

## STANDARD LICENSE AGREEMENT

This License Agreement is effective as of the 24<sup>th</sup> day of March, 2016 (the "Effective Date").

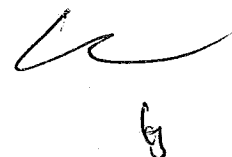
<b>BETWEEN:</b>	<b>McMaster University</b> , a Canadian University with principal offices at 1280 Main Street West, Hamilton, Ontario L8S 4L8 and herein acting and represented by its duly authorized representatives,  (hereinafter called "McMaster")
<b>AND:</b>	<b>Patriot One Technologies Inc.</b> a corporation organized and existing under the laws of British Columbia, having an office at 113A-8275 92nd St., Delta, British Columbia V4G 0A4 and herein acting and represented by its duly authorized representatives,  (hereinafter called "Licensee")

McMaster and Licensee are hereinafter referred to individually as a "Party" and collectively as the "Parties".

### 1. PREAMBLE

- 1.1 McMaster, in its role as an institution of higher education, carries out scientific research through its faculty, staff and students and is committed to sharing the results of such research with the wider community.
- 1.2 McMaster has developed the intellectual property embodied or specifically claimed in the Licensed Patents and Technology (as defined below).
- 1.3 Pursuant to the terms of the McMaster Joint Intellectual Property Policy, McMaster is the owner of all right, title and interest in the Licensed Patents and Technology and McMaster is authorized to assume the management and to take whatever steps are necessary for securing protection of intellectual property rights embodied in McMaster Licensed Patents and Technology and to engage in their commercialization.
- 1.4 The Licensee desires to obtain license rights to the Licensed Patents and Technology under the terms and conditions of this License Agreement

Therefore, for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:



## 2. INTERPRETATION

2.1 **Definitions.** As used in this Agreement, the following terms shall have the following meanings:

- a. "Affiliate" means any person, joint venture, partnership, corporation, sublicensee, trust, unincorporated organization or other entity which, directly or indirectly, controls, is controlled by, or is under common control with a party to this Agreement. The term "control" means possession, direct or indirect, of the powers to direct or cause the direction of the management of policies of a person, whether through ownership of equity participation, voting securities, beneficial interest, contract, agreement or otherwise.
- b. "Agreement" means this Agreement as amended from time to time and any agreement or instrument supplemental or ancillary and the expressions "Article", "Section" or "Subsection" followed by a number or letter, mean and refer to the specified Article, Section or Subsection of this Agreement.
- c. "Arm's Length Party" means a Person with whom Licensee deals at arm's length (within the meaning of that term under the *Income Tax Act (Canada)*).
- d. "Business Day" means any of the days of Monday to Friday, both inclusive, unless such day is a statutory or civic holiday in Hamilton, Ontario.
- e. "Confidential Information" means all materials, ideas, financial data, pricing, profit or cost information, policies, business plans, personal information, customer lists, trade secrets, documentation or other information relating to the Disclosing Party, or any persons with whom it is affiliated, associated or related or had business dealings, that would reasonably be considered confidential to the Disclosing Party and the disclosure of any of which to the general public or to competitors of the Disclosing Party could be detrimental to the best interests of the Disclosing Party and, in the case of McMaster shall include the Technology and this Agreement; provided, however, that Confidential Information shall not include information which:
  - i. is already in the possession of, or information already known to, the Receiving Party before its disclosure by the Disclosing Party, as shown by written documentation or other tangible evidence sufficient to establish such knowledge;
  - ii. is in the public domain at the time of disclosure, or which after such disclosure enters into the public domain through no fault of the Receiving Party;
  - iii. is lawfully obtained by the Receiving Party from a third party or parties without breach of this Agreement by the Receiving Party, as shown by written documentation or other tangible evidence sufficient to establish the third party as the source of the information;
  - iv. the Receiving Party can demonstrate was developed independently of the information received from the Disclosing Party;
  - v. must necessarily be disclosed to regulatory authorities or agencies in support of Licensee's applications to market the Licensed Products, or otherwise to clinicians or others in connection with the filing of such applications, or as reasonably necessary for purposes of marketing the Licensed Products;

- vi. must necessarily be disclosed by the Receiving Party to financial institutions or other funding sources in order to obtain financial assistance, provided that such entities agree to keep the information confidential;
  - vii. must necessarily be disclosed by McMaster in order to file patent applications with respect to inventions hereunder; or
  - viii. is required to be disclosed by order of governmental authority or a court of competent jurisdiction; provided that Receiving Party shall use best efforts to obtain confidential treatment of such information by the agency or court.
- f. "Date of Commercialization" means the date a Licensed Product is first marketed or introduced into the commercial market.
- g. "Disclosing Party" means a Party to this Agreement that discloses Confidential Information to a Recipient.
- h. "Effective Date" means the date first above written and the "Effective Date of Termination" means the date that this Agreement is terminated in accordance with Article 15.
- i. "Field" means all applications as identified in Schedule "A".
- j. "Generally Accepted Accounting Principles" means generally accepted accounting principles as set forth in opinions and pronouncements of the Canadian Institute of Chartered Accountants or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, in each case as the same are applicable to the circumstances as of the relevant date of determination.
- k. "Licensed Patents" means those patents or patent applications identified in Schedule "B", including all continuations, continuations-in-part, divisions, re-issues, re-examinations or extensions and foreign patent applications and patents corresponding to any of the foregoing.
- l. "Licensed Products" means any product, apparatus or methods, the production, manufacture, sale, lease, use or practice of which incorporates or makes use of one or more Licensed Patent(s).
- m. "NATO" means North Atlantic Treaty Organization, B-1110 Brussels, Belgium.
- n. "NATO Project Completion Date": shall be on or about the 30th day of June 2018 or as defined and determined by the NATO SPS Projects Office, SPS Programme, Emerging Security Challenges Division (ESCD), NATO HQ, Bd Leopold III, B-1110 Brussels, Belgium.
- o. "Net Sales" means the gross Revenues received by Licensee or Affiliates or Sublicensee from the Sale or use of Licensed Products less the following items (but ONLY insofar as they are separately itemized on the invoice and actually paid or allowed):
- i. usual trade or quantity discounts;
  - ii. allowances or credits provided on account of rejections, returns or retroactive price reductions;
  - iii. transportation charges;

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- iv. insurance costs;
- v. packing costs;
- vi. import, export, sales, use, excise and other taxes or duties.

