
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K/A

(AMENDMENT NO. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended **November 30, 2017**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. - **None**

SECURITY DEVICES INTERNATIONAL INC.

(Name of Small Business Issuer in its charter)

Delaware

*(State or other jurisdiction of incorporation or
organization)*

71-1050654

(I.R.S. Employer Identification No.)

107 Audubon Road, Bldg 2, Suite 201

Wakefield, Massachusetts

(Address of Principal Executive Office)

01880

Zip Code

Registrant's telephone number, including Area Code: **(905) 582-6402**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Larger accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act):

Yes No

The aggregate market value of the Common Stock held by non-affiliates of the issuer, as of May 31, 2017, was approximately \$6,000,000 based upon a share valuation of \$0.14 per share. This share valuation is based upon the closing price of the Company's shares as of May 31, 2017 (the date of the last sale of the Company's shares closest to the end of the Company's second fiscal quarter). For purposes of this disclosure, shares of Common Stock held by persons who the issuer believes beneficially own more than 5% of the outstanding shares of Common Stock and shares held by officers and directors of the issuer have been excluded because such persons may be deemed to be affiliates of the issuer.

As of March 13, 2018, the Company had 93,861,054 issued and outstanding shares of common stock.

Documents incorporated by reference: **None**

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A amends Security Devices International Inc.'s (the "Company") Annual Report on Form 10-K for the fiscal year ended November 30, 2017, as filed with the Securities and Exchange Commission ("SEC") on March 15, 2018 (the "Original Filing") to amend and supplement Items 4, 13 and 15.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Amendment No. 1 includes new certifications from the Company's principal executive officer and principal financial officers, dated as of the date of filing of this Amendment No. 1. Amendment No. 1 speaks as of the date of the Original Filing, does not reflect events that may have occurred after the date of the Original Filing and does not modify or update in any way the disclosures made in the Original Filing, except as described above. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Filing.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See Items 10, 11 and 12, as well as footnote 8 to the Company's audited annual financial statements.

ITEM 15. EXHIBITS

Exhibit Number	Description of Exhibit
<u>3.1*</u>	<u>Certificate of Incorporation of the Company.</u>
<u>3.2</u>	<u>Bylaws of the Company Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's registration statement on Form SB-2 filed on March 16, 2006).</u>
<u>4.1</u>	<u>Trust Indenture dated December 7, 2016 by and among the Company, Security Devices International Canada Corp., and TSX Trust Company (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 13, 2016).</u>
<u>10.1*</u>	<u>2017 Revised Stock Option Plan of the Company.</u>
<u>10.2*†</u>	<u>Consulting Agreement dated June 15, 2016 between the Company and Northeast Industrial Partners, LLC, as amended by Extension Agreement to Consulting Agreement, dated May 1, 2017, between the Company and Northeast Industrial Partners, LLC.</u>
<u>10.3</u>	<u>Securities Purchase Agreement dated December 7, 2016 by and among the Company, Northeast Industrial Partners, LLC, as collateral agent, and certain purchasers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 13, 2016).</u>
<u>10.4*†</u>	<u>Employment Agreement dated January 1, 2017 between the Company and Dean Thrasher.</u>
<u>10.5*</u>	<u>Manufacturing Supply Agreement dated August 11, 2017 between the Company and Micron Products, Inc.</u>
<u>10.6*†</u>	<u>Employment Letter dated August 28, 2017 between the Company and Paul Jensen.</u>
<u>10.7*</u>	<u>Registration Rights Agreement dated as of November 28, 2017 by and between the Company and the Selling Shareholders.</u>
<u>10.8*</u>	<u>Subscription Agreement (form) dated as of November 28, 2017 by and between the Company and each Selling Shareholder with respect to the purchase and sale of the Units.</u>
<u>10.9*</u>	<u>License and Supply Agreement dated as of May 1, 2017 between the Company and Safariland, LLC.</u>
<u>16.1</u>	<u>Letter of Schwartz Levitsky Feldman LLP dated November 30, 2017 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 4, 2017).</u>
<u>16.2</u>	<u>Letter of Schwartz Levitsky Feldman LLP dated November 30, 2017 (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on December 4, 2017).</u>
<u>16.3</u>	<u>Letter of Schwartz Levitsky Feldman LLP dated December 1, 2017 (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on December 4, 2017).</u>
<u>21.1</u>	<u>Subsidiaries of the Company (incorporated by reference to Exhibit 21.1 to the Company's Annual report on Form 10-K filed on March 15, 2018).</u>
<u>31.1*</u>	<u>Rule 13a-14(a) Certifications</u>
<u>31.2*</u>	<u>Rule 13a-14(a) Certifications</u>
<u>32.1*</u>	<u>Section 1350 Certifications</u>

* Filed with this report.

† Management Contract

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 28th day of March, 2018.

SIGNATURE	TITLE	DATE
<u>/s/ Dean Thrasher</u> Dean Thrasher	Chief Executive Officer and Director	March 28, 2018
<u>/s/ Rakesh Malhotra</u> Rakesh Malhotra	Chief Financial Officer	March 28, 2018
SIGNATURE	TITLE	DATE
<u>/s/ Dean Thrasher</u> Dean Thrasher	Chief Executive Officer and Director	March 28, 2018
<u>/s/ Bryan Ganz</u> Bryan Ganz	Executive Chairman	March 28, 2018
<u>/s/ Karen Bowling</u> Karen Bowling	Director	March 28, 2018
<u>/s/ Don Levantin</u> Don Levantin	Director	March 28, 2018

EXHIBIT 3.1

CERTIFICATE OF INCORPORATION

OF

Security Devices International Inc.

1. The name of the corporation is: Security Devices International Inc.
2. The address of its registered office in the State of Delaware is: Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of its registered agent at such address is: The Corporation Trust Company.
3. The nature of the business or purposes to be conducted or promoted is: To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

To manufacture, purchase or otherwise acquire, invest in, own, mortgage, pledge, sell, assign and transfer or otherwise dispose of, trade, deal in and deal with goods, wares and merchandise and personal property of every class and description.

To acquire, and pay for in cash, stock or bonds of this corporation or otherwise, the good will, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities or any person, firm, association or corporation.

To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks and trade names, relating to or useful in connection with any business of the corporation.

To acquire by purchase, subscription or otherwise, and to receive, hold own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations, choses in action and evidence of indebtedness or interest issued or created by any corporations, joint stock companies, syndicates, associates, firms, trusts or persons, public or private, or by the government of the United State of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency, and as owner thereof to possess and exercise all the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof.

To borrow or raise money for any of the purposes of the corporation and, from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidence of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the corporation for its corporate purposes.

To purchase, receive, take by grant, gift, devise, bequest or otherwise lease, or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated, and to sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage or pledge, all or any of the corporation's property and assets, or any interest therein, wherever situated.

In general, to possess and exercise all the powers and privileges granted by the General Corporation Law of Delaware or by any other law of Delaware or by this Certificate of Incorporation together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the corporation.

The business and purposes specified in the foregoing clauses shall, except where otherwise expressed, be in nowise limited or restricted by reference to, or inference from, the terms of any other clause in this Certificate of Incorporation, but the business and purposes specified in each of the foregoing clauses of this article shall be regarded as independent business and purposes.

