

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or any state securities laws and may not be offered, sold or otherwise disposed of, directly or indirectly in the United States (as defined in Regulation S under the 1933 Act) except in transactions exempt from registration under the 1933 Act and under the securities laws of any applicable state. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in the United States.

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuing Company at 390 March Road Suite 110, Ottawa, ON K2K 0G7, Telephone: 613-271-5989, and is also available electronically at www.sedar.com

SHORT FORM PROSPECTUS

New Issue

March 12, 2021

MARTELLO TECHNOLOGIES GROUP INC.

\$5,000,040

26,316,000 Units consisting of Common Shares and Warrants

This short form prospectus (the “**Prospectus**”) qualifies the distribution of 26,316,000 units (“**Units**”) of Martello Technologies Group Inc. (“**Martello**”, the “**Company**” “**us**” or “**we**”) at a price of \$0.19 per Unit (the “**Offering Price**”) for aggregate gross proceeds of \$5,000,040 (the “**Offering**”).

Each Unit consists of one common share (a “**Common Share**”) in the capital of the Company (a “**Unit Share**”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “**Warrant**”). Each Warrant will be exercisable to purchase one common share in the capital of the Company (a “**Warrant Share**”) at a price of \$0.30 per Warrant Share for a period of 24 months following the Closing Date (as hereinafter defined).

The Unit Shares and Warrants comprising the Units will separate immediately upon closing of the Offering. The Units will be sold pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated March 3, 2021 between the Company and Paradigm Capital Inc. (“**Paradigm**”), Eight Capital (together with Paradigm, the “**Co-Lead Underwriters**”) and PI Financial Corp. (collectively with the Co-Lead Underwriters, the “**Underwriters**”). The price of the Units offered hereunder was determined by negotiation between the Company and the Underwriters. See “*Plan of Distribution*”. Proceeds received from the Offering will be available to the Company for the purposes set out under the heading “*Use of Proceeds*”.

The outstanding Common Shares are listed for trading on the TSXV under the symbol “MTLO”. On March 11, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.18 per Common Share. Completion of the Offering is conditional upon the Unit Shares, Warrant Shares, and Option Shares (as defined below) being listed on the TSXV. The TSXV has conditionally approved the listing of the Unit Shares and Warrant Shares underlying the Units and Compensation Option Units (as defined below). Listing is subject to the Company fulfilling all the listing requirements of the TSXV.

	\$0.19 per Unit		
	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Offered Unit	\$0.19	\$0.01197	\$0.17803
Total	\$5,000,040	\$315,002.80 ⁽³⁾	\$4,685,037.20

Notes:

- The Company has agreed to pay to the Underwriters a cash commission equal to 7% of the gross proceeds realized from the sale of Units and Additional Units (as hereinafter defined), other than in respect of sales of a maximum of \$1,000,000 of the Offering, to certain directors and officers of the Company or their related entities (the “**President’s List**”) for which the Company shall pay a commission equal to 3.5% (the “**Underwriters’ Fee**”). The Company has also agreed to grant to the Underwriters such number of compensation options (the “**Compensation Options**”) as is equal to 5% of the aggregate number of Units and Additional Units (as hereinafter defined) issued under the Offering, other than any Units issued in connection with the President’s List, including an exercise of the Over-Allotment Option for which the Company shall issue to the Underwriter that number of compensation options as is equal to 2.5% of the Units. Each Compensation Option will be exercisable to purchase one unit of the Company on the same terms as the Units (a

“**Compensation Option Unit**”) at a price of \$0.19 per Compensation Option Unit for a period of 24 months following the Closing Date. This Prospectus also qualifies the distribution of the Compensation Options and the securities issuable upon exercise of the Compensation Options. See “*Plan of Distribution*”.

- (2) After deducting the Underwriters’ Fee, but before deducting the expenses of the Offering, estimated to be \$250,000, which will be paid from the proceeds of the Offering.
- (3) The Company has granted to the Underwriters an option (the “**Over-Allotment Option**”), exercisable, in whole or in part in the sole discretion of the Co-Lead Underwriters, at any time for a period of thirty (30) days from and including the Closing Date, to arrange for purchasers of additional Units (the “**Additional Units**”) and representing 15% of the number of Units sold under the base Offering, such Additional Units having the same terms and conditions as the Units, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters in respect of: (i) Additional Units at a price of \$0.19 per Additional Unit; (ii) additional Unit Shares (the “**Additional Shares**”) at a price of \$0.185 per Additional Share; (iii) additional Warrants (the “**Additional Warrants**”) at a price of \$0.01 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants (collectively with the Additional Units, the “**Additional Securities**”), so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 3,947,400 Additional Shares and 1,973,700 Additional Warrants. If the Over-Allotment Option is exercised in full, the cumulative gross proceeds of the Offering will be \$5,750,046, the total Underwriters’ Fee will be \$367,503.22 and the total net proceeds to the Company will be \$5,382,542.78, after deducting the Underwriters’ Fee but before deducting the expenses of the Offering, estimated to be \$250,000. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Securities issuable upon exercise of the Over-Allotment Option. Unless the context otherwise requires, references to Units, Unit Shares and Warrants include the applicable Additional Securities.

The Underwriters, as principal, conditionally offer the Units, subject to prior sale, if, as and when issued by Martello and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement, and subject to the approval of certain legal matters on behalf of Martello by Perley-Robertson, Hill & McDougall LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. **The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any Common Shares remaining unsold. Any such reduction will not affect the proceeds received by the Company. See “*Plan of Distribution*”.**

Subscriptions for the Units offered under this Prospectus will be received by the Underwriters subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about March 18, 2021, or on such other date or dates as the Company and the Underwriters, may agree, in any event, on or before a date not later than 42 days after the date of the receipt for the (final) short form prospectus (the “**Closing Date**”).

The Company will arrange for an instant deposit of the securities issued hereunder to or for the account of the Underwriters with CDS Clearing and Depository Services Inc. (“**CDS**”) on the Closing Date, against payment of the aggregate purchase price for the securities issued hereunder. Accordingly, a purchaser of securities issued hereunder will receive only a customer confirmation from the Underwriters or other registered dealers who are CDS participants and from or through which the securities issued hereunder are purchased. Beneficial owners of Common Shares will not, except in certain limited circumstances, be entitled to receive physical certificates representing their ownership of Common Shares.

There is no market through which the Warrants comprising part of the Units may be sold and purchasers may not be able to resell the Warrants that are purchased under this short form prospectus. In addition, the Warrants will not be listed for trading on the TSXV or any other stock exchange following the Closing Date. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. See “*Risk Factors*”.

Underwriters’ Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to arrange for purchasers of up to 3,947,400 Additional Units	30 days from and including the Closing Date	\$0.19 per Additional Unit
Compensation Options ⁽¹⁾	Option to purchase up to 1,381,591 Compensation Option Units ⁽²⁾	24 months from the Closing Date	\$0.19 per Compensation Option Unit

Notes:

- (1) This Prospectus qualifies the distribution of the Compensation Options. See “*Plan of Distribution*”.
- (2) Assuming the exercise in full of the Over-Allotment Option.

Subject to applicable laws in connection with the Offering, the Underwriters may effect transactions intended to stabilize or maintain the market price for the Common Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”. A purchaser who acquires Common Shares forming

part of the Underwriters' over-allocation position acquires those securities under this short form prospectus, regardless of the fact that the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases.

In addition to the Offering, the Company intends to complete a concurrent non-brokered private placement of up to 2,310,502 Units (the "**Private Placement Units**") for aggregate gross proceeds of up to approximately \$439,000, on or prior to the Closing Date (the "**Concurrent Private Placement**"). The Private Placement Units are offered in response to the exercise of a pre-emptive right granted to one of the vendors pursuant to the Company's agreement dated April 28, 2020 to acquire 100% of the shares of GSX Participations SA ("**GSX**"). The Company will rely on the prospectus exemption found under s.2.3 of OSC Rule 72-503. The Prospectus does not qualify the distribution of the Private Placement Units issuable pursuant to the Concurrent Private Placement. The Concurrent Private Placement is expected to close simultaneously with the Offering; however, the Offering is not conditional on the closing of the Concurrent Private Placement. Closing of the Concurrent Private Placement is subject to a number of conditions, including the approval of the TSXV. The Underwriters are not acting in connection with, and no fee or commission will be paid to the Underwriters in respect of, the Private Placement Units. See "*Concurrent Private Placement*".

An investment in the Units is subject to certain risks. Prospective investors should carefully consider the risk factors incorporated by reference in this Prospectus, under the heading "*Risk Factors*" in this Prospectus, and the AIF (as defined herein) and elsewhere in this Prospectus.

In this Prospectus all dollar amounts are stated in Canadian dollars and all references to "dollars" or "\$" are to Canadian dollars and "US\$" refers to US Dollars.

Investors should rely only on the information contained or incorporated by reference in this Prospectus. The Company has not authorized any person to provide different information.

The Units may be sold only in those jurisdictions where offers and sales are permitted. This Prospectus is not an offer to sell or a solicitation of an offer to buy the Units in any jurisdiction where it is unlawful. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or of any sale of the Units, except in the case of documents incorporated or deemed to be incorporated by reference into the Prospectus after the date hereof. Information contained on the Company's Internet website, at www.martellotech.com, shall not be deemed to be a part of this Prospectus or incorporated by reference herein and may not be relied upon by prospective investors for determining whether to invest in the Units qualified for distribution under this Prospectus.

