by the Companies, the Proposal Trustee, or any of their respective Representatives, regarding the Business, the Assets to be acquired, liabilities to be assumed, the Companies or the completeness of any information provided in connection therewith, excepts as expressly provided in the definitive agreement(s);
- g. a bank draft made payable to the Proposal Trustee for an amount equal to 10% of the Purchase Price to be held as the deposit (the "**Deposit**") on the terms set out in paragraph 9 hereof;
- h. provide such other information as may reasonably be requested by the Companies or the Proposal Trustee, as applicable; and
- i. be received by the Proposal Trustee at the address specified in Exhibit 1 hereto (including by email) on or before the Bid Deadline.

The Companies, with the approval of the Proposal Trustee, may waive one or more minor and non-material violations of the requirements specified for Qualified Bids and deem such non-compliant Bids to be Qualified Bids, provided that, proof of financial ability to perform required pursuant to section 4(c) cannot be waived without consent of the Lender.

5. Stalking Horse

At any time, the Companies shall retain the right to select one or more Interested Parties to serve as a stalking horse bidder on terms customary in an insolvency sale process and acceptable to the Companies, in consultation with the Proposal Trustee. In the event that the Companies select a stalking horse bidder, they shall immediately inform each Interested Party in writing. The Companies will be, in their sole discretion and in consultation with the Proposal Trustee, entitled but not required to apply to the Court: (i) to extend the Bid Deadline and otherwise amend the SISP Process set out herein to provide for appropriate procedures for the sale of the Business or Assets (or any portion thereof) pursuant to a stalking horse transaction (which may include an auction) (the “**Amended SISP Procedures**”), and (ii) for approval of any stalking horse agreement(s) and Amended SISP Procedures.

6. Evaluation of Qualified Bids

Following the Bid Deadline, the Companies, in consultation with the Proposal Trustee, shall evaluate the Qualified Bids on various grounds including, but not limited to, the Purchase Price or imputed or projected value, the treatment of creditors, the Companies’ other stakeholders, and related implied recovery for creditors (in each case, as applicable), the assumed liabilities, the certainty of closing the transactions contemplated by the Qualified Bid and any delay or other risks (including closing risks) in connection with the Qualified Bid.

The Companies, in consultation with the Proposal Trustee, shall be entitled, either prior to or following the Bid Deadline, to seek to clarify or negotiate the terms of any Qualified Bid submitted by a Qualified Bidder. The Companies, in consultation with the Proposal Trustee, may also select any or all Qualified Bid(s) for further negotiation and/or clarification of any terms or conditions of such Qualified Bids, including the amounts offered, before identifying the highest or otherwise best Qualified Bid(s) received, as the case may be.

The Companies, in consultation with the Proposal Trustee, may accept a revised or clarified Qualified Bid, provided that the initial Qualified Bid was received by the Proposal Trustee prior to the Bid Deadline.

Subject to the establishment of Amended SISP Procedures under section 5 above, the Companies, in consultation with the Proposal Trustee, shall identify the highest or otherwise best Qualified Bid(s) received (each such Qualified Bid, the “**Successful Bid**”). The Proposal Trustee will notify the Qualified Bidders of the identities of the Successful Bidder(s) by no later than **5:00 p.m. (MST) on January 24, 2020**.

7. Definitive Agreements

The Companies and Proposal Trustee will finalize definitive agreement(s) in respect of any Successful Bidder(s), conditional upon approval of the Court, as soon as practicable following the selection of the Successful Bidder(s), but in any event by no later than **5:00**

p.m. (MST) on February 7, 2020 or such later date or time as the Proposal Trustee may determine appropriate in consultation with the Companies and the Successful Bidder(s).

8. Approval Hearing

As soon as reasonably possible following the Bid Deadline and, in any event, within five Business Days of the execution of the definitive agreement(s) by the Companies and the Successful Bidder(s), the Companies shall apply to the Court (the "**Approval Hearing**") for approval of such transactions with the Successful Bidders.

All Qualified Bids (other than any Successful Bid(s)) shall be deemed rejected by the Companies on and as of the date of approval of the Successful Bid(s) by the Court.

If, following approval of the Successful Bid(s) by the Court, the Successful Bidder(s) fail to consummate the transaction for any reason, then the Companies, in consultation with the Proposal Trustee, shall be entitled to re-engage with the Qualified Bidder(s) to attempt to renegotiate the Qualified Bids without further order of the Court.

9. Deposits

All Deposits shall be held by the Proposal Trustee in a single non-interest bearing account designated solely for such purpose. A Deposit paid by a Successful Bidder shall be dealt with in accordance with the definitive documents for the transactions contemplated by the Successful Bid. Deposits paid by a Bidder not selected as a Qualified Bidder shall be returned to such Bidder within three Business Days of being advised that it is not a Qualified Bidder. Deposits paid by a Qualified Bidder not selected as a Successful Bidder shall be returned to such Qualified Bidder within three Business Days of Court approval of the Successful Bid(s).

10. No Amendment

Subject to the other provisions of the SISP Procedures, the Companies shall not amend these SISP Procedures without the approval of the Court, on notice to the service list in these Proceedings.

11. Consultation with the Lender

The Companies, in consultation with the Proposal Trustee, shall, as appropriate, consult with the Lender throughout the SISP; provided that, to the extent the Lender is related to a Bidder, the Companies and the Proposal Trustee shall not provide the Lender with information that might create an unfair advantage or jeopardize the integrity of the SISP.

12. Miscellaneous

Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Each Qualified Bidder, upon being declared as such under the SISP Procedures, shall be deemed to have irrevocably and unconditionally attorned and submitted to the

jurisdiction of the Court in these Proceedings in respect of any action, proceeding or dispute in relation to the conduct or any aspect of the SISP Procedures and the SISP.

At any time during the SISP Process, the Proposal Trustee may apply to the Court for advice and directions with respect to the discharge of its obligations and duties herein.

Exhibit 1 – Addresses and Contact Information of the Proposal Trustee

Alvarez & Marsal Canada Inc. LIT

Bow Valley Square 4

Suite 1110, 250 6th Ave SW

Calgary, Alberta

T2P 3H7

Attention: Orest Konowalchuk

Phone: (403) 538-4736

Email: okonowalchuk@alvarezandmarsal.com

Fax: (403) 538-7551