4. The total number of shares of stock which the corporation shall have authority to issued is: 10,000 common shares and the par value of each of such shares is: .01

5. The name and mailing address of each incorporator is as follow:

Name	Mailing Address
----	-----
Sheldon Kales	464 Old Orchard Grove Toronto, Ontario Canada M5M 2G4

The name and mailing address of each person who is to serve ad a director until the first annual meeting of the stockholders or until a successor is elected and qualified, is as follows:

Name	Mailing Address
----	-----
Sheldon Kales	464 Old Orchard Grove Toronto, Ontario Canada M5M 2G4

6. The corporation is to have perpetual existence.

7. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make, alter or repeal the by-laws of the corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation.

To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created.

To designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The by-laws may provide that in the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, or in the by-laws of the corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any bylaw of the corporation.

When and as authorized by the stockholders in accordance with law, to sell, lease or exchange all or substantially all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property including shares of stock in, and/or other securities of, any other corporation or corporations, as its board of directors shall deem expedient and for the best interests of the corporation.

8. Elections of directors need not be by written ballot unless the by-laws of the corporation shall provide.

Meeting of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation.

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

9. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

10. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit.

WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named, for the purpose of forming a corporation pursuant to General Corporation Law of the State of Delaware, do make this Certificate, hereby declaring and certifying that this is our act and deed and the facts herein stated are true, and accordingly have hereunto set our hands this 1st day of March, 2005.

/s/ Sheldon Kales
Sheldon Kales, Incorporator

SECURITY DEVICES INTERNATIONAL INC.
STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION

The Corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the only Director of Security Devices International Inc. a resolution was duly adopted March 2, 2005 setting forth a proposed amendment of the Certificate of Incorporation of said corporation and declaring said amendment to be advisable.

The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "4" so that, as amended, said Article shall be and read as follows:

4.A. The authorized capital stock of the Corporation shall consist of 50,000,000 shares of common stock, \$0.001 par value, and 5,000,000 shares of preferred stock, \$0.001 par value.

B. No share of the common stock shall have any preference over or limitation in respect to any other share of such common stock. All shares of common stock shall have equal rights and privileges.

C. Each outstanding share of common stock shall be entitled to one vote at stockholders' meetings, either in person or by proxy.

D. The preferred shares may be issued in one or more series. The designations, powers, rights, preferences, qualifications, restrictions and limitations of each series of the preferred stock shall be established from time to time by the Corporation's Board of Directors, in accordance with the Delaware Corporation Law.

E. Cumulative voting shall not be allowed in elections of directors or for any purpose.

F. No holders of shares of capital stock of the Corporation shall be entitled, as such, to any preemptive or preferential right to subscribe to any unissued stock or any other securities which the Corporation may now or hereafter be authorized to issue.

SECOND: As of March 2, 2005 this Corporation had not received any payment for any of its stock.

THIRD: As of March 2, 2005 this Corporation had only one Director.

FOURTH: That said amendment was duly adopted in accordance with the provisions of Section 241 of the General Corporation Law of Delaware.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 2nd day of March, 2005.

By: /s/ Sheldon Kales
Authorized Officer

Title: Director

Name: Sheldon Kales

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "SECURITY DEVICES INTERNATIONAL INC.", FILED IN THIS OFFICE ON THE TWENTIETH DAY OF MARCH, A.D. 2013, AT 11:44 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



Handwritten signature of Jeffrey W. Bullock



3933415 8100

130335928



Jeffrey W. Bullock, Secretary of State

AUTHENTICATION: 0298140

DATE: 03-20-13

You may verify this certificate online
at corp.delaware.gov/authver.shtml

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
SECURITY DEVICES INTERNATIONAL INC.

Pursuant to Section 242 of the
Delaware General Corporation Law

THE UNDERSIGNED, the Secretary of SECURITY DEVICES INTERNATIONAL INC. (the
"Corporation"), a corporation organized under and by virtue of the General Corporation Law of the State of
Delaware, DOES HEREBY CERTIFY:

1. The Certificate of Incorporation of this Corporation is amended by changing the paragraph, "4.A." to read as follows:
 - 4.A The authorized capital stock of the Corporation shall consist of 100,000,000 shares of common stock, \$0.001 par value, and 5,000,000 shares of preferred stock, \$0.001 par value
2. This amendment was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law by the unanimous written consent of the Board of Directors and by the majority vote at a duly called and held meeting of the Shareholders of the Corporation.

IN WITNESS WHEREOF, I have hereunto signed this certificate of amendment of certificate of incorporation of SECURITY DEVICES INTERNATIONAL INC. this 15th day of March, 2013.


Boaz Dor, Secretary

**CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
SECURITY DEVICES INTERNATIONAL INC.**

THE UNDERSIGNED Chief Executive Officer of SECURITY DEVICES INTERNATIONAL INC., a corporation organized under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

1. The certificate of incorporation of the Corporation is hereby amended by changing the paragraph "4.A" to read as follows:

"4.A" The authorized capital stock of the Corporation shall consist of 200,000,000 shares of common stock, \$0.001 par value, and 5,000,000 shares of preferred stock, \$0.001 par value.

2. This amendment was duly adopted by the board of directors in accordance with Section 242 of the Delaware General Corporation Law and approved by the written consent of the holders of a majority of the outstanding shares of the common stock of the Corporation in accordance with Sections 228 and 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, I have hereunto signed this certificate of amendment of the certificate of incorporation of the SECURITY DEVICES INTERNATIONAL INC., this 6th day of October, 2017.

/s/ Dean Thrasher

Dean Thrasher, Chief Executive Officer

EXHIBIT B

STOCK OPTION PLAN

WHEREAS SECURITY DEVICES INTERNATIONAL INC. (the “**Issuer**”) is a corporation subject to the laws of the State of Delaware;

AND WHEREAS the board of directors of the Issuer wishes to replace its existing stock option plan;

NOW THEREFORE a stock option plan of the Issuer (the “**Plan**”) is hereby established on the terms and conditions set out below:

1. Definitions

In this Plan, the following terms shall have the following meanings respectively:

“**Board**” has the meaning given to that term in Section 4.

“**Company**” means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Eligible Person**” means:

so long as the Issuer is listed on the Exchange, a person to whom options may be granted under a stock option plan of the Issuer pursuant to Policy 4.4 of the Exchange; and

if the Issuer ceases to be listed on the Exchange, a person to whom options may be granted under section 2.24 of NI 45-106.

“**Exchange**” means the TSX Venture Exchange.

“**Expiry Date**” has the meaning given to that term in Section 9.

“**NI 45-106**” means National Instrument 45-106 (Prospectus Exemptions) of the Canadian Securities Administrators.

“**Optionee**” means the recipient of a stock option granted by the Issuer.

“**person**” means an individual, corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity.

“**Shares**” means shares of common stock in the capital of the Issuer.

2. Exchange Definitions

So long as the Issuer is listed on the Exchange, the following terms shall have the meaning assigned to them in the policies of the Exchange: “Consultant”, “Director”, “Employee”, “Investor Relations Activities”, “Insider” and “Management Company Employee”

3. Purpose

The purpose of this Plan is to advance the interests of the Issuer by encouraging Eligible Persons to acquire Shares, thereby increasing their proprietary interest in the Issuer, encouraging them to remain associated with the Issuer and furnishing them with additional incentive in their efforts on behalf of the Issuer.