The head and registered office of Martello is located at 390 March Road, Suite 110, Ottawa, ON K2K 0G7.

Michael Galvin, director of the Company, resides outside of Canada. He has appointed Martello Technologies Group Inc. at 390 March Road, Suite 110, Ottawa, ON K2K 0G7 as agent for service of process in Canada. Antoine Leboyer, director of the Company, resides outside of Canada. He has appointed Martello Technologies Group Inc. at 390 March Road, Suite 110, Ottawa, ON K2K 0G7 as agent for service of process in Canada.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE	1
FINANCIAL INFORMATION AND NON-IFRS MEASURES.....	2
FORWARD-LOOKING STATEMENTS	3
BUSINESS OF MARTELLO.....	4
CONSOLIDATED CAPITALIZATION.....	6
USE OF PROCEEDS	7
PLAN OF DISTRIBUTION	10
CONCURRENT PRIVATE PLACEMENT	12
DESCRIPTION OF SECURITIES BEING DISTRIBUTED.....	13
PRIOR SALES.....	14
TRADING PRICE AND VOLUME	16
INTERESTS OF EXPERTS.....	16
ELIGIBILITY FOR INVESTMENT	16
CERTAIN CANADIAN AND FEDERAL INCOME TAX CONSIDERATIONS.....	17
RISK FACTORS	19
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	22
CERTIFICATE OF MARTELLO TECHNOLOGIES GROUP INC.	23
CERTIFICATE OF THE UNDERWRITER.....	24

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with authorities in Canada. Copies of the documents incorporated by reference herein may be obtained on request without charge from the Company at 390 March Road, Ottawa, ON K2K 0G7, Suite 110, Telephone: 613-271-5989. In addition, copies of the documents incorporated herein by reference are also available through the Internet on SEDAR which can be accessed at www.sedar.com.

The following documents filed with the securities commissions or similar authorities in Ontario, Alberta, and British Columbia are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the annual information form (the “AIF”) of the Company dated December 24, 2020 and refiled February 23, 2021 for the year ended March 31, 2020;
- (b) the audited financial statements of the Company as at and for the year ended March 31, 2020 and the related notes thereto and the auditor’s report thereon;
- (c) the management’s discussion and analysis of the Company for the year ended March 31, 2020 (“**Annual MD&A**”);
- (d) the unaudited condensed interim consolidated financial statements of the Company and the related notes thereto for the three and nine months ended December 31, 2020 (the “**Interim Financial Statements**”);
- (e) the management’s discussion and analysis of the Company for the three and nine months ended December 31, 2020 (the “**Interim MD&A**”);
- (f) the management proxy statement and information circular dated August 26, 2020 for the annual and special meeting of the shareholders of the Company held on September 22, 2020;
- (g) the material change report dated March 5, 2021 announcing a concurrent non-brokered private placement of up to 2,310,502 units at an offering price of \$0.19 per unit;
- (h) the material change report dated March 5, 2021 announcing the receipting of the preliminary short form prospectus related to the Offering;
- (i) the material change report dated March 1, 2021 announcing the Offering;
- (j) the material change report dated December 23, 2020 announcing the amendment of certain terms of the Company’s stock option agreement with Niall Gallagher;
- (k) the material change report dated November 27, 2020 announcing the appointment of Antoine Leboyer, the former CEO of GSX, to the Company’s Board of Directors;
- (l) the material change report dated October 2, 2020 announcing the retirement of Niall Gallagher as a member of the Company’s Board of Directors, following the Company’s Annual and Special Meeting of Shareholders held September 22, 2020;
- (m) the material change report dated September 2, 2020 announcing the Company granted an aggregate of 2,004,667 stock options to directors and officers of the Company;
- (n) the material change report dated July 27, 2020 announcing the sale of substantially all the assets and certain liabilities of Elfiq Inc. to Adaptiv Networks Inc., for consideration totaling approximately \$828,000;
- (o) the material change report dated June 16, 2020 announcing the Company retained PI Financial Corp. to provide market making services;
- (p) the material change report dated June 2, 2020 announcing the closing of a secured revolving credit facility with National Bank of Canada (“**National Bank**”);
- (q) the material change report dated June 2, 2020 announcing the completed acquisition of GSX and the concurrent closing of a subordinated secured term loan provided by Vistara Capital Partner III Inc. (“**Vistara**”);
- (r) the material change report dated June 2, 2020 announcing the closing of a bought deal public offering including the exercise in full of the underwriters’ over-allotment option, resulting in the issuance by the Company of 32,861,250 units at a price of \$0.21 per unit for aggregate gross proceeds of \$6,900,863;
- (s) the material change report dated May 8, 2020 announcing the increase in the size of a bought deal public offering to 28,575,000 units for aggregate gross proceeds of \$6,000,750;
- (t) the material change report dated May 8, 2020 announcing a bought deal public offering of 23,810,000 units at a price of

\$0.21 for aggregate gross proceeds of \$5,000,100;

- (u) the material change report dated May 8, 2020 announcing the termination of an agreement with INFOR Financial Inc. for market making services;
- (v) the material change report dated May 4, 2020 announcing a share purchase agreement (the “**Share Purchase Agreement**”) dated April 28, 2020 to acquire 100% of the shares of GSX, financings provided by Vistara Technology Growth Fund III Limited Partnership, by its General Partner, Vistara and National Bank pursuant to credit agreements with Martello Technologies Corporation (“**MTC**”), and a reduced focus on the network technology business and its intention to exit the Elfiq Inc. (“**Elfiq**”) network technology business; and
- (w) the material change report dated May 4, 2020 announcing that the Co-Chairmen of the Martello Board of Directors, Sir Terry Matthews and Bruce Linton have executed a letter of intent (the “**Unsecured Subordinated LOI**”) to provide an unsecured subordinated debt instrument to MTC in the amount of \$5,000,000, to meet the capital requirements for the acquisition of GSX.

A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of a type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any annual information forms, material change reports (excluding confidential reports), business acquisition reports, interim financial statements, annual financial statements and the auditor's report thereon, management's discussion and analysis of the financial condition and operations and information circulars filed by Martello with the securities commissions or similar authorities in the provinces and territories of Canada after the date of this Prospectus and prior to the termination of this Offering, are deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading considering the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The investor should rely only on the information contained in or incorporated by reference in this Prospectus or any applicable amendment. Martello has not authorized anyone to provide the investor with different or additional information. Martello is not making an offer of the Units in any jurisdiction where the offer is not permitted by law. The investor should not assume that the information in this Prospectus or any applicable amendment is accurate as of any date other than the date on the front of those documents.

FINANCIAL INFORMATION AND NON-IFRS MEASURES

The financial statements of the Company incorporated by reference in this short form prospectus are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. Certain documents incorporated by reference into this short form prospectus may contain references to certain measures that do not have a standardized meaning under IFRS as prescribed by the International Accounting Standards Board and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of operations from management's perspective. Accordingly, non-IFRS measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. Please refer to the applicable discussion of non-IFRS measures in those documents incorporated by reference.

The Company reports monthly recurring revenue (“**MRR**”) as a non-IFRS measure. MRR represents average monthly recurring revenues earned in a fiscal quarter and is a common metric used by subscription software companies to indicate a normalized monthly revenue that is predictable and recurring in the near future. MRR is unlikely to be comparable to similar measures presented by other issuers. MRR is calculated as sales for the period, less revenue recognized at a point in time or that is non-recurring in nature plus certain adjustments resulting from purchase price accounting, divided by the number of months in the quarter. For the three months ended December 31, 2020, sales (\$4.633 million) less revenue recognized at a point in time and other adjustments (\$0.174 million) resulted in MRR of \$1.486 million.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus relating to the Company's operating and business plans are "forward-looking statements" within the meaning of securities legislation. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indicates", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements, although not all forward-looking statements contain these words.

Discussions containing forward-looking statements include, among other places, those under "*Business of Martello*", "*Use of Proceeds*" and "*Risk Factors*" and include among others statements we make regarding:

- Anticipated levels of capital expenditures for 6-, 12-, and 18-month period after the Closing Date of the Offering.
- Completion of any future acquisition.
- Development of new product offerings and integration of research & development into current product offerings.
- Recruitment and effectiveness of new sales staff.
- Current or future market conditions.
- Our strategies for customer retention, growth, product development, market position, financial results and reserves.

These statements are regarding the future and are inherently uncertain. Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, those described under "*Risk Factors*" which include:

- industry competition and customer adoption of Martello's services and products;
- any changes to the Company's relationship with Mitel Networks Corp. ("**Mitel**"), which may significantly affect its business;
- negative operating cash flow;
- delayed purchase timelines and disruptions to customer budgets, as well as Martello's ability to maintain business continuity as a result of COVID-19;
- global economic uncertainty;
- rapid technological changes, which may render the Company's current product offerings obsolete;
- the ability of the Company to attract and retain qualified management to grow its business;
- failure to identify and complete future acquisitions;
- future financial needs and availability of adequate financing;
- international operations, which will result in increased operational, regulatory, tax and other risks;
- data and privacy breaches;
- currency fluctuations; and
- the Company's reliance on patents and trademarks and its ability to enforce same.

Such factors are discussed in more detail under the heading "*Risk Factors*" in this short form prospectus and in the AIF (as defined herein). New factors emerge from time to time, and it is not possible for management to predict all of those factors or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The forward-looking statements contained in this short form prospectus are expressly qualified by the foregoing cautionary statements and are made as of the date of this short form prospectus. Except as may be required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this short form prospectus or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise. Readers should read this entire short form prospectus and consult their own professional advisors to ascertain and assess the income tax and legal risks and other aspects of their investment in the Units.