In the event that a Sale is made to a Person which is not an Arm's Length Party, Net Sales shall be based on an amount equal to the price at which the Licensee at the time of the Sale would sell the Licensed Product to an Arm's Length Party.

- p. "Other" has the meaning set out in Section 9.1.
- q. "Person" means an individual, a corporation, a partnership, a trust, any unincorporated organization or any other entity, and "Persons" has a similar corresponding meaning.
- r. "Recipient" means a Party to this Agreement that receives Confidential Information from the Disclosing Party.
- s. "Revenue" means any revenues, property or other consideration, cash or non-cash, earned or received by the Licensee, Affiliate or Sublicensee from the exercise of its rights under this Agreement, including but not limited to royalties and minimum fees.
- t. "Royalties" means the amounts payable pursuant to Schedule "C".
- u. "Sale" means any sale, lease, use, services and license associated with the transfer of the Licensed Products or service relating to the Licensed Products and "Sales" and "Sell" have corresponding meanings.
- v. "Shares" shall mean shares of Licensee's common stock.
- w. "Sublicensee" means any Person granted a sublicense by the Licensee pursuant to Section 4.1.
- x. "Technology" means, collectively, all trade secrets, research, development and manufacturing data, inventions, technical, engineering and scientific information, methods, processes, procedures, techniques, discoveries, protocols, formulas, designs, drawings, specifications and know-how or other information of McMaster whether or not patentable, copyrightable, trademarkable or otherwise protectable by law or commercially useful or reducible to writing or practice, and related to the Licensed Patents.
- y. "Term" means the term of this Agreement pursuant to Article 14.
- z. "Territory" means the territory provided in Schedule "D".
- aa. "Valid Claim" means, on a country by country basis, (1) a claim of an issued patent that has not been found invalid by a court of competent jurisdiction, or (2) a claim contained in a pending patent application, provided that the claim has not been pending in substantially similar form before the same patent granting authority for more than 3 years. For the purposes of this definition, "pending" shall mean in the process of active examination before the patent granting authority, and shall not pertain to time between the national filing date of an application and the date of any



required Request for Examination in that country or time between the filing date of an International Patent Application and the date of entry into the National Phase in a country.

bb. "Year" means each 12 month period ending on the anniversary of the Effective Date.

- 2.2 **Gender and Number.** In this Agreement, words importing the singular include the plural and vice versa, and words importing gender include all genders.
- 2.3 **Article and Section Headings.** The insertion of headings and the division of this Agreement into articles and sections are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 2.4 **Currency.** All dollar amounts expressed herein and all amounts to be paid pursuant to this Agreement shall be in Canadian dollars (\$). If Licensee receives amounts payable to McMaster in currency other than Canadian dollars, the amounts shall be converted into Canadian dollars at the conversion rate for the foreign currency as published by the Bank of Canada as of the last business day of the applicable calendar quarter.

### 3. GRANT OF LICENSE

- 3.1 McMaster hereby grants to the Licensee the exclusive royalty bearing license to use and practice, in the Field and in the Territory, the Licensed Patents with the exclusive license to make, use, or sell the Licensed Products or otherwise transfer the Licensed Products from the Effective date.
- 3.2 McMaster grants to the Licensee only the qualified right to grant sub-licenses as more fully described in Article 4.
- 3.3 Notwithstanding the rights granted in Sections 3.1 and 3.2, McMaster expressly retains the following rights:
- a. The right to use the Licensed Patents and Technology for any research, education, scholarly publication or other non-commercial purpose. McMaster may present and publish accounts of its research and all information relating to the Licensed Patents or Technology in accordance with Section 9.2.
  - b. The right to provide a non-exclusive license for the Technology to the National Technical University of Ukraine "Kyiv Polytechnical Institute" 37 Prospect Peremogy, Kiev 03056 Ukraine as required by the joint NATO Science for Peace Project NUKR.SFP 984992 – "Long Range Stand-Off Microwave Radar for Personnel Protection" until the NATO Project Completion Date.
  - c. The right to provide the Licensed Patents and Technology to other research institutions pursuant to a confidentiality agreement or a materials transfer agreement for the purposes provided in Section 3.3 above.
- 3.4 This Agreement shall not be interpreted or construed as granting to Licensee any rights, express or implied, by estoppels or otherwise, to any patents, patent applications, inventions, methods, technical information, confidential information, proprietary information, expertise, know-how, trade secrets, or

knowledge not specifically licensed under this Agreement regardless of whether such technology or patent right shall be dominant or subordinate to any Licensed Patents and all rights not expressly granted to Licensee by this Agreement are expressly reserved by McMaster.