4. Administration

The Plan shall be administered by the board of directors of the Issuer or by a committee of the board of directors given responsibility to administer the Plan (such committee or, if no such committee is appointed, the board of directors of the Issuer, is hereinafter referred to as the “**Board**”).

Subject to the provisions of this Plan, the Board shall have authority to construe and interpret this Plan and all options subject to this Plan, to prescribe, amend and rescind rules and regulations relating to this Plan and to make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all Eligible Persons and Optionees and on their legal personal representatives and beneficiaries.

5. Stock Exchange Requirements

All options which are granted under this Plan shall be subject to, and must comply with, the rules and policies of the stock exchange on which the Shares are listed and any other regulatory body having jurisdiction.

So long as the Shares are listed on the Exchange:

the aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued Shares, calculated at the date an option is granted to the Consultant;

the aggregate number of options granted to all persons retained to provide Investor Relations Activities must not exceed 2% of the issued Shares in any 12 month period, calculated at the date an option is granted to any such person;

disinterested shareholder approval will be obtained for any reduction in the exercise price of an option if the Optionee is an Insider of the Issuer at the time of the proposed amendment; and

for stock options granted to Employees, Consultants or Management Company Employees, the Issuer and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

6. Shares Offered under the Plan

Subject to adjustment as provided in Section 15,

options granted under this Plan shall entitle the Optionee to purchase Shares; and

the maximum number of Shares which may be reserved for issuance pursuant to the exercise of options which are subject to this Plan (the “**Plan Reserve**”) is 18,993,274; provided that, so long as the Company is listed on the Exchange, this maximum will be reduced to 20% of the issued and outstanding Shares on December 19, 2017.

If any options granted hereunder shall be cancelled or shall expire without being exercised, the unpurchased Shares subject to those options shall again be available for options granted under this Plan.

The Issuer shall at all times during the term of this Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the exercise of options subject to this Plan.

The Issuer had issued compensation warrants (the “**Warrants**”) to purchase 4,319,000 Shares at the time of its listing on the Exchange. Any holder of Warrants shall be entitled to exchange those Warrants for an option to purchase an equal number of Shares for the same price and expiring on the same date as the Warrants. Until Warrants are exchanged for options, the Plan Reserve shall be reduced by the number of Shares which may be purchased under those Warrants.

7. Eligibility and Participation

Options shall be granted only to Eligible Persons.

Subject to the terms of this Plan, the Board shall have full and final authority to determine the persons who are to be granted options under this Plan and the number of options granted to each such person, the terms and provisions of each option agreement, and the time or times at which options shall be granted, vested and expire.

8. Exercise Price

The exercise price of options shall be determined by the Board at the time the options are granted. That exercise price shall not be lower than the last closing price of the Shares on the stock exchange on which the Shares are listed prior to the grant of the option.

Once the exercise price has been determined by the Board and the options have been granted, the exercise price of the options may be reduced upon receipt of Board approval, provided that, so long as the Issuer is listed on the Exchange, in the case of options held by Insiders the exercise price of the options may be reduced only if disinterested shareholder approval is obtained in compliance with the policies of the Exchange.

9. Duration of Options

Each option shall remain in effect for such option period as is fixed by the Board and shall expire at 5:00 p.m. (Toronto time) on the last day of that period (the “**Expiry Date**”), subject to earlier termination as provided in this Plan. The maximum term of an option may not exceed 10 years from the date of grant (subject to extension where the Expiry Date falls within a Blackout Period, as provided for in Section 13).

10. Vesting and Exercise

Options may be subject to such vesting restrictions as are determined by the Board in its discretion; provided that, so long as the Shares are listed on the Exchange, options granted to persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any three month period.

Subject to any vesting restrictions, options may be exercised in whole or in part at any time and from time to time prior to the expiry of those options.

Except as otherwise specifically permitted under this Plan, no option may be exercised unless the Optionee is at the time of such exercise an Eligible Person.

The exercise of any option shall be contingent upon receipt by the Issuer at its head office of (i) a written notice of exercise, specifying the number of options being exercised, and (ii) payment in cash of the full purchase price of the options being exercised under that notice of exercise.

11. Investor Relations

So long as the Shares are listed on the Exchange, if the Optionee performs Investor Relations Activities, then the Optionee shall report all trading in the securities of the Issuer to the Secretary of the Issuer for delivery to the Board, by submitting a report which details the dates of those trades, the number of securities traded and the prices at which securities were traded. That report shall be delivered to the Secretary of the Issuer no later than the date on which an insider trading report would be required in respect of that trade under the insider trading requirements of applicable securities legislation as if the Optionee was an insider of the Issuer under that legislation.

12. Ceasing to be an Eligible Person

If an Optionee ceases to be an Eligible Person (including, without limitation, by reason of death or termination with or without cause), such Optionee's options shall expire at 5:00 p.m. (Eastern Time) on the earlier of (i) the Expiry Date, and (ii) the 90th day after the date on which the Optionee ceases to be an Eligible Person (or such earlier date, if any, as is determined by the Board when the Board grants the option).

Notwithstanding the foregoing, if an Optionee ceases to be an Eligible Person for any reason such Optionee's options may only be exercised if and to the extent that the Optionee is entitled to exercise the options on the date the Optionee ceases to be an Eligible Person.

Nothing contained in this Plan, or in any option granted pursuant to this Plan, shall confer upon an Optionee any right to continue as an employee, officer, director or consultant of the Issuer.

In the event of the death of a Optionee, the options granted to that Optionee may be exercised by the person or persons to whom the Optionee's rights under the options shall pass by the Optionee's will or the laws of intestacy.

13. Blackout Extensions

The Expiry Date of an option shall be automatically extended if the Expiry Date falls within a period (a "**Blackout Period**") during which the Issuer prohibits Optionees from exercising their options; provide that:

The Blackout Period must be formally imposed by the Issuer pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information. For greater certainty, in the absence of the Issuer formally imposing a Blackout Period, the expiry date of any options will not be automatically extended in any circumstances.

The Blackout Period shall expire upon the general disclosure of the undisclosed material information. The Expiry Date shall be extended to 5:00 p.m. (Eastern Time) on that day which follows the expiry of the Blackout Period by the lesser of (i) ten business days, and (ii) the number of business days falling within the Blackout Period. For this purpose, a business day means a day which is not a Saturday, a Sunday or a date on which banks generally are closed in the Optionee's municipality of residence.

The automatic extension of an Optionee's options will not be permitted where the Optionee or the Issuer is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Issuer's securities.

14. Rights as a Shareholder

No person entitled to exercise any option granted under this Plan shall have any of the rights or privileges of a shareholder of the Issuer in respect of any Share issuable upon exercise of such option until such Share has been issued.

15. Adjustments

If there is any subdivision or consolidation of the Shares into a greater or lesser number, and if this subdivision or consolidation occurs during the term of any options, then upon exercise of those options by the Optionee the Issuer shall deliver to the Optionee the number of Shares which the Optionee would have held as a result of the subdivision or consolidation if on the record date thereof the Optionee had been the registered holder of the number of Shares in respect of which the Optionee is exercising the options.

Except as described in the preceding paragraph, if the Shares are reclassified, reorganized or otherwise changed, or the Issuer consolidates, merges or amalgamates with or into another Company, (any such event being a "**Reorganization**"), and if this Reorganization occurs during the term of any options, then upon exercise of those options by the Optionee the Issuer, or the Company resulting or continuing from the Reorganization, shall deliver the number and kind of securities and/or other consideration that the Optionee would have been entitled to receive as a result of the Reorganization, if on the record date of the Reorganization the Optionee had been the registered holder of the number of Shares in respect of which the Optionee is exercising the options.