BUSINESS OF MARTELLO

Name, Address and Incorporation

Martello was incorporated pursuant to the provisions of the *Company Act* (British Columbia) on April 6, 1981 under the name “Cove Energy Corporation”. The Company changed its name to Cove Resources Corporation on May 13, 1988, Consolidated Cove Resources Corporation on August 11, 1992, Derek Resources Corporation on May 5, 1995, Derek Oil and Gas Corporation on March 3, 2003, and Newcastle Energy Corp. on July 2, 2013. On August 15, 2018, the Company completed a “three-cornered” amalgamation among the Company, 10831794 Canada Inc. (a wholly owned subsidiary of the Company) and Martello Corp., which resulted in a reverse acquisition of the Company by the shareholders of Martello Technologies Corp. (the “**Reverse Acquisition**”). Prior to the Reverse Acquisition, the Company was a mining issuer with no assets and did not carry on any operations. On completing the Reverse Acquisition, the Company changed its name to Martello Technologies Group Inc. on July 10, 2018, and on September 12, 2018 resumed trading on the TSXV under the stock symbol “MTLO”.

General Description of the Business

Martello develops digital experience monitoring (“**DEM**”) software solutions for enterprises and managed service providers (“**MSPs**”). The Company is an enterprise DEM market vendor with a focus on Microsoft cloud-based digital enterprise services. DEM is a market segment which includes vendors whose solutions provide insight into the user’s experience of cloud-based services such as Microsoft Teams or Microsoft 365 productivity applications.

The Company’s products monitor and analyze the user’s experience of cloud-based enterprise digital services such as Microsoft 365 and unified communications (“**UC**”). Martello’s products include user experience monitoring software for Microsoft 365, UC performance analytics software and IT service monitoring and analytics software. Martello’s product portfolio includes subscription-based offerings (software as a service), and software license sales. Martello’s sales are both indirect, via distributors and value-added resellers, and direct to enterprises. End users enter into an end-user licensing agreement with Martello before using Martello software or services.

Martello is the provider of UC performance analytics software to Mitel’s channel. Martello and Mitel have entered into agreements regarding the use and resale of Martello software and services. Martello’s end users are Mitel’s channel partners, service providers and enterprise users, and the Company’s software is used in Mitel’s own global network operations centre. Martello’s software is called Mitel Performance Analytics (“**MPA**”) when sold in the Mitel channel.

On December 15, 2017, Martello acquired a Canadian Link Balancing / Software-Defined Wide-Area Network (“**SD-WAN**”) company, Elfiq Inc. (“**Elfiq**”). This business formed the network performance management segment of Martello. On July 22, 2020, the Company announced that it had sold substantially all the assets and certain liabilities of Elfiq to Adaptiv Networks Inc. (“**Adaptiv**”), an arm’s length Canadian SD-WAN company. Under the terms of the sale, Adaptiv acquired substantially all the assets of Elfiq for a price of \$828,452, for cash consideration of \$524,702 and common shares of Adaptiv. The cash consideration was payable in the amounts of \$424,702 on closing and the issuance of a non-negotiable \$100,000 promissory note due one year after closing. Sixteen Elfiq employees were transferred to Adaptiv, and Adaptiv assumed certain liabilities relating to the purchased assets, transferred employees and entered into a sublease with the Company for the Montreal office.

On November 1, 2018, Martello acquired Savision B.V. and its wholly owned subsidiaries (“**Savision**”). Savision is Netherlands-based and was founded in 2006. Savision provides enterprise service monitoring and analytics software that brings together metrics and events from multiple tools to present a unified view of the infrastructure that supports critical business services for companies.

On May 29, 2020, the Company acquired GSX Participations SA (“**GSX**”), a provider of end-user experience monitoring for Microsoft Office 365 headquartered in Geneva, Switzerland (the “**GSX Acquisition**”). GSX monitoring tools perform synthetic transactions for insight into Microsoft 365 user experience across all locations. They provide service monitoring across Cloud, Hybrid and on-premise deployments, and allow businesses to see how their route to the cloud affects the end-user experience, site by site. The GSX solution provides real-time dashboards that can be shared with those involved in Microsoft 365 service delivery, and alerts for performance issues.

Martello has several products and technologies deployed in the field, including MPA, iQ, Live Maps, and Gizmo. The Company maintains an active product development and enhancement program for those products that are part of its DEM portfolio, while providing ongoing support for legacy and other product offerings. Martello’s product program prioritizes activities that will drive user growth, customer acquisition, total addressable market expansion, partner engagement, and cross selling of products.

Martello’s products are developed internally and are not subject to material regulatory approvals. Martello follows industry best practices in its development methodology as appropriate, to ensure scalability, security and standards compliance of its products and services.

The Company has assessed that it operates in three operating segments, those being Vantage Dx Monitoring – Mitel UC, Vantage Dx Monitoring – Microsoft 365 and Vantage Dx Analytics – IT Service Analytics. Vantage Dx is the name of the Company's solution suite portfolio for digital experience monitoring and the operating segments have been named to align with the solution names. Vantage Dx Monitoring is a new segment resulting from the acquisition of GSX. Network performance management relates to sales of network performance management hardware and software. This segment was disposed of in July 2020 and was treated as discontinued operations for the three and nine months ended December 31, 2020.

For operating segment reporting purposes, Vantage Dx Monitoring – Mitel UC was previously reported as Performance analytics and Vantage Dx Analytics – IT Service Analytics was previously reported as IT visualization. These segments engage in business activities from which they earn revenues from subscription and perpetual software licenses, hardware maintenance and support, and training and professional services. Operating segment results that are reported include items that are directly attributable to each operating segment. Sales and gross margin are the measures reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The chief operating decision maker does not review total assets or total liabilities based on its operating segments. Revenue by operating segment has been reported in the Company's financial statements. Gross margin by operating segment is as follows, for the three and nine months ended December 31, 2020 and 2019 and for the years ended March 31, 2020 and 2019:

Sales and Gross Margin - Three months ended

	March 31, 2020				March 31, 2019			
	Performance analytics	IT visualization	Network performance management	Total	Performance analytics	IT visualization	Network performance management	Total
(in 000's)								
Sales	\$ 1,936	923	445	3,304	1,555	1,166	647	3,368
Cost of Goods Sold	82	41	69	192	68	106	93	267
Gross Margin	1,854	883	376	3,112	1,487	1,060	554	3,101

Sales and Gross Margin - Twelve months ended

	March 31, 2020				March 31, 2019			
	Performance analytics	IT visualization	Network performance management	Total	Performance analytics	IT visualization	Network performance management	Total
(in 000's)								
Sales	\$ 7,423	3,785	1,915	13,123	5,933	1,853	2,573	10,360
Cost of Goods Sold	395	240	310	945	239	113	355	707
Gross Margin	7,028	3,545	1,605	12,178	5,694	1,740	2,218	9,653

Sales and Gross Margin - Three months ended

	December 31, 2020				December 31, 2019		
	Vantage Dx Monitoring - Mitel UC	Vantage Dx Analytics - IT Service Analytics	Vantage Dx Monitoring - Microsoft 365	Total	Vantage Dx Monitoring - Mitel UC	Vantage Dx Analytics - IT Service Analytics	Total
(in 000's)							
Sales	\$ 1,970	780	1,883	4,633	1,872	1,013	2,885
Cost of Goods Sold	53	34	222	309	87	73	160
Gross Margin	1,917	747	1,661	4,324	1,785	939	2,725

Sales and Gross Margin - Nine months ended

	December 31, 2020				December 31, 2019		
	Vantage Dx Monitoring - Mitel UC	Vantage Dx Analytics - IT Service Analytics	Vantage Dx Monitoring - Microsoft 365	Total	Vantage Dx Monitoring - Mitel UC	Vantage Dx Analytics - IT Service Analytics	Total
(in 000's)							
Sales	\$ 5,723	2,417	4,214	12,355	5,475	2,862	8,337
Cost of Goods Sold	190	88	438	716	313	199	512
Gross Margin	5,533	2,329	3,776	11,639	5,162	2,663	7,825

Martello has 111 employees: 64 in Canada, 4 in the United States, 10 in Netherlands, 9 in Switzerland and 24 in France.

Mitel Agreement

In March 2012, Martello entered into an agreement with Mitel to provide Martello products and services. In January 2019, the

Company signed an amended and restated services agreement which expanded the coverage of Martello's software to additional Mitel communications platforms, increased the fee per user that Martello receives on certain Mitel offerings, and extended the term of the agreement for an additional two years with automatic two-year renewals thereafter. The agreement renewed for a new two-year term in November 2020.

Mitel accounts for a significant portion of the Company's annual revenues, approximately 56% and 54% of the Company's revenue during the three and twelve months ended March 31, 2020 (44% and 54% respectively for the three and twelve months ended March 31, 2019). If the relationship with Mitel changes, if Mitel's reliance on the Company's products is reduced because of changes to their strategic direction or business structure, if the Company is unable to provide suitable support for new or additional products and ongoing product updates or is unable to reach commercially agreeable pricing and other terms for support, or if Mitel business decreases, the Company could lose a significant portion of its business and revenue.

This risk is mitigated by the Company's acquisition strategy, including the acquisition of Savision in November 2018 and the acquisition of GSX in May 2020. For more information regarding the Company's dependence on Mitel and associated risks, see "*Risk Factors*" in the Company's Annual Information Form.