#### 4. **SUBLICENSING**

- 4.1 Licensee may grant sublicenses of all or some of its rights under this Agreement only during the Term with the prior written approval of McMaster, such approval not to be unreasonably withheld.
- 4.2 Prior to Sublicensee making any Sales, Licensee must enter into a written agreement with Sublicensee that imposes obligations, responsibilities and standards upon any Sublicensee, which in all material respects, are not less than those imposed on Licensee by this Agreement. Each sublicense agreement shall specifically refer to this Agreement and to all rights retained by McMaster or required to be granted back to McMaster from the Licensee or Sublicensee.
- 4.3 Within 30 days of the execution of a sublicense agreement, as authorized herein, the Licensee shall forward to McMaster a fully executed copy of such sublicense agreement. If the sublicense agreement is in a language other than English, the Licensee shall provide McMaster with an accredited English translation. In case the sublicense agreement is subsequently amended, this section shall apply and a copy of the signed amended sublicense agreement shall be sent to McMaster within 30 days after execution.
- 4.4 Upon termination of this Agreement, any rights hereunder sublicensed to a Sublicensee shall, at the option of the University: (i) terminate; or (ii) become rights licensed to the Sublicensee directly by McMaster (on the same terms as set out in the relevant sublicense agreement).
- 4.5 Licensee shall be solely responsible for the enforcement of the terms of any sublicense, for collection of payment due thereunder and for inspecting the accounts and records kept by the Sublicensee to ascertain Net Sales.
- 4.6 All sublicense agreements shall prohibit the Sublicensee from further sublicensing.

#### 5. **DUE DILIGENCE**

- 5.1 Licensee shall use diligent efforts to develop the Licensed Patents and to introduce the Licensed Products in the commercial market as soon as practicable consistent with sound and reasonable business practice and judgment, in order to maximize Net Sales. To that end, Licensee acknowledges and agrees to the performance milestones and development plans described in Schedule C. Thereafter, and until the expiration of this Agreement, Licensee shall endeavour to keep Licensed Products reasonably available to the public.
- 5.2 Licensee shall use diligent efforts to develop a sublicensing program to develop the Licensed Patents and to effect the introduction into the commercial market of the Licensed Products in the Field of use or Territory that Licensee decides not to exploit for its own self.



- 5.3 Licensee covenants that it has the expertise necessary to handle the Licensed Patents and Licensed Products with care and without danger to McMaster or the Licensee, its employees, agents, Affiliates, Sublicensees or the public and to observe and perform this covenant.
- 5.4 Licensee covenants that it will comply with all laws, regulations and ordinances, whether federal, provincial, state, municipal or otherwise, as applicable, with respect to the Licensed Patents, Licensed Products and Technology, and this Agreement.

## 6. CONSIDERATION

In consideration for the licenses and rights granted hereunder, Licensee shall pay to McMaster:

- 6.1 A non-creditable, non-refundable upfront licensee fee as set forth in Schedule "C" payable upon signature of this Agreement.
- 6.2 An annual, non-refundable minimum royalty as set forth in Schedule "C". The minimum annual royalty is due and payable on each anniversary date of the Agreement starting with the Effective Date and may be credited against any royalties due in the applicable Year.
- 6.3 A royalty based on a percentage (%) of Net Sales and payable as set forth in Schedule "C".
- 6.4 Milestone payments as set forth in Schedule "C".
- 6.5 Equity as set forth in Schedule "C" where issuances of stock shall be recorded by the Licensee on the Stock Transfer Ledger, duly authorized, validly issued, fully paid, non-assessable, and delivered to McMaster within thirty (30) days of the Effective Date.
- 6.6 No multiple royalties shall be payable because any Licensed Products are covered by more than one of the Licensed Patents, such royalty shall be the highest applicable one.
- 6.7 Sublicensee upfront fee and royalty as set forth in Schedule "C".
- 6.8 On Sales of Licensed Products by Licensee to Sublicensees or on Sales made to other than an Arm's-Length Party, the value of the Net Sales attributed under this Section to such a transaction shall be that which would have been received in a Sale made to an Arm's Length Party, based on a like transaction at that time.
- 6.9 Unless otherwise provided herein, all payments required under this Agreement shall be payable within 30 days of the due date. Payments past due shall bear interest at an annual rate of 2% above the prime rate of the Canadian Imperial Bank of Commerce, calculated and compounded monthly. All payments to McMaster shall be by cheque payable to "McMaster University".
- 6.10 Where Licensed Products are not sold separately, but are sold in combination with or as parts or components of other products, the Net Sales of the Licensed Products will be calculated for the purpose of computing payments due under this Agreement by applying to the total net sales price of the combined or composite products a fractional multiplier having as its numerator the costs of the Licensed Product and as the denominator the total manufacturing cost of the combined or composite



products (determined in accordance with the Licensee's customary accounting procedures) including the Licensed Product.

- 6.11 Licensee's obligation to pay a royalty with respect to a Licensed Product will terminate on a country-by-country basis upon expiry of the Licensed Patents and any extensions available covering the manufacture and sale of the Licensed Products in such country.
- 6.12 Licensee shall provide the Technology to McMaster and/or National Technical University of Ukraine "Kyiv Polytechnical Institute" 37 Prospect Peremogy, Kiev 03056 Ukraine on fair and commercially reasonable terms, as required by the joint NATO Science for Peace Project NUKR.SFP 984992 – "Long Range Stand-Off Microwave Radar for Personnel Protection," and upon request, if it is required to exploit foreground IP developed during the project for a period of up to three (3) years from the NATO Project Completion Date.

## 7. REPORTS

- 7.1 Licensee shall deliver to McMaster within 30 days after the end of each Year, or such other period as defined in Schedule "C", a written report certified by the Chief Financial Officer, or equivalent officer, of the Licensee, setting forth the calculation of royalties due to McMaster for such period, including the following data as related to this Agreement, without limitation:
- a. Net Sales listed by country.
  - b. All income derived from sublicenses, including one-time fees, special entry fees or equity granted in consideration of sublicenses or other in-kind benefits.
  - c. Royalties, from any source and minimum royalties.
  - d. Milestone payments from licenses and sublicenses and Affiliates.
  - e. Sales amounts, including Sale price or fees, revenues, or monies invoiced, billed, or received for all Licensed Products.
  - f. Qualifying costs, by category of cost, as defined in Section 2.1(o) and used to calculate Net Sales.
  - g. Number or quantity of Licensed Products sold, listed by country.
  - h. Royalties credited against minimum royalty payments.
  - i. A nil report, if applicable.
- 7.2 Licensee shall provide to McMaster, within one (1) month of release, a copy of the annual report of the company, if any, including its audited financial statements and a three (3) year estimate of future royalty payments.
- 7.3 Licensee shall consent to re-evaluate the commercial deal whenever a sublicense may be deemed by McMaster, at its own discretion, as: (i) contrary to the best interests of Canadians; (ii) having an adverse impact on McMaster's image; or (iii) involving ethical issues. In such cases, the Executive Director of the McMaster Industry Liaison Office will provide a written request for such re-evaluation.
- 7.4 Licensee shall retain the accounts and records referred to in Article 7 for at least 7 years after the date upon which they were made.