The securities and other consideration delivered to an Optionee under this Section shall be in substitution for the Shares called for delivery to the Optionee under the options and the exercise price of the options shall be the consideration for the substitute securities and other consideration.

16. Transferability

So long as the Issuer is listed on the Exchange, all options shall be non-assignable and non-transferable. If the Issuer ceases to be listed on the Exchange, all options shall be non-assignable and non-transferable except to a "permitted assign" under NI 45-106.

All option agreements and Shares issued under options shall be subject to, and legended with, such hold periods as may apply under applicable securities laws or the requirements of any stock exchange on which the Shares are listed. All Shares which are issued subject to such a hold period shall be legended as required under applicable securities laws or the requirements of any stock exchange on which the Shares are listed.

17. Tax Withholding

To the extent the grant or exercise of an option gives rise to any withholding tax obligation or other statutory withholding obligation (including, without limitation, income and payroll withholding taxes imposed by any jurisdiction), prior to the delivery of the option or Shares being acquired upon the exercise of the option, as the case may be, the Issuer may:

require the Optionee to pay to the Issuer an amount, or

withhold an amount from any remuneration or consideration whatsoever payable to the Optionee,

sufficient to pay any tax or other statutory withholding obligation associated with the grant or exercise of the option, as the case may be.

18. Amendment and Termination of Plan

Subject to the approval of the Exchange (if required), the Board may, at any time, suspend or terminate this Plan. Subject to any applicable approval of the Exchange (if required), the Board may at any time amend or revise the terms of this Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any option previously granted under this Plan.

19. Approvals

This Plan is subject to the acceptance of the Plan by the Exchange and the approval of the Plan by the Issuer's shareholders in compliance with the requirements of the Exchange and NI 45-106. Options may be granted under this Plan prior to the satisfaction of those conditions provided that no such option may be exercised prior to the satisfaction of those conditions.

The ability of an Optionee to exercise options, and the obligation of the Issuer to issue and deliver Shares under options, is subject to any approvals which may be required from shareholders of the Issuer, the Exchange and any regulatory authority having jurisdiction over the securities of the Issuer. If any Shares cannot be issued to any Optionee as a result of the failure to obtain that approval, the obligation of the Issuer to issue such Shares shall terminate and any exercise price paid to the Issuer will be returned to the Optionee.

20. Effective Date of Plan

This Plan shall take effect on such date as is approved by the Board. On that date, this Plan shall replace and supercede the Issuer's existing stock option plan. All options which were issued under the Issuer's existing plan shall be deemed to have been properly issued under this Plan and shall be subject to the terms of this Plan.

21. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario.



From:

Northeast Industrial Partners
107 Audubon Rd., Suite 201
Wakefield MA 01880
Att: Bryan Ganz
Bryan@neindustrialpartners.com

To:

Security Devices International Inc.
125 Lakeshore Rd. E, Suite 300
Oakville ON L6L 1H3
Att : Dean Thrasher, Chief Operating Officer

Dear Dean:

As we discussed, Security Devices International (SDI) is at a critical juncture in as much as it is cash flow negative and only has enough cash on hand to remain in operations for approximately another ten months. At the same time, sales have been flat as the company has been unable to get potential customers over the "early adopter" syndrome. Moreover, if SDI can somehow raise additional capital to continue operations, it must deal with \$1.4 million of maturing debt coming due in 14 months.

With this agreement Northeast Industrial Partners (NEIP) accepts a consulting assignment with SDI for a period of twelve months starting May 1, 2016 and running through April 30, 2017. The purpose of this consulting assignment will be to assist SDI in jump starting sales, reducing both product costs and operating costs, helping the Board put together a strong management team that can take the company to the next level and assisting the company in developing strategic alliances that can support the company both operationally and financially in order to put SDI on sound financial footing.

You have agreed that any assistance we provide to the company does not give rise to a lawyer-client relationship and that you have retained your own legal counsel to advise you on any legal matters that may arise as a result of NEIP's efforts.

55725034 v2

A handwritten signature in blue ink, appearing to be 'A B', is located in the bottom right corner of the document.

Similarly, NEIP is not acting as a broker-dealer nor are we giving any advice on the sale of securities. Rather, our role is limited to providing assistance to the company in the following areas:

Financial Review and Overhead Reduction Recommendations - NEIP will review the financial results of SDI in detail and provide the Board with an overview of operations with a specific emphasis on identifying risks that need to be addressed. In addition NEIP will provide specific recommendations for the reduction or elimination of operating overhead through the elimination of unnecessary expenses and redundant personnel.

NEIP will assist SDI in creating an operating budget. On a monthly basis, NEIP will review the financial results and provide management with constructive feedback regarding the financial performance of the company including performance to budget and identify areas for improvement.

Personnel Evaluation and Management Structure - NEIP will review personnel and provide its assessment to the Board along with its recommendation for each member of the management team. In the event new team members are needed to be recruited, NEIP will head up the process and provide the Board with a slate of pre-reviewed candidates for their consideration.

Sales & Marketing - NEIP will review the sales and marketing program and will provide management with specific recommendations for increasing sales. These recommendations may include sales promotions, targeted sales efforts, joint venture sales efforts, spiffs, blitzes and price re-alignments. In addition, NEIP will review the sales approach and make suggestions where appropriate for improving SDI's sales process. NEIP will make itself available to meet with large potential customers, particularly international customers, where NEIP can help close the sale. Finally, NEIP will use its own contacts in the military and law enforcement to create opportunities for additional business.

NEIP will start compiling industry data and including data on the size of the market, the size and price point of our competitors and the customer base for non-lethal (less-lethal) products.

Product Augmentation and Re-alignment - NEIP will review the current product line and make recommendations for augmentation and re-alignment. NEIP will then assist SDI in identifying sources for the products it does not currently have. These sources may be acquisition candidates, joint venture partners or third party manufacturers. NEIP will also work with NEIP to help the company reduce its product acquisition costs.

Strategic Alliances – NEIP will help SDI identify potential strategic partners that can assist SDI with access to markets and potentially providing operating capital. Once identified, NEIP will assist management in negotiating any agreement and will assist management's auditors in the due diligence process which may include creating historical and pro form financial statements showing the potential synergies that could be created in the event the envisioned transaction is



an acquisition and / or merger. In the event an acquisition target is identified, NEIP will help SDI create a pitch book including combined pro forma financials that outlines the opportunity and highlights the synergies and advantages of bringing the two companies together.

Identify Sources of Capital - NEIP will help SDI identify sources of debt or equity capital to help it bridge to that point in time when the company is cash flow positive. NEIP will assist the company in putting together financial projections which can be used to present the company to potential investors.

Fee Structure

For services rendered by NEIP under this agreement, SDI will pay NEIP \$250,000 USD. Of this amount, \$50,000 shall be in cash and \$200,000 shall be in stock of SDI. The payments shall be due as follows:

- First \$25,000 in cash shall be due May 1, 2016
- Second \$25,000 in cash shall be due July 1, 2016
- First \$50,000 in stock shall be due August 15, 2016
- Second \$50,000 in stock shall be due November 15, 2016
- Third \$50,000 in stock shall be due February 15, 2017
- Fourth \$50,000 in stock shall be due May 15, 2017.