Revolving Credit Facility

On April 27, 2020, the Company entered into a credit agreement with National Bank of Canada. This financing is comprised of a revolving facility and other ancillary facilities (the "**Revolving Loan**"). The Revolving Loan is based on a multiple of monthly recurring revenue, subject to certain adjustments, up to \$7,500,000, bears interest at a variable rate of prime plus 2.85% per annum and is repayable on demand. The facilities are secured by a senior security interest in and guarantees from Martello Technologies Corporation and the Company, as well as Savision and its subsidiaries, GSX and its subsidiaries, Martello Technologies Incorporated, and Elfiq (the "**Corporate Guarantors**").

Term Credit Facility

On April 27, 2020, the Company entered a term credit facility (the "**Vistara Credit Agreement**") with Vistara Technology Growth Fund III Limited Partnership ("**Vistara**"). Under the terms of the Vistara Credit Agreement, Vistara provided a US \$8,000,000 subordinated secured term loan (the "**Term Loan**"). Along with the proceeds of the short-form prospectus bought deal offering closed May 26, 2020 the Term Loan was used to pay the cash portion of the purchase price for the GSX Acquisition.

The Term Loan is repayable within 36 months of closing and carries interest at the greater of (i) 12.50% per annum; and (ii) the U.S. prime rate plus 8.75% per annum calculated monthly in arrears on the outstanding principal. Interest is payable monthly at 10% with the balance being added to the loan principal and payable at maturity. The effective interest rate on the Term Loan is 20.40%. The Term Loan is secured by a subordinated security interest in and guarantees from the Corporate Guarantors.

As consideration for providing the Term Loan, Vistara received upon closing 12,777,273 bonus warrants to purchase Common Shares ("**Bonus Warrants**"). Each Bonus Warrant is exercisable into one Common Share at an exercise price of \$0.22 per Bonus Share for up to 36 months from closing.

If at any time, after four months and a day after the issue date, the volume weighted average price ("**VWAP**") of the Common Shares for any twenty (20) consecutive trading days on the TSXV, during which the total volume of common shares traded in such period exceeds 5,000,000, is equal to or exceeds \$0.44, and the VWAP of the Common Shares for any five (5) consecutive trading days on the TSXV is equal to or exceeds \$0.44 then all of the Bonus Warrants shall be deemed to be automatically exercised by Vistara on a cashless basis.

Unsecured Subordinated LOI

MTC entered into a non-binding letter of intent with Bruce Linton and Terry Matthews, Co-Chairmen of the Company's Board of Directors dated April 29, 2020 as amended and restated May 8, 2020 (the "**Unsecured Subordinated LOI**") to provide a \$5,000,000 unsecured subordinated debt instrument (the "**Unsecured Subordinated Loan**"). Terms of the Unsecured Subordinated Loan have not been settled. The Company does not intend to draw on the Unsecured Subordinated Loan until such time as terms have been settled, an appropriate use for the funds has been determined, and other available resources have been utilized.

CONSOLIDATED CAPITALIZATION

The authorized capital of the Company consists of an unlimited number of Common Shares. As of March 12, 2021, 269,823,056 Common Shares are issued and outstanding. Since December 31, 2020, there have been no material changes in the share or loan capital of the Company other than what has been described elsewhere in this Prospectus.

USE OF PROCEEDS

The net proceeds of the Offering, after deducting the Underwriters' Fee and the estimated expenses of the Offering payable by Martello, will be approximately \$4,435,037.20.

Martello had negative cash flow from its operating activities in the most recently completed financial year ended March 31, 2020 and for the three and nine months ended December 31, 2020. Funds from the Offering may be used to fund negative cash flow. See “Risk Factors”.

As of January 31, 2021, Martello has a negative net working capital balance of \$410,698. With currently available resources and the proceeds of the Offering, the Company will be able to continue operations for a period of at least 12 months. Current assets at January 31, 2021 consisted of cash and short-term investments of \$3,196,521, trade and other accounts receivable of \$5,913,736, prepaid expenses of \$631,464 and other current assets of \$140,451. Current liabilities at January 31, 2021 consisted of accounts payable and accrued liabilities of \$3,996,196, current portion of deferred revenue of \$5,686,112, current portion of long-term debt of \$206,600 and current portion of lease obligation of \$403,962. Deferred revenue of \$5,686,112, represents the current portion of subscription, maintenance, and support revenue to be recognized in the following 12 months. The liability associated with deferred revenue is the delivery of the subscription software or maintenance for the following 12 months, which does not have an equivalent cash outflow associated with it. As at February 28, 2021, the Company had cash and short-term investment balance of \$2,834,811. Of the cash and short-term investments available to the Company at February 28, 2021, \$29,056 is restricted as to its use. The Company's auditors have not expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with such financial information.

The primary source of financing available to the Issuer is the Revolving Credit Facility with the National Bank of Canada. At January 31, 2021 \$1.9 million was available on this facility.

Closing of the Concurrent Private Placement is expected on or about the Closing Date of the Offering. Upon closing of the Concurrent Private Placement, funds will be immediately available to the Company, however the Concurrent Private Placement is conditional on the completion of the Offering and TSXV approval. Other discretionary sources of funds include the Unsecured Subordinated LOI, - see “*Business of Martello – Unsecured Subordinated LOI*”. The Unsecured Subordinated Loan will not be available for use by the Company until the parties have agreed to definitive terms and as of the date of this Prospectus, no terms are settled.

Investments in the next 12 months will be focused on research and development (“**R&D**”), sales and marketing activities to drive DEM revenue while sustaining current revenue streams. The acquisition of GSX in May 2020 and divestiture of the network performance management segment in July 2020 were steps taken last year to action the Company's focused DEM strategy.

Principal Purposes

The primary application of the net proceeds of this Offering will be as follows:

Principal Purpose	Amount
R&D activities	\$1,700,000
Scale sales, marketing and delivery capacity and activity	\$1,800,000
General corporate purposes and working capital	\$935,037

The use of proceeds activities planned as described herein will have a direct impact on the success of the initiatives outlined in *Business Objectives and Milestones* below.

R&D Activities

All of the Company's R&D activities are undertaken in-house. The Company has invested in its development team and continues to seek to recruit top talent.

Proceeds of the offering will be used to advance the R&D activities described below. The purposes and allocations of the funds described herein are allocated in order to accomplish the Company's objectives. Available funds from operations may be used in addition to the allocation of the proceeds of the Offering to reach commercialization of key product initiatives within the timelines set out in this Prospectus.

- **Vantage Dx Architecture and Alpha Trials (\$560,000)** Vantage Dx is Martello's DEM brand, or suite of integrated products. This product suite will launch in 2021. Key R&D initiatives are focused on the integration of existing products, including moving premise-based solutions to the cloud and achieving multi-tenancy throughout. The early phase of work will include closing feature gaps to ensure the product remains competitive and trials on these initial feature releases.

- **Vantage Dx Commercial Launch (\$840,000).** The second phase of R&D work relating to Vantage Dx, after completing trials, involves developing additional product capabilities required to drive the growth of Martello's indirect MSP channel, including streamlined onboarding and tenant reporting, broadening the suite of synthetic transactions and real user monitoring, and customer self-care capabilities.
- **MPA (Mitel) Development (\$300,000).** Martello will pursue R&D activities aimed at increasing adoption of MPA through the MiCloud Flex Platform and developing support for additional Mitel call and collaboration platforms.

Scale Sales, Marketing and Delivery Capacity and Activity

Sales, marketing and delivery activities require investment in order to create market demand, increase the Company's ability to grow direct and indirect channels for its products, and execute sales activities.

Proceeds of the offering will be used in the following areas:

- **Recruit, onboard and facilitate MSPs and Resellers on Vantage Dx (October 2021 – March 2022) (\$400,000).** The Company plans to add Partner Managers to recruit and onboard new MSP and reseller partners focused on Microsoft 365 & Teams DEM offerings, managing the overall partner strategy with a multi-pronged approach to Go To Market ("GTM") activities in four key markets: 1) Small and Medium Businesses ("SMB"), 2) Commercial Mid-Market, 3) Enterprise and 4) Government and Public Sector. This requires training and on-boarding materials, tools and education for partners to drive adoption.
- **Expand capacity to sell to large enterprise (April – December 2021) (\$600,000).** The Company plans to add enterprise sales personnel in three key regions (Central and West Americas, Europe and Asia-Pacific) to manage sales to large enterprises and partners. This also involves lead generation and brand awareness throughout these markets.
- **Launch Vantage Dx to the Market (April – December 2021) (\$800,000)** The launch of Vantage Dx requires various sales, marketing and delivery activities. These activities include developing marketing campaigns and content and increasing delivery and training team resources to execute on sales commitments in existing and expansion regions. In addition, the launch of Vantage Dx will require increasing technical resources for pre-sales and post-sales support, which is intended to drive improved sales execution and adoption on proof of value projects and successful product delivery.

General Corporate Purposes and Working Capital

The Company is currently in a growth phase, which requires investments in all areas of the business including functions such as IT and Human Resources, to support the above-mentioned sales, marketing and R&D initiatives. Funds will also be used to provide a reasonable level of working capital and may be used to fund negative cash flow. See "*Risk Factors – Negative Cash Flow from Operations*".

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of the Offering. Martello, however, will retain broad discretion in allocating the net proceeds of the Offering based on budgets approved by its Board of Directors and consistent with established internal control guidelines. If an unforeseen event occurs, business conditions change, or the Company needs to account for business fluctuations, the Company may use the proceeds of the Offering differently than as described in this Prospectus. There may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary, and the Company's actual use of such net proceeds may vary depending on Martello's operating and capital needs from time to time.