**8. AUDIT RIGHTS**

- 8.1 Licensee shall keep and cause its Sublicensees and Affiliates to keep at their own expense, accurate books and accounts, using Generally Accepted Accounting Principles, detailing all data necessary to calculate and easily audit any payment due to McMaster under this Agreement.
- 8.2 McMaster shall have the right, upon at least fifteen (15) days written notice, to audit Licensee books of accounts to verify compliance with the terms of this Agreement. McMaster or its agent may perform the audit at any time within seven (7) years after the end of any reporting period to which the books of accounts pertain. Access to Licensee's books and records shall be made available at least once each year. The audit shall be performed during normal business hours at the Licensee's principal place of business or at such other site as may be agreed upon by McMaster and Licensee. McMaster shall have the right to make abstracts or copies of such books of account.
- 8.3 Licensee shall cooperate with McMaster in its performance of an audit, and respond with diligence to any reasonable request from McMaster for further documents, instruments or assurances in order to carry out the provisions of this Section of the Agreement.
- 8.4 Information gained in such an audit and all books of account shall be treated as Confidential Information. McMaster agrees to impose a similar requirement of confidentiality on any agent appointed by McMaster to conduct the audit.
- 8.5 If the audit shows that Licensee has paid less than required under the Agreement, Licensee shall promptly pay the additional amount due. If the amount of underpayment exceeds 5% of the amount that should have been paid, Licensee shall also pay the full cost of the audit and accrued interest on the difference. Any overpayment amount shall be credited against payments due to McMaster in the following year.

**9. CONFIDENTIALITY**

- 9.1 Licensee and McMaster acknowledge and agree that, in order to properly accomplish the goals of this Agreement, they will need to disclose Confidential Information to each other. However, acknowledging that Confidential Information is valuable and proprietary, each of the Licensee and McMaster hereby covenants and agrees that, except as the Disclosing Party may otherwise consent in writing, during the Term and thereafter the Recipient nor any of its officers, directors, shareholders, employees, consultants or agents (collectively, "Others") shall use or directly or indirectly publish or otherwise disclose at any time any Confidential Information. All Confidential Information shall remain the Disclosing Party's exclusive property and all rights to the Confidential Information shall be held in trust by the Recipient for the Disclosing Party's benefit. Unless and until expressly authorized in writing to do so by the Disclosing Party, the Recipient shall not deal with, use or disclose Confidential Information for any purpose not directly related to the terms of this Agreement, and the Recipient shall disclose Confidential Information only to those persons who have a need to know Confidential Information for the purposes of the Recipient effectively performing the terms of this Agreement, it being understood that such persons shall be informed of the confidential nature of the Confidential Information and shall be directed to treat such Confidential Information confidentially, the Recipient shall be responsible for any breach of the provisions of this Section 9.1 by Others.

- 9.2 McMaster shall be entitled to publish or present the general scientific findings from research related to the Licensed Patents and Technology in accordance with the provisions of this Section 9.2, provided that such right shall not extend to any trade secrets or Confidential Information. At least thirty (30) days prior to submitting a manuscript to a publisher or other third party or prior to any public presentation, a copy of the manuscript or presentation (a "Publication") will be provided to Licensee for review and Licensee shall either: (i) approve said Publication by written notice to McMaster or approve by failing to respond within twenty-one (21) days of receipt of said Publication; or (ii) notify McMaster by written notice of its concerns regarding said Publication within twenty-one (21) days of receipt of said Publication and thereafter McMaster and Licensee will forthwith attempt to mutually agree on appropriate revisions to conform said Publication to the satisfaction of Licensee, thereby allowing immediate publication by McMaster. If Licensee and McMaster cannot agree on mutually acceptable revisions within 30 days of receipt of notice of Licensee's concerns regarding said Publication, McMaster will not publish said Publication for a period of six (6) months from the date of McMaster's receipt of Licensee's concerns regarding said Publication. However, following the expiration of such six (6) month period, McMaster and Licensee agree that McMaster shall be allowed to publish the Publication at issue regardless of whether or not said Publication has been revised to the full satisfaction of Licensee.

## 10. PATENT PROSECUTION AND MAINTENANCE

- 10.1 **Patent Rights.** Licensee hereby recognizes and acknowledges the validity of any Valid Claim of the Licensed Patents licensed hereunder and agrees not to contest such validity either directly or indirectly or by assisting other parties.
- 10.2 **Reimbursement.** Licensee shall reimburse McMaster six (6) months from the Date of Commercialization or one (1) year from the Effective Date of this Agreement, whichever is earlier, all patent fees, expenses and charges incurred by McMaster prior to the Effective Date including legal fees, expenses and charges incident to the preparation, prosecution and maintenance of the Licensed Patents as evidenced by invoices received from patent firms.
- 10.3 **Responsibility for patent prosecution.** Matters related to the prosecution, filing and maintenance of all patent applications related to the Licensed Patents or Technology, including meeting all filing deadlines and paying all related fees and expenses from the Effective Date of this Agreement, shall be the sole responsibility of the Licensee. At least sixty (60) days prior to the time that payment of such fees or expenses are required, Licensee shall make the necessary payment and give McMaster written notice that such fees have been paid. If McMaster does not receive such notice, McMaster may, in its discretion, pay the fees or expenses. Within thirty (30) days of receiving notice from McMaster stating specific fees or expenses related to the Licensed Patents or Technology have been paid, Licensee shall reimburse McMaster for all such fees and costs. McMaster shall be given reasonable opportunity to advise the Licensee concerning patent prosecution and maintenance. The Parties agree to cooperate with one another in such matters and McMaster will be kept informed at all times of the prosecution activities.
- 10.4 **Modification, deletion or abandonment of claims.** No claims of the Licensed Patents shall be modified, deleted, or abandoned by the Licensee or its patent counsel without the express, prior written