The payments in stock are subject to the approval of the TSX Venture Exchange Inc. (the "Stock Exchange"). The number of shares of stock issued on a due date shall be calculated by dividing (i) the amount which is due, by (ii) the volume weighted average trading price per SDI common share on the Stock Exchange for the 20 day period preceding the due date (calculated by dividing the aggregate trading price of all common shares sold on the Stock Exchange during the period by the aggregate number of common shares sold on the Stock Exchange during the period). If the volume weighted average trading price is less than the minimum price permitted by the Stock Exchange, the price per common share used in the calculation shall be increased to the minimum amount permitted by the Stock Exchange.

Certificates representing the stock issued to NEIP under this agreement shall be held by SDI until the final installment of stock is due, at which time the certificates will be released to NEIP. Certificates will be issued as soon as reasonably possible after each due date, having regard to the requirement for filings and approvals from the Stock Exchange and the requirements of the SDI transfer agent.

In addition to any hold period and legending requirements under applicable United States federal and state law, the stock issued under this agreement may be subject to legending requirements and a four month hold period under Stock Exchange rules.

Board Seat

In the interim, prior to SDI's 2016 Annual General Meeting, Bryan Ganz will be appointed to the board of directors of SDI. Thereafter during the term of this agreement, SDI will nominate Bryan Ganz for re-election to the board. NEIP acknowledges that Bryan Ganz must be



acceptable to the Stock Exchange and that he will resign as a director if his appointment is not acceptable to the Stock Exchange. In the event that Bryan Ganz is not acceptable to the Stock Exchange, NEIP shall have the right to substitute an alternate director that is acceptable to the board of directors of SDI.

Reasonable and Ordinary Expenses

NEIP will be reimbursed for all reasonable and ordinary expenses incurred in the due course of providing its services under this agreement. In the event that NEIP proposes to travel in the course of performing services hereunder, those travel related expenses shall be approved in advance by SDI. The engagement of consultants or experts by NEIP also shall be subject to the prior approval of SDI. NEIP will provide receipts and explanations on a timely basis to SDI and SDI agrees to process such payments as part of its normal payables procedures but in no case more than 30 days from receipt.

Company Cooperation

SDI shall provide NEIP its full cooperation including access to all pertinent information relating to both its historic financial and operating results as well as its projected financial and operating results. Additionally, SDI will share with NEIP any information in its possession relating to any proposed target company and will promptly advise NEIP if it learns of any material changes of that information, held. In conjunction with providing this information, SDI shall provide access to management personnel and staff as appropriate to answer questions and assist NEIP in performing its duties.

SDI represents to NEIP that SDI will not knowingly (i) provide any information to NEIP which contains any misstatement or untrue statements of a material fact or (ii) omit to state any and all material facts necessary to make the statements not false or misleading in light of the circumstances in which they were made. SDI will continue to inform NEIP of any material developments or matters that occur or come to the attention of SDI, its shareholders, directors, officers, members, employees or affiliates. In performing its services hereunder, NEIP shall be entitled to rely, without investigation, upon all information that is available from public sources as well as all other information supplied to it, by or on behalf of SDI or its advisors, and shall not be responsible for the accuracy or completeness of, or have any obligation to verify, the same or to conduct any appraisal of SDI's assets.

NEIP represents to SDI that NEIP's provision of information and representations to potential investors or financing parties (written and oral) shall be consistent with the information provided by SDI and shall not contain material misstatements, omissions or deviations from such information provided by SDI.



Access to Company Materials

SDI shall provide NEIP access to documents, company data and other information and/or materials as may be necessary for NEIP to perform its duties. NEIP shall use such materials only for the purpose of this engagement and shall return all materials to SDI at the conclusion of the engagement.

NEIP acknowledges that it has executed a non-disclosure agreement dated May 2, 2016 in favour of SDI and that this non-disclosure agreement continues in effect and is binding on NEIP and its officers, directors and employees with respect to information received under this agreement.

Advice about Possible Outcomes

Either at the commencement of this engagement or during the course of our work, we may express opinions or beliefs regarding various matters or courses of action and the results that might be anticipated. Any such statement made by any representative of NEIP is intended to be an expression of an opinion only, based on information available to us at the time and should not be construed by you as a promise or guarantee.

SDI should consult with its own advisors concerning legal, tax, accounting or regulatory matters related to SDI and is responsible for making its own independent investigation and appraisal of the transactions contemplated by this agreement, and, except as otherwise provided herein, NEIP has no responsibility or liability to SDI or its creditors or security holders with respect to such matters.

Limitation of Liability

NEIP and SDI have discussed the risks and rewards associated with this agreement as well as the fee for services and agree to allocate certain of the risks so that to the fullest extent permitted by law, the total aggregate liability of NEIP and its officers, directors, shareholders, managers and employees to SDI and all third parties for all claims whatsoever related to the deliverables and services provided hereunder including any cause of action in contract, tort or strict liability shall not exceed the total amount of the fees actually paid to NEIP by SDI as set forth in this agreement. In no event shall NEIP be liable for any lost profits, incidental, exemplary, punitive or consequential damages.

Indemnification

SDI shall indemnify and hold harmless NEIP and its directors, officers, agents, consultants, employees, members and controlling persons (each an "NEIP Indemnified Person") from and

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against all losses, claims, damages or liabilities, including punitive damages, arising out of all actions, claims, proceedings and investigations made by third parties against NEIP and relating to the services provided by NEIP pursuant to this engagement and to reimburse each NEIP Indemnified Person for all reasonable legal and other out-of pocket expenses as incurred by each NEIP Indemnified Person in connection with investigating, preparing against or defending any such action, claim, proceeding or investigation. Such legal expenses will specifically include those incurred by NEIP in any action between NEIP and SDI relating to this paragraph, provided that such action is finally adjudicated in favor of NEIP. SDI shall not be so liable under this paragraph to the extent that any such loss, claim, damage or liability is finally judicially determined to have resulted primarily and directly from the gross negligence or willful misconduct of any NEIP Indemnified Person

NEIP shall indemnify and hold harmless SDI and its directors, officers, agents, consultants, employees, members and controlling persons (each an "SDI Indemnified Person") from and against all losses, claims, damages or liabilities, including punitive damages, arising out of all actions, claims, proceedings and investigations made by third parties against SDI and relating to the services provided by NEIP pursuant to this engagement and to reimburse each SDI Indemnified Person for all reasonable legal and other out-of pocket expenses as incurred by each SDI Indemnified Person in connection with investigating, preparing against or defending any such action, claim, proceeding or investigation. Such legal expenses will specifically include those incurred by SDI in any action between SDI and NEIP relating to this paragraph, provided that such action is finally adjudicated in favor of SDI. NEIP shall not be so liable under this paragraph to the extent that any such loss, claim, damage or liability is finally judicially determined to have resulted primarily and directly from the gross negligence or willful misconduct of any SDI Indemnified Person.

Independent Contractor

SDI acknowledges that it has retained NEIP solely to provide the services set forth in this agreement. In rendering such services, NEIP will act as an independent contractor, and NEIP owes duties arising out of this engagement solely to SDI and not to any other person, including SDI's creditors or security holders. SDI acknowledges that nothing in this agreement is intended to create duties to SDI beyond those expressly provided for in this agreement, and NEIP specifically disclaims the creation of any fiduciary relationships between, or the imposition of any fiduciary duties on, either party.