The activities outlined in the table below constitute the steps required to reach commercialization for key product initiatives and an estimate of costs and timing.

Business Objectives and Milestones:

Business Objective	Key Milestones – R&D	Key Milestones -Sales, Marketing & Delivery	Key Activities	Incremental investment
Pursue innovation to defend and expand market share, including the launch of the Vantage Dx DEM solution suite.	Vantage Dx Architecture and Alpha Trials Completed (April 2021 – Sept 2021) Vantage Dx Commercial Launch (Sept 2021 – June 2022)	Sales & marketing launch of Vantage Dx to the Market (April – December 2021) Expand Capacity to Sell to Large Enterprises (April – December 2021)	- Develop and launch 'work from anywhere' capabilities development, including real user monitoring and active network path monitoring. - Improve the scalability of both Gizmo and iQ products, for cost-effective deployment by very large enterprises.	\$2,800,000

			• Build brand awareness of Vantage Dx while creating new opportunities to cross-sell Martello's solutions into Microsoft, Mitel and other large channels. • Develop marketing campaigns and increase delivery and training team resources to execute on sales commitments in various regions. • Convert customers using legacy products, including Live Maps, to DEM solutions such as iQ and Gizmo. • Add enterprise sales personnel in three regions (Americas, Europe and Asia-Pacific) to manage sales to large enterprises and partners.	
Expand Martello's addressable market with indirect sales channels and strategic partnerships.	Cloud-Based Multitenancy (April 2021-Sept 2021)	Recruit, Onboard and Facilitate MSPs and Resellers on Vantage Dx (October 2021 – March 2022)	• Develop iQ and Gizmo as cloud-based multi-tenant SaaS platforms to establish new indirect GTM opportunities for these products with MSPs and other partners. • Expand sales channels for iQ and Gizmo, including Microsoft Co-sell, Microsoft MSPs, Mitel MSPs and end customers, and large global systems integrators. • Add Partner Managers to recruit and onboard new MSP and Reseller Partners focused on Microsoft 365 & Teams offerings. • Pursue GTM activities in four key markets: 1) SMB, 2) Commercial Mid-Market 3) Enterprise and 4) Government and Public Sector. • Implement partner portal to manage Reseller and MSP Partners globally and drive revenue growth. • Develop and implement training and on-boarding material for easy channel partner self-serve adoption through online resources. • Continued development of partnerships such as that with Paessler AG.	\$400,000

Aligning and growing the Company's business with Mitel.	Mitel Development (April 2021 – March 2022) Sustaining development release (May 2021) Feature release (Sept 2021), focused on supporting and growing Mitel's evolving MPA program	Pursue GTM strategies for Martello Microsoft DEM solutions for Mitel channel (April 2021 – March 2022) Launch MPA product releases, for sales growth in key addressable Mitel market segments (May-Sept 2021) Strategic relationship management to advance Martello product program in Mitel ecosystem. (April 2021 – March 2022)	• Drive adoption of MPA with key improvements that make the solution more readily adoptable for a greater proportion of Mitel's customer base. • Enhancements to support Mitel's evolving program and retain existing MPA clients, including: - o Middleware updates; - o Enhancements to support Mitel's UCaaS MiCloud Flex program; and - o Developing support for additional Mitel call and collaboration platforms. • Joint marketing to Mitel's channel of resellers, MSPs and direct customers on value of incremental MPA product improvements, to drive increased attachment.	\$300,000
---	--	--	--	-----------

Implementation of the above business objectives is expected to be completed within 12-24 months following the Offering, and each is progressing on the anticipated timeline and budget.

To achieve these business objectives, the Company will continue to invest in strategic partnership development programs and resources and R&D resources to accelerate opportunities in Microsoft and other channels and expand the scope of enterprise opportunities.

In addition to the above objectives the Company is continuing to pursue a merger and acquisition strategy with a focus on expanding the breadth and depth of Martello's DEM offering. Currently, there are no contemplated or potential acquisitions nor any preliminary discussions regarding a potential acquisition to disclose at this time.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Underwriters have agreed to purchase, as principals, and the Company has agreed to sell, subject to compliance with all necessary legal requirements and pursuant to the terms and conditions of the Underwriting Agreement, on the Closing Date, not less than all of the Units at a price of \$0.19 per Unit, payable in cash to the Company against delivery of the Units.

The Company has granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, at any time for a period of thirty (30) days from and including the Closing Date, to arrange for purchasers of Additional Units representing, in number, up to 15% of the number of Units sold under the base Offering, to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters in respect of: (i) Additional Units at a price of \$0.19 per Additional Unit; (ii) Additional Shares at a price of \$0.185 per Additional Share; (iii) Additional Warrants at a price of \$0.01 per Additional Warrant; or (iv) any combination of Additional Shares and/or Additional Warrants, so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 3,947,400 Additional Shares and 1,973,700 Additional Warrants. The grant of the Over-Allotment Option and the distribution of the Additional Securities issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Prospectus. A purchaser who acquires Additional Securities forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Fee and the net proceeds to the Company (before the deduction of the expenses of the Offering, estimated to be approximately \$250,000) will be \$5,750,046, \$367,503.22, and \$5,382,542.78, respectively.

In consideration for the services to be performed by the Underwriters, the Company has agreed to pay to the Underwriters the

Underwriters' Fee equal to 7% of the gross proceeds of the Offering other than in respect of sales of a maximum of \$1,000,000 of the Offering, to the President's List for which the Company shall pay a commission equal to 3.5%. The Company has also agreed to grant to the Underwriters such number of Compensation Options as is equal to 5% of the aggregate number of Units and Additional Units sold under the Offering other than any Units issued in connection with the President's List, including an exercise of the Over-Allotment Option for which the Company shall issue to the Underwriter that number of compensation options as is equal to 2.5% of the Units. Each Compensation Option will be exercisable to purchase one Compensation Option Unit at an exercise price of \$0.19 per Compensation Option Unit for a period of 24 months following the Closing Date. This Prospectus also qualifies the distribution of the Compensation Options.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will take place on or about the Closing Date, or such other date or dates as may be agreed upon by the Company and the Underwriters, in any event, on or before a date not later than 42 days after the date of the receipt for the (final) short form prospectus.

The Company will arrange for an instant deposit of the securities issued hereunder to or for the account of the Underwriters with CDS on the Closing Date, against payment of the aggregate purchase price for the securities issued hereunder. Accordingly, a purchaser of securities issued hereunder will receive only a customer confirmation from the Underwriters or other registered dealers who are CDS participants and from or through which the securities issued hereunder are purchased.

The obligations of the Underwriters to purchase the Units under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated upon written notice to Martello upon the occurrence of certain stated events including: (i) any material change or a change in any material fact or if a new material fact shall arise which would be expected to have a material adverse change or effect on the business, affairs, prospects or financial condition of the Company or the market price or value or marketability of the Shares; (ii) if any order to cease or suspend trading in any securities of the Company or prohibiting or restricting the distribution of any securities of the Company is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority, the TSXV or any other competent authority, and has not been rescinded, revoked or withdrawn; (iii) any event, action, state, condition or major financial occurrence of national or international consequence, including without limitation, any escalation in the severity of the COVID-19 pandemic, accident, act of terrorism, public protest, governmental law or regulation which in the sole opinion of the Co-Lead Underwriters, acting reasonably, adversely and materially affects or may adversely and materially affect the financial markets or the business, affairs, prospects or financial condition of the Company or the market price or value or marketability of the Shares; (iv) any inquiry, action, investigation or other proceeding (whether formal or informal) commenced, announced or threatened or an order made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including without limitation, the TSXV or any securities regulatory authority, in relation to the Company or any one of its officers or directors (except for any inquiry, action, suit, proceeding, investigation or order based upon activities of the Underwriters and not upon activities of the Company), which in the opinion of the Co-Lead Underwriters, acting reasonably, operates to prevent or materially restrict the distribution or trading of Shares or, which in the reasonable opinion of the Co-Lead Underwriters, materially and adversely affects or would be reasonably expected to materially and adversely affect the market price or value of the Shares; or (v) if the Company is in material breach of a term, condition or covenant of this letter agreement or the Underwriting Agreement, or any representation or warranty given by the Company in this letter agreement or the Underwriting Agreement becomes or is false in any material respect. The Underwriters are, however, obligated to take up and pay for all the Units if any of the Units are purchased under the Underwriting Agreement.

The Underwriting Agreement also provides that the Company will indemnify, among others, the Underwriters and their affiliates, subsidiaries, control persons, and their respective directors, officers, employees, shareholders, partners and agents against certain liabilities and expenses or will contribute to payments that the Underwriters may be required to make in respect thereof.

From the date of the Underwriting Agreement until a date that is ninety (90) days from the Closing Date, the Company has agreed not to, without the prior written consent of the Co-Lead Underwriters on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to, or announce any intention to, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any securities of the Company (including those that are convertible or exchangeable into securities of the Company) other than (i) pursuant to the Offering; (ii) the exercise of options issued pursuant to the Company's stock option plan outstanding as of the date of the Underwriting Agreement; (iii) the exercise of options or warrants outstanding as at the date of the Underwriting Agreement; (iv) the exercise of a pre-emptive right pursuant to the Company's agreement dated April 28, 2020 to acquire 100% of the shares of GSX; or (v) in connection with the bona fide acquisition by the Company of the shares or assets of other corporations or entities, with such lock-up obligation running from the date hereof.