approval of McMaster, such approval shall not be unreasonably withheld and delayed. Licensee's obligations under this Section 10.4 shall include, without limitation, an obligation to inform McMaster in a timely manner that Licensee will not pursue patents in any foreign countries where patent protection may be available such that McMaster may prosecute patents in such countries if McMaster so desires. If McMaster pursues such foreign patent protection, then from that time forward all such subject patent applications and any patents arising therefrom shall no longer be considered patent rights under this Agreement and Licensee shall forfeit all rights under this Agreement to such patent applications and any patents arising therefrom. McMaster shall be responsible for all costs associated with those patent applications and patents it decides to pursue and maintain.

- 10.5 **Change of Patent Attorney.** Licensee shall consult McMaster in case of a change in the patent agent or attorney with respect to the Licensed Patents or Technology.
- 10.6 **Conflict of Interest.** Licensee will disclose to McMaster the existence and nature of any potential conflict of interest caused by the simultaneous prosecution of other technologies that may infringe with the Licensed Patents. In such cases, McMaster shall have the right to instruct a change of patent agent or attorney and related costs shall be borne by Licensee.
- 10.7 **No Claim for Damages.** Licensee shall have no claim of damages against McMaster, its officers, administrators or employees should any filing deadline not be met or payment not be made, and McMaster's failure to meet any such deadline or pay any such fee or cost shall not be considered a breach of this Agreement.
- 10.8 **Patent Marking.** Licensee shall comply with all applicable statutes relating to the identification of Licensed Products and their packaging with patent pending, patent number(s), copyrights or other intellectual property notices and legends required to maintain the intellectual property rights licensed in this Agreement.

## 11. DISCLAIMER OF WARRANTIES

- 11.1 The Licensed Patents, Licensed Products and all other Technology, if any, licensed under this Agreement are provided on an "as-is" basis.
- 11.2 **McMaster makes no representation, extends no warranties of any kind, either express or implied, and assumes no responsibilities whatsoever with respect to the use, sale or other disposition by Licensee, its Affiliates and Sublicensees, or their vendees or other transferees of Licensed Products incorporating or made by use of the Licensed Patents or any Technology licensed hereunder. There are no express or implied warranties of merchantability or fitness for a particular purpose, or that the use of the Licensed Patents, Licensed Products or any Technology licensed hereunder will not infringe any patent, copyright, trademark, service mark or other proprietary rights of others. McMaster shall not be liable to Licensee, its Affiliates, Sublicensees or their respective successors or assigns or any third party with respect to: any claim arising from use of the Licensed Patents, Licensed Products and Technology licensed under this Agreement or from the manufacture, use or sale of Licensed Products; or any claim for loss of profits, loss or interruption of business, or for indirect, special or consequential damages of any kind.**



11.3 Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall be construed as:

- a. A warranty or representation by McMaster as to rights in any technology or the validity or scope of any of the Licensed Patents.
- b. An obligation to furnish any technology not specifically agreed to in this Agreement, to bring or prosecute actions or suits against third parties for infringement or to provide any services other than those specified in this Agreement.

## 12. INDEMNIFICATION AND INSURANCE

12.1 Licensee shall indemnify, defend and hold McMaster, their employees, students, officers, agents, Affiliates and representatives harmless from and against any and all liability, demands, damages, losses and expenses (including attorney fees and disbursements), for death, personal injury, illness, property damage, non-compliance with applicable laws and any other claim, proceeding, demand, expense and liability of any kind whatsoever in connection with or arising out of:

- a. the use by or on behalf of Licensee, its Sublicensees, Affiliates, directors, officers, employees or third parties of any Licensed Patents or of any Technology licensed hereunder;
- b. the design, development, use, manufacture, distribution, advertisement, sale or other disposition of any Licensed Products or materials by Licensee or other products or processes developed in connection with or arising out of the Licensed Patents or Technology; or
- c. any right or obligation of Licensee, its Sublicensees, its Affiliates under this Agreement.

12.2 During the Term, Licensee shall maintain comprehensively general liability insurance, including product liability insurance related to, at least, the Licensed Products, of:

- a. not less than \$2,000,000.00 per single occurrence; and
- b. not less than \$5,000,000 in annual coverage.

Such insurance policy or policies shall not have a deductible of more than \$50,000.00. Each such insurance policy or policies shall be written by responsible and recognized insurers qualified to do business in the Territory, shall name McMaster and any Sublicensees as an additional named insured, shall provide that McMaster shall receive 30 days' written notice prior to termination, expiration or cancellation of the policy or policies or any material change thereto, and shall contain an acknowledgement that the insurer has read this Article 12.