Termination

If either party fails to observe or perform any of its obligations under this agreement and that default continues for a period of 15 days after notice from the other party specifying the



default, the non-defaulting party shall be entitled to give written notice to the defaulting party terminating this agreement.

Miscellaneous

- If any term of provision of this agreement is declared to be invalid or unenforceable by a court of competent jurisdiction, or if such term or provision of this agreement shall be severable from and shall not affect the validity of any other term or provision of this agreement.
- This agreement shall be governed by the laws of the state of Delaware.
- This agreement constitutes the entire understanding of the parties and may be modified, amended or cancelled only by a written instrument executed by both parties.

Northeast Industrial Partners

By: _____

Date _____

[Handwritten Signature]
June 14, 2016

Security Devices International Inc.

By: _____

Date _____

[Handwritten Signature]
DEAN THRASHER/COO
June 15, 2016



EXTENSION AGREEMENT

This extension agreement is dated this 1st day of May, 2017 and is entered into between Northeast Industrial Partners LLC ("NEIP") and Security Devices International Inc. ("SDI").

RECITALS:

- A. NEIP and SDI entered into an agreement (the "Original Agreement") executed by NEIP on June 14, 2016 and executed by SDI on June 15, 2016. Under the Original Agreement, NEIP agreed to provide services as more particularly described in the Original Agreement and SDI agreed to compensate NEIP.
- B. The parties have agreed to extend the Original Agreement until such time as either of them may elect to terminate the Original Agreement.

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties agree with each other as follows:

1. **Extension:** NEIP and SDI hereby agree that the Original Agreement is extended for that period of time (the "Extension") from and including May 1, 2017 until such date as either of them terminates the Original Contract on not less than 15 days prior written notice to the other of them.
2. **President:** During the Extension, SDI shall appoint a designee of the Consultant (the "Consultant's Designee") as SDI's President, who shall serve in such capacity without additional compensation from SDI. Unless the parties otherwise agree in writing, the Consultant's Designee shall be Bryan S. Ganz.
3. **Compensation:** For services rendered by NEIP during the Extension, SDI will pay NEIP USD\$62,500 within 15 days following every consecutive three month period during the Extension. For example, the first three month period will run from May 1, 2017 to July 31, 2017 and the payment for that period will be due on August 15, 2017. If the Extension is terminated on a day other than the first day of any such three-month period, the amount paid to NEIP for that three-month period shall be prorated on a per diem basis and paid within 15 days following that termination.
4. **Payment in Stock:** All payments of the consulting fee during the Extension shall be made by the issuance of common shares in the capital of SDI (the "Common Shares"). The number of Common Shares issued on a due date shall be calculated by dividing (i) the amount which is due, by (ii) the volume weighted average trading price per Common Share on the TSX Venture Exchange (the "Stock Exchange") for the 20-day period preceding the due date (calculated by dividing the aggregate trading price of all Common Shares sold on the Stock Exchange during that 20-day period by the aggregate number of common shares sold on the Stock Exchange during that 20-day period). If the volume weighted average trading price is less than the minimum price permitted by the Stock Exchange, the price per Common Share used to determine the number of Common Shares received by NEIP shall be increased to the minimum amount permitted by the Stock Exchange.

The Issuance of Common Shares to NEIP under this agreement is subject to Stock Exchange approval.

5. **No Escrow:** The following sentence in the Original Agreement, under the heading "Fee Structure", shall be deleted from the Original Agreement during the Extension:

"Certificates representing the stock issued to NEIP under this agreement shall be held by SDI until the final installment of stock is due, at which time the certificates will be released to NEIP."

6. **Consent to Collection and Use of Information.** NEIP agrees that SDI may collect information about NEIP for the purposes of completing the issuance of Common Shares under Section 4, which includes, without limitation, preparing and registering certificates representing the Common Shares and completing filings required by the securities commissions, Stock Exchange and/or other securities
-

regulatory authorities. NEIP agrees that such information may be disclosed by SDI to: (a) securities commissions, the Stock Exchange and/or other securities regulatory authorities, (b) the Corporation's registrar and transfer agent, and (c) any of the other parties involved in the issuance of the Common Shares. In the case of information provided to the securities commissions and other securities regulatory authorities, such information is being collected indirectly by them for the purpose of the administration and enforcement of the applicable securities laws and NEIP authorizes the indirect collection of such information by them. In the case of the Stock Exchange, such information is being collected by them for the purposes identified by them from time to time. NEIP consents to the foregoing collection, use and disclosure of such information and to the collection, use and disclosure of such information by the securities commissions, Stock Exchange and/or other securities regulatory authorities. The title, business address and business telephone number of the public official in Ontario who can answer questions about the Ontario Securities Commission's indirect collection of the information is the Administrative Assistant to the Administrative Support Clerk, Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 (Telephone: 416-593-3684).

7. **Legend:** For purposes of complying with securities laws and Stock Exchange rules, the certificates representing the Common Shares issued to NEIP Section 4 shall bear the following legends:

"WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [4 MONTHS PLUS ONE DAY FROM THE ISSUE DATE]"

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES HAVE BEEN ACQUIRED BY THE HOLDER THEREOF FOR INVESTMENT AND MAY NOT BE SOLD, OFFERED FOR SALE OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE SECURITIES ACT, AND COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO COUNSEL FOR THE CORPORATION THAT THE TRANSACTION WILL NOT RESULT IN A VIOLATION OF UNITED STATES FEDERAL OR STATE SECURITIES LAWS.

(continued)

8. **Continuation:** The parties confirm that the Original Agreement continues in full force and effect and unamended, except as amended by this agreement.

9. **Enurement:** This agreement shall enure to the benefit and be binding upon the parties hereto and their respective legal personal representatives, executors, successors and assigns; provided that this agreement may not be assigned by either party.

IN WITNESS of which this agreement has been executed.

SECURITY DEVICES INTERNATIONAL INC.



Witness

By:  _____
Title: CEO

NORTHEAST INDUSTRIAL PARTNERS LLC



Witness

By:  _____
Title: CEO

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made as of **January 1, 2017**, (the "Effective Date"), by and between **Security Devices International Inc.**, a Domicile of Company (the "Company"), with a place of business at **300-125 Lakeshore Road East, Oakville, ON L6J 1H3 Canada** ("Place of Business") and **Dean Thrasher**, an individual with an address at **233 Duskywing Way, Oakville, ON L6L 0C5, Canada.** (the "Executive").

WHEREAS, the Company desires to employ Executive, and Executive wishes to be employed by the Company, on the terms and conditions specified herein;

NOW, THEREFORE, the parties agree as follows:

1. Employment. The Company hereby employs Executive upon the terms and conditions set forth in this Agreement. The parties acknowledge that any and all prior agreements, regardless of form, whether written or oral, relating to Executive's employment with the Company are no longer of any force or effect and are superseded hereby.

2. Term. Executive's employment under this Agreement will begin on the Effective Date and will continue until June 30, 2018. The period/term during which Executive is employed by the Company pursuant to the terms and provisions of this Agreement is sometimes referred to herein as the "Employment Term." The Agreement is to be reviewed three (3) months prior to the Employment Term for renewal terms or termination upon the End Date.

3. Position and Duties.

(a) The Company shall employ Executive, and Executive shall serve, as Chief Executive Officer and Chief Operating Officer. See Appendix 1 for description of responsibilities.