As a condition of closing of the Offering, the Company will cause each of the directors and officers of the Company to execute a lock-up agreement to be delivered at the closing of the Offering, setting out that, for a period of ninety (90) days from the Closing Date, without the consent of the Co-Lead Underwriters on behalf of the Underwriters, each director and officer will not, directly or

indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, lend, swap or otherwise dispose of, transfer, assign, or announce any intention to do so, any Common Shares (or any securities convertible into or exchangeable for Common Shares), whether then owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise other than pursuant to a take-over bid or any other similar transaction made generally to all of the shareholders of the Company, provided that, in the event the take-over bid or other similar transaction is not completed, such securities shall remain subject to the lock-up agreement.

The TSXV has conditionally approved the listing of the Unit Shares and Warrant Shares underlying the Units and Compensation Option Units on the TSXV. Listing is subject to the Company fulfilling all the listing requirements of the TSXV. Completion of the Offering is conditional upon the Unit Shares and Warrant Shares underlying the Units and Compensation Option Units being listed on the TSXV.

The Offering is being made concurrently in Ontario, Alberta, and British Columbia. In addition, the Underwriters may offer the Units outside of Canada, subject to compliance with the local securities law requirements in such a manner as to not require registration of the Units, or filing of a prospectus or registration statement with respect to those Units, under the laws in such jurisdictions or qualification as a foreign corporation or to file a general consent to service of process in such jurisdictions.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, during the period of distribution, bid for or purchase Common Shares. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSXV, in accordance with the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for or on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter, or if the client's order was solicited, where the solicitation did not occur during the period of distribution.

The Underwriters may engage in market stabilization or market balancing activities on the TSXV where the bid for or purchase of the Common Shares is for the purpose of maintaining a fair and orderly market in the Common Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time. In particular, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or slowing a decline in the market price of the Common Shares while the offering is in progress. These transactions may also include over-allocating or making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared to the price at which they may purchase Common Shares through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase Common Shares in this offering. Any naked short position would form part of the Underwriters' over-allocation position. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position will, in each case, acquire such Common Shares under this short form prospectus, regardless of the fact that the over-allocation position is ultimately filled through the exercise of the Over-Allotment Options or through secondary market purchases.

As a result of these activities, the price of the Common Shares offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSXV, in the over-the-counter market or otherwise.

The price of Units offered hereunder was determined by negotiation between the Company and the Underwriters. The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any Common Shares remaining unsold. Any such reduction will not affect the proceeds received by the Company.

CONCURRENT PRIVATE PLACEMENT

On or prior to the Closing Date, the Company will enter into a subscription agreement (the "**Subscription Agreement**") in connection with the Concurrent Private Placement, pursuant to which a subscriber will agree to subscribe for and purchase an aggregate of up to 2,310,502 Private Placement Units at the Offering Price for aggregate gross proceeds of up to \$439,000. Each Private Placement Unit shall consist of one common share of the Company, and one-half of one common share purchase warrant

(each whole warrant a “**Private Placement Warrant**”). Each Private Placement Warrant will entitle the holder thereof to purchase one common share of the Company (a “**Private Placement Warrant Share**”) at a price of \$0.30 per Private Placement Warrant Share for a period of two years following the closing of the Concurrent Private Placement. The Concurrent Private Placement is expected to close concurrently with the Offering; however, the Offering is not conditional on the closing of the Concurrent Private Placement.

The Concurrent Private Placement is being conducted pursuant to the exercise by HO Industries SAS of the pre-emptive right granted to it by the Company pursuant to the Company’s agreement dated April 28, 2020 to acquire 100% of the shares of GSX. The Concurrent Private Placement and the sale and purchase of the Private Placement Units will be completed on a non-brokered private placement basis, pursuant to s.2.3 of OSC Rule 72-503 – *Distributions Outside Canada*. Closing of the Concurrent Private Placement is subject to a number of conditions, including the execution and delivery of a completed Subscription Agreement and approval of the TSXV. The terms and conditions of the Concurrent Private Placement will be set out in the Subscription Agreement.

This Prospectus does not qualify any securities issued under the Concurrent Private Placement. The Underwriters are not acting in connection with, and no fee or commission will be paid to the Underwriters in respect of, the Private Placement Units. The Company does not expect to pay any finder’s fees or commissions in connection with the Concurrent Private Placement.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Units

Each Unit consists of one Unit Share and one-half of one Warrant.

Unit Shares

Holders of Common Shares are entitled to receive notice of, attend and vote at, meetings of shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote separately as a class or series). Each Common Share carries the right to one vote. Holders of Common Shares are entitled to receive any non-cumulative dividends declared by the Company in respect of the Common Shares. In the event of the liquidation, dissolution or winding-up of the Company, holders of Common Shares are also entitled to receive, on a pro rata basis, the remaining property and assets of the Company available for distribution after payment of all its liabilities.

Warrants

Each whole Warrant will entitle the holder thereof to purchase one Warrant Share at a price of \$0.30 at any time prior to 4:00 p.m. (Toronto time) on the date that is 24 months following the Closing Date, after which time the Warrants will expire and be void and of no value.

The Warrants will be issued under a warrant indenture (the “**Warrant Indenture**”) to be entered into between the Company and Computershare Trust Company of Canada (the “**Warrant Agent**”). The Company will appoint the principal transfer offices of the Warrant Agent in Toronto as the location at which the Warrants may be surrendered for exercise, transfer or exchange. The Warrant Indenture will, among other things, include provisions for the appropriate adjustment in the class, number and price of the Warrant Shares to be issued upon exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, the payment of stock dividends and the amalgamation of the Company.

No adjustment in the exercise price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1%.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least fourteen (14) days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights that a holder of Warrant Shares would have.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in

person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants.

There is no market through which the Warrants may be sold, and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “*Risk Factors*”.

The foregoing is a summary only of the terms of the Warrants and is qualified subject to the more detailed provisions of the Warrant Indenture.

PRIOR SALES

Common Shares

During the 12-month period prior to the date of this Prospectus, Martello has issued the following Common Shares.

Date of Issue	Number of Common Shares Issued	Issuance Price per Share
May 26, 2020	32,861,250 ⁽¹⁾	\$0.21
May 28, 2020	22,000,000 ⁽²⁾	\$0.22
June 5, 2020	64,000	\$0.13
June 9, 2020	23,000	\$0.13
June 10, 2020	41,000	\$0.13
June 18, 2020	64,000	\$0.11
June 18, 2020	32,000	\$0.13
June 30, 2020	288,000	\$0.11
June 30, 2020	96,000	\$0.13
July 14, 2020	53,333	\$0.13
July 15, 2020	32,000	\$0.13
July 22, 2020	32,000	\$0.13
August 11, 2020	21,333	\$0.13
August 26, 2020	80,000	\$0.11
September 1, 2020	80,000	\$0.11
September 3, 2020	103,000	\$0.11
September 4, 2020	42,666	\$0.13
September 4, 2020	57,000	\$0.11
September 9, 2020	144,000	\$0.11
September 11, 2020	20,000	\$0.11
September 11, 2020	192,000	\$0.11
September 11, 2020	274,285 ⁽³⁾	\$0.11
September 14, 2020	17,500	\$0.11
September 15, 2020	192,000	\$0.11
September 16, 2020	314,000	\$0.11
September 16, 2020	320,000	\$0.11
September 17, 2020	162,500	\$0.11
September 18, 2020	100,000	\$0.11
September 18, 2020	144,000	\$0.11
September 21, 2020	230,000	\$0.11
September 22, 2020	100,000	\$0.11
September 22, 2020	192,000	\$0.11

September 28, 2020	85,333	\$0.13
October 21, 2020	202,666	\$0.13
November 19, 2020	6,079 ⁽⁴⁾	\$0.21
November 24, 2020	80,000	\$0.11
November 26, 2020	720,000	\$0.11
November 27, 2020	320,000	\$0.11
November 30, 2020	30,000	\$0.11
December 1, 2020	150,000	\$0.11
December 2, 2020	180,000	\$0.11
December 3, 2020	188,844	\$0.11
December 3, 2020	128,000	\$0.13
December 3, 2020	355,156	\$0.11
December 4, 2020	305,037	\$0.11
December 4, 2020	38,963	\$0.11
December 16, 2020	144,000	\$0.11

Notes:

- (1) Issued as a part of the Company's bought deal public offering including the exercise in full of the underwriters' over-allotment option, resulting in the issuance by the Company of 32,861,250 units at a price of \$0.21 per unit.
- (2) Issued as a consideration for the GSX Acquisition.
- (3) On September 11, 2020, 274,285 warrants were exercised at an exercise price of \$0.11 per Common Share.
- (4) On November 19, 2020, 6,079 broker compensation unit options were exercised at an exercise price of \$0.21 per Common Share.

Options

The Company granted the following options to purchase Common Shares in the 12 months preceding this Offering:

Date of Issue	Number of Options Granted	Option Price per Common Share
March 5, 2020	10,000	\$0.225
July 28, 2020	3,987,500	\$0.195
August 31, 2020	2,139,667	\$0.205
November 20, 2020	249,000	\$0.220
February 19, 2021	205,000	\$0.220

Warrants and Compensation Option Units

As part of the share issuance of 32,861,250 common shares on May 26, 2020, 32,861,250 common share purchase warrants were issued with an exercise price of \$0.30 and an expiry date of May 26, 2023. Commencing on May 26, 2021, if the daily volume weighted average price for any ten (10) consecutive days equals or exceeds \$0.50, the Company may, upon providing written notice to the holders of the warrants, accelerate the expiry to the date that is thirty (30) days following the date of such written notice. Additionally, 1,643,063 compensation option units were issued to the underwriters to purchase units comprised of one common share and one common share purchase warrant at a price of \$0.21 per compensation option unit, expiring May 26, 2022. On November 19, 2020, 6,079 compensation options were exercised (see *Prior Sales – Common Shares*).