## 13. INFRINGEMENT

13.1 **Infringement By Third Parties.** The Parties agree to inform the other Party promptly in writing of any actual or suspected infringement of the Licensed Patent by a third party. Licensee shall have, for a period of 120 days from the date of any notice of infringement of the Licensed Patent, the first right to institute suit against such third party. Thereafter, the Parties shall each have the right to institute an action for infringement of the Licensed Patent against such third party in accordance with the following:

- a. if the Parties agree to institute suit jointly, the suit shall be brought in both their names, the out-of-pocket costs thereof shall be borne equally, and any recovery or settlement shall be shared equally. The Parties shall agree to the manner in which they shall exercise control over such suit. Each party, at its option, may be represented by separate counsel at its own selection, the fees for which shall be paid by that Party.
  - b. In the absence of an agreement to institute a suit jointly, McMaster may, but is not obligated to, institute suit, and at its option, join Licensee as a plaintiff. If McMaster decides to institute suit, it shall notify Licensee in writing. Licensee's failure to notify McMaster in writing within 15 days after the date of McMaster's notice, that it will join in enforcing the Licensed Patents pursuant to the terms hereof, shall be deemed conclusively to be Licensee's assignment to McMaster of all rights, causes of action and damages resulting from any such alleged infringement. McMaster shall bear the entire cost of such litigation and shall be entitled to retain the entire amount of any recovery or settlement.
  - c. In the absence of an agreement to institute a suit jointly, and if McMaster does not notify Licensee of its intent to pursue legal action within ninety (90) days, as provided in (a) or (b) above, Licensee may institute suit. Licensee shall bear the entire cost of such litigation but may obtain reimbursement of fifty percent (50%) of such costs by the deduction provided for in section (d) of this Section 13.1. Any recovery in excess of litigation costs and reasonable attorney fees shall be shared equally between Licensee, at the rate of fifty percent (50%), and McMaster, at the rate fifty percent (50%).
  - d. If Licensee undertakes to defend the Licensed Patents by litigation, Licensee may deduct from its royalty payments to McMaster an amount not exceeding fifty percent (50%) of Licensee's expenses and costs of such action, including reasonable attorney's fees.
- 13.2 **Infringement Actions by Third Parties.** Without prejudice to any other right it may have, should a claim or suit that the manufacturing, marketing, offering for sale, sale of the Licensed Products or use of the Licensed Patents by Licensee as authorized hereunder and/or exercise by Licensee of any rights granted to it by McMaster pursuant to the terms hereof, infringe a third party's intellectual property rights be threatened or made against McMaster, Licensee or any party having the right to use the Licensed Patents through Licensee, each of McMaster and the Licensee agree that it shall give the other Party prompt written notice detailing as many facts as possible concerning such claim and shall consult and cooperate fully with one another to decide what action, if any, should be taken in the defence of such claim.
- 13.3 The reasonable expenses incurred by Licensee (including, for greater certainty, attorney's fees) in the defence of a claim by a third party, shall be deducted from any royalty owing and any balance shall be held in trust by Licensee until such time that the potential infringement ceases, is terminate or settled. If the third party claiming the infringement is successful in obtaining a judgment against Licensee or any of its Sublicensees or if the parties agree, Licensee acting reasonably, to amicably settle the matter, except that Licensee shall have no right to deny the validity of any patent, patent claim, or patent application included in the Licensed Patents in any compromise or settlement of any claim or suit without the express prior written consent of McMaster, any amount held in trust and any future royalties shall first serve to pay the third party's indemnity or damages awarded pursuant to a judgment of a court of competent jurisdiction or pursuant to any settlement and the balance, if any, shall be payable to McMaster pursuant to the provisions of Article 6 and Schedule C of this Agreement. If



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Licensee elects not to defend against such claim or suit, McMaster, at its option, may do so at its own expense and shall be entitled to retain the entire amount of any recovery or settlement.

- 13.4 In all cases, the Parties agree to keep the other Parties reasonably apprised of the status and progress of any litigation.

#### 14. TERM

- 14.1 This Agreement and the license granted hereunder shall terminate on the expiration of a term of twenty (20) years from the Effective Date or upon the last to expire or become abandoned of the Licensed Patents, whichever event shall last occur unless earlier terminated pursuant to Article 15 of this Agreement.



#### 15. TERMINATION

- 15.1 McMaster may, at its option, terminate the license and this Agreement immediately on the happening of any one or more of the following events by delivering notice in writing to that effect to the Licensee:
- a. if the Licensee becomes insolvent;
  - b. if any execution, sequestration or any other process of any court becomes enforceable against the Licensee or if any such process is levied on the rights under this Agreement or upon any of the monies due to McMaster and not released or satisfied by the Licensee within thirty (30) days thereafter;
  - c. if any resolution is passed or order made or other steps taken for the winding up, liquidation or other termination of the existence of the Licensee;
  - d. if the Licensee is more than thirty (30) days in arrears of royalties or other monies that are due to McMaster under the terms of this Agreement;
  - e. if the Licensed Patents or Technology becomes subject to any security interest, lien, charge or encumbrance in favour of any third party claiming through the Licensee;
  - f. if the Licensee ceases or threatens to cease to carry on business;
  - g. if a controlling interest in the Licensee passes to any person or persons other than those having a controlling interest at the Effective Date, whether by reason of purchase of shares or otherwise, without the prior consent of McMaster;
  - h. if the Licensee undergoes a reorganization or any part of its business relating to this Agreement is transferred to an Affiliate without the prior written consent of McMaster;
  - i. if the Licensee commits any breach of the sublicensing obligations in Section 4, the due diligence provisions in Section 5, the performance obligations in Section 6 and Schedule C;
  - j. if any Sublicensee is in breach of its sublicense agreement with the Licensee and the Licensee does not cause such Sublicensee to cure such default within 30 days of receipt of written notice from McMaster requiring that the Licensee cause such Sublicensee to cure such default.
- 15.2 Other than as set out in Section 15.1, if either Party shall be in default under or shall fail to comply with the terms of this Agreement, then the non-defaulting Party shall have the right to terminate the license and this Agreement by written notice to that effect if:

- a. such default is reasonably curable within thirty (30) days after the receipt of notice of such default and such default or failure to comply is not cured within thirty (30) days after receipt of written notice thereof, or
  - b. such default is not reasonably curable within thirty (30) days after receipt of written notice thereof, and such default or failure to comply is not cured within such further reasonable period of time as may be necessary for the curing of such default or failure to comply.
- 15.3 If the license and this Agreement is terminated pursuant to Article 15.1 or 15.2, the Licensee shall make royalty payments to McMaster in the manner specified in Article 6 and Schedule "C", and McMaster may proceed to enforce payment of all outstanding royalties or other monies owed to McMaster and to exercise any or all of the rights and remedies contained herein or otherwise available to McMaster by law or in equity, successively or concurrently at the option of McMaster. Upon any such termination of the license and this Agreement, the Licensee shall forthwith deliver up to McMaster all Confidential Information in its possession or control and shall have no further license or right of any nature whatsoever in the Confidential Information. The Licensee will pay all charges or expenses incurred by McMaster in the enforcement of its rights or remedies against the Licensee including, without limitation, McMaster's legal fees, agent's fees and disbursements.
- 15.4 The Licensee shall cease to use the Confidential Information in any manner whatsoever or to manufacture or sell the Licensed Products within five (5) days from the Effective Date of Termination. The Licensee shall then deliver or cause to be delivered to McMaster an accounting within thirty (30) days from the Effective Date of Termination. The accounting will specify, in or on such terms as McMaster may in its sole discretion require, the inventory or stock of Licensed Products manufactured and remaining unsold on the Effective Date of Termination. McMaster will instruct that the unsold Licensed Products be stored, destroyed or sold under its direction and the unsold Licensed Products will not be sold by the Licensee without the prior written consent of McMaster. The Licensee will continue to make royalty payments to McMaster in the same manner specified in Article 6 and Schedule "C" on all unsold Licensed Products that are sold in accordance with this Article, notwithstanding anything contained in or any exercise of rights by McMaster under Article 15.3 herein.
- 15.5 Notwithstanding the termination of this Agreement, Articles 6 and 8 shall remain in full force and effect until three (3) years after:
- a. all royalty payments required to be made by the Licensee to McMaster under this Agreement have been made by the Licensee to McMaster, and;
  - b. any other claim or claims of any nature of kind whatsoever of McMaster against the Licensee has been settled.

## 16. MISCELLANEOUS

- 16.1 **Independent Parties.** Licensee is and will at all times remain an independent contractor and is not and shall not represent itself to be an agent, joint venture or partner of McMaster. No representation will be made or acts taken by either Licensee or McMaster that could indicate any relationship of agency, joint venture, partnership or employment.

16.2 **Notice.** All payments and communications, which may be or are required to be given by either party to the other herein, shall (in the absence of any specific provision to the contrary) be in writing and, in the case of payments delivered or sent by prepaid registered mail and, in the case of communications, delivered or sent by prepaid registered mail or by facsimile transmission (provided sender obtains evidence or verification of transmission receipt) to the parties at their following respective addresses:

a. if to McMaster:

McMaster University  
McMaster Industry Liaison Office  
McMaster Innovation Park, Suite 305  
175 Longwood Road South  
Hamilton, ON L8P 0A1

Attention: Executive Director  
Tel: (905) 525-9140 ext. 22176  
Fax: (905) 546-1372

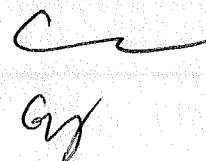
b. if to Licensee:

Kal Malhi, President  
Patriot One Technologies Inc.  
113A-8275 92nd St.  
Delta, BC V4G 0A4  
Cell: 604-805-4602  
k.malhi@dccnet.com

and if any such payment or communication is sent by prepaid registered mail, it shall, subject to the following sentence, be conclusively deemed to have been received on the 3<sup>rd</sup> Business Day following the mailing thereof and, if delivered or so telecopied, it shall be conclusively deemed to have been received at the time of delivery or transmission. Notwithstanding the foregoing provisions with respect to mailing, in the event that it may be reasonably anticipated that, due to any strike, lock-out or similar event involving an interruption in postal service, any payment or communication will not be received by the addressee by no later than the 3<sup>rd</sup> Business Day following the mailing thereof, then the mailing of any such payment or communication as aforesaid shall not be an effective means of sending the same but rather any payment must then be sent by delivery, and any communication by delivery or facsimile transmission. Either party may from time to time change its address hereinbefore set forth by notice to the other of them in accordance with this section.

16.3 **Further Assurances.** The Parties hereto agree to do all such things and to execute such instruments and documents as may be necessary or desirable in order to carry out the provisions and intent of this Agreement.

16.4 **Assignment.** This Agreement shall be to the benefit of and be binding upon the successors and permitted assigns of the Parties hereto. Licensee may not assign this Agreement or any part thereof, except with the express written approval of McMaster.



- 16.5 **Time of the Essence.** Time is of the essence of this Agreement and of each and every term and condition hereof.
- 16.6 **Waiver.** No waiver by either McMaster or Licensee of any breach or default or series of breaches or defaults by McMaster or Licensee and no failure, refusal or neglect of either McMaster or Licensee to exercise any right hereunder or to insist upon strict compliance with or performance of McMaster's or Licensee's obligations under this Agreement shall constitute a waiver of the provisions of this Agreement with respect to any subsequent or other breach thereof or a waiver by either party of its right any time thereafter to require strict compliance with the provisions hereof.
- 16.7 **Entire Agreement.** This Agreement constitutes the entire agreement between McMaster and Licensee pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions with respect to the subject matter hereof whether oral or written. Except as provided herein, there are no conditions, representations, warranties, undertakings, promises, inducements or agreements, whether direct or indirect, collateral, express or implied made between the parties concerning this Agreement, the subject matter hereof or any other matter embodied herein. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the Parties.
- 16.8 **Applicable Law and Forum.** This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario and the Federal Court of Canada.
- 16.9 **Partial Invalidity.** If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law and be independent of every other provision of this Agreement.
- 16.10 **Force Majeure.** Neither party shall lose any rights hereunder or be liable to the other Party for damages or losses (except for payment obligations) on account of failure of performance by the defaulting Party if the failure is occasioned by war, terrorism, fire, Act of God, earthquake, flood, strike, lockout, embargo, public health emergency, medical quarantine, governmental acts or orders or restrictions, failure of suppliers or any other reason where failure to perform is beyond the reasonable control of and not caused by the negligence, intentional conduct or misconduct of the non-performing Party that has exerted all reasonable efforts to avoid or remedy such force majeure; provided, however, that in no event shall a Party be required to settle any labour dispute or disturbance.
- 16.11 **Use of McMaster's Name and Trademarks.** Licensee shall not use McMaster's name, trademarks or any adaptations or the name or names of any of McMaster's inventors in any advertising, promotional or sales literature without the prior written approval of McMaster.
- 16.12 **Counterparts.** This Agreement may be executed in two counterparts, each of which shall be deemed an original and which together shall constitute one instrument.
- 16.13 **Construction.** Each Party to this Agreement has had full opportunity to consult with legal counsel regarding its terms and, notwithstanding any rule or maxim of construction to the contrary, any