(b) During the Employment Term, Executive shall report to the Board of Directors ("Board") of the Company and shall have and perform such duties, responsibilities, and authority as the Board shall from time to time determine, and shall abide by all by-laws, policies, practices, procedures and rules of the Company. Executive agrees to devote all of his business time, attention and efforts toward the performance of his duties and responsibilities hereunder and shall faithfully discharge such duties and responsibilities in a diligent manner. This is a full time position requiring the full and undivided attention of the Executive. The foregoing restrictions shall not limit or prohibit Executive from engaging in passive investment, inactive business ventures, and community, charitable, and social activities; provided, however, that none of the foregoing shall interfere with Executive's performance of his duties and responsibilities under this Agreement.

4. Compensation.

(a) Base Salary. During the Employment Term, Executive will receive an annual base salary (the "Base Salary") of \$200,000CAD on an annualized basis. Executive's compensation will be payable in installments in accordance with the Company's customary payroll practice and policy, and shall be subject to such payroll deductions as are required by law and applicable employee benefit programs.

(b) Performance Bonus. In addition to Base Salary, during the Employment Term, Executive will be eligible for an annual cash bonus (the "Performance Bonus") for each fiscal year of Executive's

employment hereunder. The bonus shall be equal to three percent (3%) of the net income before taxes. The Performance Bonus for a fiscal year, if any, shall be paid as soon as administratively practicable after the completion of the audit, but in no event later than thirty (30) days after the completion of the audit, and as long as the Executive is employed at the time the Performance Bonus was earned.

(c) **Stock Options.** Executive shall upon the signing of this Agreement, be issued 1,150,000 Options (the "Option") of the Company at market price, having a five (5) year term (the "Term"). Options shall vest thirty-three and one third (33 1/3) percent every six (6) months, from January 1, 2017. Said Options will not be cancelled should Executive resign or be terminated from his position with the Company. The Options shall expire at the end of the Term, if vested.

(d) **Benefits.** Executive shall be permitted to participate in any group life insurance, group health insurance, disability insurance, retirement plans, fringe benefit programs, paid time off and holiday programs, and similar benefits that may be available to other employees of the Company generally, on the same terms as such other employees that reside in Canada, in each case to the extent that Executive is eligible under the terms of such plans or programs.

(e) **Expenses.** The Company shall reimburse Executive for all required business expenses incurred by Executive in connection with the performance of his duties and obligations as set forth herein during the Employment Term including but not limited to business travel, cell phone, laptop, mileage, travel insurance, provided that such expenses are properly incurred, approved and accounted for in accordance with the applicable policies and procedures established by the Company. Reimbursement shall be made upon the presentation by Executive to the Company of reasonably detailed statements of such expenses and associated original receipts, but in no event later than the last day of the calendar month following the calendar month in which the expense report, along with full documentation and receipts, was submitted.

(f) **Paid Time Off.** Executive shall be entitled to four (4) weeks of vacation, in addition to Canadian holidays observed by the Company. Any paid time off not used in the calendar year shall be forfeited. The Executive shall schedule any vacation time in advance in order to ensure no conflicts with other executive's time off.

(g) **Withholding.** The Company shall be entitled to withhold from any payments due to Executive under this Agreement all taxes, or other amounts required to be withheld pursuant to any applicable law and any amounts that may be withheld pursuant to any agreement with Executive.

5. **Termination.**

(a) **Termination for Cause.** The Company may terminate Executive's employment under this Agreement at any time for "Cause" upon delivery of a Notice of Termination (as defined in Section 5 below) to Executive. Termination by the Company for Cause shall mean termination because of: (a) Executive's indictment for, conviction of, guilty or no contest plea to, or confession of guilt to a felony or any crime involving moral turpitude; (b) an act or omission by Executive in connection with Executive's employment that constitutes fraud, criminal misconduct, breach of the fiduciary duty, negligence, or malfeasance; (c) habitual drunkenness or any substance abuse that adversely affects Executive's performance of his job responsibilities; (d) a material breach by Executive of any provision of this Agreement and failure to cure such breach within ten (10) business days of receiving written notice from Company specifying the breach; (e) failure to perform such duties as are assigned to Executive in accordance with this Agreement and failure to cure within ten (10) business days of receiving written

notice from Company specifying the duties not performed; (f) knowingly taking any action in conflict of interest with the Company or any of its subsidiaries or Affiliates; (g) the presentation of false or misleading information to the Board of Directors.

(b) **Voluntary Termination by Executive.** Executive may voluntarily terminate his employment at any time by giving the Company a Notice of Termination specifying the Date of Termination forty-five (45) days following the date of delivery of the Notice of Termination to the Company. Any unvested options will expire upon the Executive giving notice.

(c) **Termination by Company without Cause or for Change of Control.** The Company may terminate Executive's employment under this Agreement at any time for any reason or no reason whatsoever by delivering to the Executive, a payment of four (4) months of pay in lieu of notice of all forms of his remuneration he is earning or receiving at the time of his termination without Cause and as defined herein as Section 5. In the event of a Change of Control, the Company shall deliver to Executive a payment of four (4) months of pay of all forms of his remuneration he is earning or receiving at the time of his termination without Cause and as defined herein as Section 5 if the Executive is terminated or there is a material reduction in compensation or responsibilities.

(d) **Notice of Termination.** Notice of termination of Executive's employment by Company or Executive, shall be sent by the terminating party to the non-terminating party to the address listed herein. A "Notice of Termination" shall mean a written notice that indicates the Date of Termination (as defined below) that shall not be earlier than the date on which notice is provided and with respect to Notice of Termination by the Company, the Company shall specify in reasonable detail the basis for such termination.

(e) For purposes of this Agreement, the "Date of Termination" is the last day that Executive is employed by the Company.

(f) As of the Date of Termination, Executive shall resign, in writing, (or be deemed to have resigned) from all management positions then held by him with the Company and its affiliates.

6. **Payments upon Termination.** In the event of termination for any of the reasons cited in Section 5 above, the Company shall pay Executive (i) any accrued and unpaid Base Salary due to Executive through the Date of Termination; (ii) any accrued expenses due to Executive through the Date of Termination, provided that documentation for such expenses is submitted beforehand in accordance with Company policy; and (iii) such employee benefits, if any, as to which Executive may be entitled under the employee benefit plans of the Company through the Date of Termination (collectively these items in i to iii shall be referred to as the "Accrued Amounts"). Such Accrued Amounts shall be paid in the form of salary continuation so as not to put an undue burden on the Company.

7. **Cooperation.** Executive agrees that, following termination of his employment, he shall furnish such information and assistance to the Company as may reasonably be required by the Company, and as may reasonably be provided by Executive, in connection with any litigation with a third party in which the Company or any of its subsidiaries or Affiliates is, or may become, a party. The Company agrees to reimburse Executive for any reasonable out-of-pocket disbursements thereby incurred by Executive in connection therewith. In addition, the Company shall pay Executive a per diem fee equal to Executive's daily rate of compensation at the time of the cessation of Executive's employment with the Company hereunder (based on the Base Salary then in effect), for each full day, or part thereof that Executive is required to provide assistance to the Company.