As consideration for providing the Term Loan, on May 28, 2020 Vistara received 12,777,273 bonus warrants to purchase common shares ("Bonus Warrants"). Each Bonus Warrant is exercisable into one common share at an exercise price of \$0.22 for up to 36 months from closing. If at any time, after four months and a day after the issue date, the volume weighted average price ("VWAP") of the common shares for any twenty (20) consecutive trading days on the TSXV, during which the total volume of common shares traded in such period exceeds 5,000,000, is equal to or exceeds \$0.44, and the VWAP of the common shares for any five (5) consecutive trading days on the TSXV is equal to or exceeds \$0.44 then all of the Bonus Warrants shall be deemed to be automatically exercised by Vistara on a cashless basis.

TRADING PRICE AND VOLUME

The following table sets forth information relating to the monthly trading of the Common Shares on the TSXV during the 12-month period prior to the date of this Prospectus.

		Price Range (\$) ⁽¹⁾		Trading Volume ⁽²⁾
Month		High	Low	
2021	March 1-11	0.205	0.175	2,920,443
	February	0.245	0.180	12,511,615
	January	0.255	0.200	13,353,141
2020	December	0.220	0.195	10,466,941
	November	0.290	0.195	17,101,311
	October	0.270	0.180	13,560,203
	September	0.230	0.180	7,151,984
	August	0.225	0.170	9,148,281
	July	0.240	0.180	8,552,538
	June	0.220	0.175	12,267,561
	May	0.300	0.200	20,153,440
	April	0.315	0.150	12,083,550
	March	0.250	0.140	6,568,461

Notes:

(1) Includes intra-day high and low prices.

(2) Total volume traded in the relevant month.

INTERESTS OF EXPERTS

Certain legal matters relating to the issue and sale of the securities offered hereunder will be passed upon by Perley-Robertson, Hill & McDougall LLP, on behalf of the Company, and by Cassels Brock & Blackwell LLP, on behalf of the Underwriters. As of the date of this Prospectus, the partners and associates of Perley-Robertson, Hill & McDougall LLP, own, directly or indirectly, in the aggregate, less than 1% of the Common Shares. As of the date of this Prospectus, the partners and associates of Cassels Brock & Blackwell LLP own, directly or indirectly, in the aggregate, less than 1% of the issued and outstanding Common Shares.

Deloitte LLP is the auditor of the Company and is independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any of associate or affiliate of the Company.

ELIGIBILITY FOR INVESTMENT

In the opinion of Perley-Robertson, Hill & McDougall LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, in force as of the date hereof, the Unit Shares, Warrants, and Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder, in force as of the date hereof, for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts (individually a “**Registered Plan**” and collectively “**Registered Plans**”) and deferred profit sharing plans (“**DPSP**”) provided that:

- (i) in the case of the Unit Shares and the Warrant Shares, the Unit Shares or Warrant Shares, as applicable, are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV) or the Company otherwise qualifies as a “public corporation” (as defined in the Tax Act); and
- (ii) in the case of the Warrants, the Warrant Shares are qualified investments as described in (i) above and neither the Company, nor any person with whom the Company does not deal at arm’s length, is an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Registered Plan or DPSP.

Notwithstanding the foregoing, the holder of, or annuitant or subscriber under, a Registered Plan (the “**Controlling Individual**”) will be subject to a penalty tax in respect of Unit Shares, Warrant Shares or Warrants held in the Registered Plan if such securities are a prohibited investment for the particular Registered Plan. A Unit Share, Warrant Share or Warrant generally will be a

“prohibited investment” for a Registered Plan if the Controlling Individual does not deal at arm’s length with the Company for the purposes of the Tax Act or the Controlling Individual has a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Company. In addition, the Unit Shares and Warrant Shares will generally not be a “prohibited investment” if such securities are “excluded property” (as defined in the Tax Act) for the Registered Plan. Controlling Individuals should consult their own tax advisors as to whether the Unit Shares, Warrant Shares or Warrants will be a prohibited investment in their particular circumstances.

CERTAIN CANADIAN AND FEDERAL INCOME TAX CONSIDERATIONS

The following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investor who is a beneficial owner of Unit Shares and Warrants acquired pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm’s length with the Company and the Underwriters, (ii) is not affiliated with the Company or the Underwriters, and (iii) acquires and holds the Unit Shares and Warrants, and will hold the Warrant Shares issuable on the exercise of the Warrants, (the Unit Shares and Warrant Shares hereinafter sometimes collectively referred to as “**Shares**”) as capital property (a “**Holder**”). Generally, the Shares and Warrants will be considered as capital property of a Holder thereof provided that the Holder does not hold the Shares or Warrants in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a “financial institution” for the purposes of the mark-to market rules contained in the Tax Act, (ii) that is a “specified financial institution” as defined in the Tax Act, (iii) an interest in which would be a “tax shelter investment” as defined in the Tax Act, (iv) that has made a functional currency reporting election under the Tax Act, (v) that is exempt from tax under Part I of the Tax Act, (vi) that has entered into or will enter into a “derivative forward agreement”, as defined in the Tax Act, with respect to the Shares or Warrants, or (vii) that is a corporation resident in Canada that is, or does not deal at arm’s length with a corporation that is, at any time controlled by a non-resident person, or a group of non-resident persons comprised of any combination of non-resident corporations, non-resident individuals or non-resident trusts not dealing with each other at arm’s length, in each case for purposes of the “foreign affiliate dumping” rules in the Tax Act. All such Holders should consult their own tax advisors with respect to an investment in Units. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units.

This summary is based on the current provisions of the Tax Act in force on the date hereof and our understanding of the current administrative policies and assessing practice of the Canada Revenue Agency (the “**CRA**”) made publicly available in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that the Tax Proposals will be enacted in the manner and form proposed. However, no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practice of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal or any provincial, territorial or foreign tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Prospective investors should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the Warrant comprising a Unit to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate \$0.185 of the Offering Price of each Unit as consideration for the issue of each Unit Share and \$0.005 of the Offering Price of each Unit for one-half of one Warrant comprising part of the Unit. Although the Company believes its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder’s adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder’s cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder’s adjusted cost base of such Warrant and the amount paid on exercise of the Warrant Share. The Holder’s adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

The following section of this summary applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (“**Resident Holders**”). Certain holders who are resident in Canada for the purposes of the Tax Act and whose Shares might not otherwise constitute capital property may be eligible to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares, and every other “Canadian security” as defined in the Tax Act, held by such holder, in the taxation year of the election and each subsequent taxation year, to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the adjusted cost base of such Warrant to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “Capital Gains and Capital Losses”.

Dividends

Dividends received or deemed to be received on Shares held by a Resident Holder will be included in computing the Resident Holder’s income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of “taxable dividends” received from “taxable Canadian corporations” (as defined in the Tax Act). Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as “eligible dividends” will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. There may be restrictions on the Company’s ability to so designate any dividends as “eligible dividends”, and the Company has made no commitments in this regard.

Dividends received or deemed to be received by a Resident Holder that is a corporation that is included in computing its income will generally be deductible in computing its taxable income, subject to certain restrictions and special rules under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, and Resident Holders that are corporations should consult their own tax advisors in this regard.

A Resident Holder that is a “private corporation” (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Shares to the extent such dividends are deductible in computing taxable income.

Dispositions of Shares and Warrants

Upon a disposition or deemed disposition of a Share (except to the Company unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “Capital Gains and Capital Losses”.

Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year must be included in such Resident Holder’s income for the year. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by such Resident Holder in such year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Share may be reduced by the amount of dividends received or deemed to be received by it on such share (or on a share for which the Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a Share is owned by a partnership or a trust of which a corporation, partnership or trust is a member or beneficiary, as applicable.

Additional Refundable Tax

A Canadian Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation”, as defined in the Tax

Act, may be liable to pay an additional refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include amounts in respect of taxable capital gains and certain dividends.

Minimum Tax

Capital gains realized (or deemed to be realized) and dividends received (or deemed to be received) by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Such Resident Holders should consult their own advisors with respect to the application of the minimum tax.

Holders Not Resident in Canada

The following section of this summary is generally applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, (i) is not, and is not be deemed to be, resident in Canada, and (ii) does not use or hold the Shares or Warrants in carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that carries on or is deemed to carry on an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act). Such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled to under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. Non-Resident Holders should consult their own tax advisors in this regard.

Dispositions of Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share or Warrant, as applicable, constitutes “taxable Canadian property” to the Non-Resident Holder thereof for purposes of the Tax Act at the time of disposition, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV) at the time of disposition, the Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time during the 60 month period immediately preceding the disposition, the following two conditions are simultaneously met: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, partnerships in which the Non-Resident Holder or such non-arm’s length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Non-Resident Holders should consult their own tax advisors as to whether their Shares or Warrants constitute “Taxable Canadian property” in their own particular circumstances.