**SCHEDULE A**

**FIELD**

The Field for this license is the short-range detection of concealed on-body weapons at a distance equal to or less than five (5) meters.

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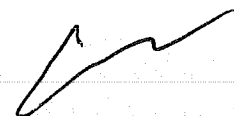
**STATE OF TEXAS**

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**SCHEDULE B****LICENSED PATENTS****CA 2,895,795****US 14/751,796****EP 15174116****UA a201506349****HK 16106764.3****DESCRIPTION OF TECHNOLOGY**

The Technology uses microwave radar in the frequency band between 500 MHz and 5000 MHz to detect small weapons, such as handguns, knives, grenades and explosive vests, on persons who may be standing, walking or otherwise moving at a distance of no more than five meters. The advantages of these low-frequency radar systems are: (i) operating in the low-gigahertz range, where the radio-frequency (RF) and microwave electronics is compact and cheap; (ii) the detection is possible even without a direct illumination of the hidden weapon, for example, the weapon may be hidden under the arm or attached to the inner surface of the leg, (iii) the inspected person need not stay still, (iv) at short distances (<5m) the power levels do not pose any radiation hazard and the system can be readily designed to meet the respective government limits on the human exposure to RF and microwave radiation.





**SCHEDULE C****ROYALTIES**

- Upfront License Fee
  - An Upfront License Fee in the amount of ten thousand dollars (\$10,000) payable upon execution of this Agreement.
  
- Minimum Annual Royalty
  - Two thousand five hundred dollars (\$2500) in the first and second Years;
  - Five thousand dollars (\$5000) in the third Year; and
  - Seven thousand five hundred dollars (\$7500) in the fourth and subsequent Years of this Agreement.
  
- Royalty percentage (%) on Net Sales
  - A Royalty percentage on Net Sales in the amount of three and a half percent (3.5%).
  - Licensee must pay to McMaster any royalties payable under this Agreement quarterly within thirty (30) days following the close of the calendar quarter during which the Net Sales underlying such royalties have actually been received by the Licensee.
  
- Equity
  - Licensee has issued 9.25 million Founders' shares at \$0.05 Canadian, 6 million First Round shares at \$0.05 Canadian, 9.4 million Second Round shares at \$0.075 Canadian and will issue 14 million Third Round shares at \$0.15 Canadian, totaling 30,975,000 outstanding Shares at a value of \$2,000,000 Canadian.
  - The Licensee will issue five percent (5%) equity in the outstanding Share capital of Licensee, or 1,548,750 shares, as of the Effective Date on a "Fully Diluted Basis." For purposes of this Schedule "C", "Fully Diluted Basis" shall mean the total number of issued and outstanding Shares calculated to include conversion of all issued and outstanding securities convertible into common stock, the exercise of all outstanding options and warrants to purchase Shares, whether or not then exercisable, the conversion or exercise of all rights to purchase or acquire Common Stock, whether or not then convertible or exercisable, and shall assume the issuance or grant of all securities reserved for issuance pursuant to any Licensee stock or stock option plan in effect on the date of the calculation.
  - Anti-Dilution Protection Through Funding Threshold. Licensee from time to time shall issue additional Shares to the Shareholders, pro rata in accordance with their respective ownership of the Shares, as may be necessary to ensure that the Shares (together with any and all Shares issued pursuant to this Schedule "C") continue to represent in the aggregate at least five percent (5%) of the Licensee's issued and outstanding common stock calculated on a Fully Diluted Basis, as calculated after giving effect to the anti-dilutive issuance. Such issuances shall continue until and including the date upon which a total of Two Million Dollars (\$2,000,000) in cash in exchange for Licensee's capital stock (the "Funding Threshold") shall be received by Licensee. Thereafter, no additional shares shall be due to the Shareholders pursuant to this section.

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- Sublicense Royalties
  - Licensee shall pay to McMaster thirty-three percent (33%) of the Royalty agreed being not less than 1.16%. Licensee shall pay to McMaster twenty-five percent (25%) of any Sublicensee up-front fee or other such consideration paid by each Sublicensee or Affiliate of this Agreement (includes any and all compensation received from sublicensee). Any non-cash consideration received by the Licensee from such Sublicensee or Affiliate shall be valued at its fair market value as at the date of receipt.
  - Same milestones will apply if the product is sublicensed.
  
- Development Milestones
  - Licensee will obtain at least five hundred thousand dollars (\$500,000) of capital for use in commercializing a Licensed Product by August 1, 2016;
  - Licensee will obtain at least one million dollars (\$1,000,000) of capital for use in commercializing a Licensed Product by December 1, 2016;
  - Licensee will achieve a first commercial sale by January 1, 2020; and
  - Licensee may extend any of these milestones in six (6) month increments, but not more than twice and not more than two (2) years in total across all Development Milestones, by making a twenty thousand dollar (\$20,000) payment to McMaster for each milestone extension. In the event of any extension, any later occurring milestones will be similarly extended.

**SCHEDULE D**

**TERRITORY**

Worldwide but shall not include countries which are listed on Canada's Area Control List from time to time.



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