Notwithstanding the foregoing, a Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder in certain cases under other provisions of the Tax Act. In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Share or Warrant that is taxable Canadian property to that Non-Resident Holder and the Non-Resident Holder is not entitled to an exemption under an applicable tax treaty, the consequences described above under the headings “*Holders Resident in Canada – Dispositions of Shares and Warrants*” and “*Holders Resident in Canada – Capital Gains and Capital Losses*” will generally be applicable to such disposition.

Non-Resident Holders who may hold Shares or Warrants as taxable Canadian property should consult their own tax advisors with respect to the tax consequences applicable in their particular circumstances.

RISK FACTORS

A prospective investor should consider carefully the risk factors set out below and incorporated herein by reference and in the latest annual AIF, annual and interim MD&A and financial statements of the Company before making an investment in the securities of the Company.

An investment in the Common Shares offered by the Company hereby involves a high degree of risk and must be considered speculative due to the nature of the Company’s business and present stage of development. A prospective investor should carefully consider the information included or incorporated by reference in this short form Prospectus and the Company’s historical

consolidated financial statements and related notes before making an investment decision regarding the Common Shares. The risk factors contained in the Annual MD&A and under the heading “*Risk Factors*” in the AIF (copies of which may be accessed at www.sedar.com) are incorporated herein by reference. The information set out below is presented as of the date hereof and is subject to change, completion or amendment without notice.

Before investing, prospective purchasers of Units should carefully consider the factors set out below, as well as the other information contained in this Prospectus and in the documents incorporated by reference. The following list of risk factors may not be exhaustive, as Martello operates in a rapidly changing business, and new risk factors emerge from time to time. The Company cannot predict such risk factors, nor can Martello assess the impact, if any, of such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, the Company does not, nor should shareholders of Martello or potential purchasers of Units rely on forward-looking statements as a prediction of actual results. See “*Forward Looking Statements*”.

Risks Related to the Offering and the Company’s Equity

You may experience dilution because of the Offering and future equity offerings.

Giving effect to the issuance of Units in this Offering, the receipt of the expected net proceeds, and the use of those proceeds, this Offering may have a dilutive effect on our expected net income/loss available to our shareholders per share. Furthermore, other than in accordance with the terms of the Underwriting Agreement, we are not restricted from issuing additional securities in the future, including Common Shares, securities that are convertible into or exchangeable for, or that represent the right to receive Common Shares or substantially similar securities. To the extent that we raise additional funds through the sale of equity or convertible debt securities, the issuance of such securities will result in dilution to our shareholders. We may sell Common Shares or other securities in any other offering at a price per share that is less than the price per share paid by investors in this Offering, and investors purchasing Common Shares or other securities in the future could have rights superior to existing shareholders. The price per share at which we sell additional Common Shares or securities convertible or exchangeable into Common Shares, in future transactions may be higher or lower than the price per share paid by investors in this Offering.

Use of Proceeds of the Offering

The Company’s intended use of the net proceeds is set out in this Prospectus – see “*Use of Proceeds*”. However, the use of the net proceeds of the Offering is completely at the discretion of the Company. There may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary, and the Company’s actual use of such net proceeds may vary depending on Martello’s operating and capital needs from time to time.

Successful Execution of Acquisition Strategy

There can be no assurances that the Company will be able to successfully integrate any acquired business into its operations. There can be no assurance that Martello will be able to access further financial resources for other suitable acquisition opportunities that may become available to it.

Acquisitions involve significant risks and uncertainties, including:

- unanticipated costs and liabilities;
- current global economic uncertainty and potential impact in areas where the business, customers or suppliers are located;
- difficulties in marketing and integrating new products, software, businesses, operations and technology infrastructure in an efficient, effective and secure manner;
- the inability to achieve synergy and cost reduction targets assumed at the time of acquisition;
- difficulties in maintaining customer and key supplier relations, including changing contract manufacturers as a result of lower volumes of business;
- the potential loss of key employees of the acquired businesses;
- the potential adverse effect on the Company’s net debt and liquidity position as a result of all or a portion of an acquisition purchase price being paid in cash;
- the potential significant increase of the Company’s interest expense, leverage and debt service requirements if the Company incurs additional debt to pay for an acquisition;
- the potential issuance of securities that would dilute the Company’s shareholders’ percentage ownership;
- the potential to incur restructuring and other related expenses, including significant transaction costs that may be incurred regardless of whether a potential strategic acquisition or investment is completed;
- the inability to maintain uniform standards, controls, policies and procedures, including the inability to establish and maintain adequate internal controls over financial reporting;
- potential impairment charges on higher levels of goodwill and intangible assets as a result of impairment testing performed on a regular basis; and

- becoming subject to intellectual property or other litigation.

Negative Cash Flow from Operations

The Company had negative operating cash flow for the year ended March 31, 2020 and for the three and nine months ended December 31, 2020. To the extent that the Company has negative cash flow in any future period, the Company may be required to use net proceeds from the Offering to fund such negative cash flow. To stay in business, in the absence of future cash flow from operations, the Company will have to raise funding through financing activities. However, there is no certainty the Company will be able to raise funds at all or on terms acceptable to the Company in the event it needs to do so. Furthermore, additional funds raised by the Company through the issuance of equity or convertible debt securities would cause the Company's current shareholders to experience dilution. Such securities also may grant rights, preferences or privileges senior to those of the Company's shareholders. Subject to agreements with its current lenders, the Company could incur additional indebtedness to finance its operations. Any such indebtedness could contain restrictive covenants which likely would restrict the Company's operations.

Loss of Entire Investment

An investment in the Common Shares is speculative and may result in the loss of a purchaser's entire investment. Only potential purchasers who are experienced in high-risk investments and who can withstand a complete loss of their investment should consider purchasing the Units in this Offering. Before making an investment decision, prospective purchasers of Units should consider the information contained and incorporated by reference in this Prospectus and, in particular, the risk factors set out herein and in the documents incorporated by reference herein. Readers are cautioned that such risk factors are not exhaustive.

Sales of substantial amounts of the Company's securities may have an adverse effect on the market price of the Securities

Sales of substantial amounts of the Company's securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Company's securities, including the Common Shares. A decline in the market prices of the Common Shares or other securities could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

The Company's Securities may experience price volatility

There can be no assurance that an active market for the Common Shares partially comprising the Units will be sustained after the Offering. Securities of small and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the attractiveness of certain industries. There can be no assurance that continuing fluctuations in price will not occur. The price per Common Share may be affected by the changes to the Company's financial condition or results of operations. As a result of any of these factors, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company.

COVID-19 Pandemic

On March 11, 2020, COVID-19 was declared as a pandemic by the World Health Organization. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions.

The spread of COVID-19 has significantly impacted the global economy, and the outbreak and efforts to contain the virus may have a significant impact on the Company's business and customers. The extent of the adverse impact of the pandemic on the global economy and markets will depend, in part, on the length and severity of the measures taken to limit the spread of the virus, the length and severity of future waves of the virus, and, in part, on the size and effectiveness of the compensating measures taken by governments.

The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results. Given the global economic uncertainty caused by COVID-19, Martello's ability to acquire new business and renew existing business may be impacted. Existing customers may not renew their agreements with Martello, if the adverse impacts of COVID-19 are such that they cease doing business or if the costs of maintaining their contracts with Martello are not sustainable in the current economic environment.

The prolonged economic slowdown has and may continue to result in purchase order delays or the inability to collect receivables and it is possible that there may be continued negative impacts on the Company's operations that could have a material adverse effect on our financial results. Reduced IT budgets and spending may impact revenues. With customer interactions having shifted

entirely to virtual or digital platforms, there may be an impact on our ability to generate and convert leads, and on new and renewal sales.

The Company is closely monitoring the potential effects and impact on its operations, business and financial performance, including liquidity and capital usage, in response to COVID-19. Measures were taken to minimize the effects, including temporary salary reductions and reductions in discretionary spending. The extent to which the pandemic impacts future operations and financial results, and the duration of any such impact, depends on future developments which continue to be uncertain and unknown at this time.

A significant number of Common Shares are owned by a limited number of existing shareholders

The Company's management, directors and employees own a substantial number of the outstanding Common Shares (on a non-diluted and partially-diluted basis). As of March 3, 2021, Wesley Clover International Corporation ("**Wesley Clover**") owns 40,172,845 Common Shares (representing approximately 14.89% of the issued and outstanding Common Shares of the Company). Dr. Terence Matthews, Co-Chairman of Martello, is the controlling shareholder of Wesley Clover. Members of the President's List may acquire up to 5,263,157 Units (\$1,000,000) of the Offering. As such, the Company's management, directors and employees, as a group, are in a position to exercise influence over matters requiring shareholder approval, including the election of directors and the determination of corporate actions. As well, these shareholders could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company's shareholders.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two (2) business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the Warrant is being offered under the prospectus. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon exercise of the security, these amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF MARTELLO TECHNOLOGIES GROUP INC.

Dated; March 12, 2021

This short form prospectus, together with the documents incorporated by reference constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of Ontario, Alberta, and British Columbia.

(s) John Proctor

John Proctor
President & CEO

(s) Erin Crowe

Erin Crowe
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(s) Colley Clarke

Colley Clarke
Director

(s) Mike Michalyshyn

Mike Michalyshyn
Director

CERTIFICATE OF THE UNDERWRITER

Dated: March 12, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of Ontario, Alberta, and British Columbia.

PARADIGM CAPITAL INC.

(s) Barry Richards

By: Barry Richards
Managing Director

EIGHT CAPITAL

(s) Michelle Goh

By: Michelle Goh
Principal, Managing Director

PI FINANCIAL CORP.

(s) Vay Tham

By: Vay Tham
Managing Director