8. Ethics and Non-Disparagement. From and after the date hereof and until one (1) year after the termination of the Executive's employment with the Company, the Executive and his affiliates and representatives will at all times act in a manner consistent with ethical business standards and speak supportively of the Company with its customers, employees, and contractors and at no time will the Executive or any of his affiliates or representatives disparage or undermine the Company's efforts in any way. The Company likewise agrees that for the same period it will not disparage the Executive. Notwithstanding the above, this paragraph shall not prevent the Executive or the Company from speaking the truth freely when under oath in any legal proceeding or otherwise under legal compunction.

9. Return of Company Property. All personal property and equipment furnished to, or prepared by Executive, in the course of or incident to his employment hereunder belongs to the Company. The term "personal property" includes, without limitation, all office equipment, laptop computers, cell phones, books, manuals, records, reports, notes, contracts, requests for proposals, bids, lists, and other documents and materials, and copies thereof (including computer files), and all other proprietary information relating to the business of the Company. Upon termination of his employment with the Company, Executive (a) shall promptly return to the Company all personal property and equipment of the Company in his possession; (b) shall not copy or cause to be copied, or print out or caused to be printed out, or in any other manner duplicate or cause to be duplicated, any software, documents, or other materials originating with or belonging to the Company; and (c) shall not retain in his possession any such software, documents, or other materials.

10. Non-Disclosure of Confidential Information.

(a) From and after the Effective Date, Executive agrees not to divulge, communicate, use to the detriment of the Company or its Affiliates or for the benefit of any other individual or partnership, joint venture, trust, corporation, limited liability company or other entity (collectively, "Person"), or misuse in any way, any Confidential Information or trade secrets included in or relating to the Company and Affiliates or any of their assets (herein collectively "Companies"). "Confidential Information" means anything that may be disclosed in tangible or intangible form, orally or through observation, including without limitation: inventions, concepts, specifications, design plans, product blueprints, mechanical/electrical specifications, past, current and future product plans, system architectures, prototypes, equipment, drawings, instruction manuals, data, test results, software (source, object, binary), code listings, processes, methods, research and development activities or results, discoveries, techniques, technologies, know-how, ideas, technical improvements, apparatus, data, notes, protocols, samples, analytical and statistical data, assays, biological structures, technology applications, writings, reports, manufacturing procedures and techniques, documents, papers, notebooks and memoranda related to current or potential products or activities of the Companies; financial data, financial status and position, business plans and strategies, product/commercialization strategies, marketing strategies, strategic alliances and objectives, financial spreadsheets, financial projections, investor information and proposals, customer data (including customer requirements and lists), and product strategies and evaluations related to past, current or potential products or activities of the Companies; past, current or future personnel information or data, company compensation programs and employee manuals relating to the Companies; any information marked with a proprietary, confidential or the like legend or which is treated by corporate practices, policies and procedures as proprietary, confidential or the like; and information which includes any and all information received by the Company from a third-party under an obligation or an affirmative duty to handle such information in a confidential or restricted use manner.

(b) Executive's obligations with regard to the Confidential Information are: (i) to use the Confidential Information only in the performance of Executive's duties as assigned by the Company and in accordance with corporate practices, conduct, customs and understandings as currently in existence or as may be modified from time to time throughout Executive's employment with the Company, and which are incorporated herein by reference; (ii) to refrain, during Executive's employment or at any other time thereafter, from directly or indirectly using, divulging, disclosing, furnishing or otherwise making accessible to non-Company personnel any Confidential Information unless authorized for disclosure by the Company; and (iii) to refrain, upon Executive's termination with the Company, from taking or using any Confidential Information, or copies thereof, whether in tangible or intangible form, unless Executive obtains written authorization from the Company.

(c) Confidential Information shall not include any information that is (i) generally known to the industry or the public other than as a result of Executive's breach of this covenant or any breach of other confidentiality obligations by third parties or (ii) required by law to be disclosed; provided, however, that Executive shall give prompt written notice to the Company of such requirement and cooperate with any attempts by the Company to obtain a protective order or similar treatment for such Confidential Information.

11. Intellectual Property Rights, Interests, Title, and Covenants.

(a) The Company's intellectual property ("Intellectual Property") includes any and all patents (including, but not limited to, continuations, continuations-in-part, divisionals, re-issues, re-examinations, substitutions and Letters Patent), trademarks, service marks, and other designations of origin, copyrights, trade secrets, know-how, and Confidential Information embodying any proprietary rights including those identified above, any registrations or applications for the foregoing in the United States or in countries foreign to the United States, and any other intellectual property or proprietary rights under the law of any jurisdiction, whether or not made, conceived or reduced to practice during Executive's employment: (i) acquired or possessed by Executive while employed by the Company; (ii) made as a result of a work for hire for the Company or otherwise in the course of Executive fulfilling his obligations to the Company; or (iii) developed, created or generated by Executive with the use of the Company's facilities, materials, Confidential Information or in cooperation with Company personnel during Executive's employment with the Company wherein the Intellectual Property relates to the past, present, future, actual or anticipated business, products, manufacturing or research and development activities of the Company, either solely or in concert with third parties.

(b) Executive's obligations, without further consideration from the Company, with regard to Intellectual Property are: (i) to acknowledge that all Intellectual Property is the sole property of the Company, and all rights, title and interest in and to the Intellectual Property, and any applications filed therefor, shall be held by and in the name of the Company; (ii) to assign all Executive's rights, title and interests in and to all Intellectual Property, and any applications filed throughout the world therefor, to the Company; (iii) to execute all instruments and papers, and perform all acts necessary including, but not limited to, giving testimony in support of Executive's inventorship or creation, assisting the Company in obtaining protection therefor, including patent, trademark copyright, maskwork, trade secret, or any other form of Intellectual Property protection, as may be necessary or desirable to the Company throughout the world; and (iv) to make full and prompt disclosure to the Company of all Intellectual Property, and to maintain proper and adequate records, documentation, logs and the like materials of data and information related to Intellectual Property. All records, documentation, logs and the like materials are considered Confidential Information, and shall remain the property of the Company

regardless of Executive's termination with the Company and shall be surrendered upon such termination.

12. No Competition; No Solicitation of Employees, Suppliers or Customers.

(a) Executive shall not, from and after the Effective Date, and for a period of six (6) months following the date of cessation of Executive's employment with the Company (however caused) directly or indirectly, alone or in association with any other Person, (i) acquire or own in any manner, any interest in any Person that is engaged in a business in competition with the Company, (ii) compete with the Company, or (iii) serve as an employee of, or consultant or advisor to, or otherwise participate in the management or operation of, any entity that competes with the Company. For the avoidance of doubt, this Section 12 shall not prohibit the Executive from employment in areas of the less-lethal sector, as long as such employment is with a company that is not directly competitive with the Company.

(b) Executive shall not, from and after the Effective Date, and for a period of six (6) months following the date of cessation of Executive's employment with the Company (however caused), directly or indirectly, for himself or on behalf of any other Person, (a) employ, engage or retain any Person who, at any time during the preceding 12-month period, shall have been an employee of the Company or any of its Affiliates, or (b) contact any supplier, customer or employee of the Company or any of its Affiliates for the purpose of soliciting or diverting any such supplier, customer or employee from the Company or any of its Affiliates, or otherwise interfering with the Company's business relationship with any such supplier, customer or employee.

(c) Executive acknowledges that the provisions of this Section 12 and previous sections and the period of time and scope and type of restrictions on his activities set forth herein and therein, are reasonable and necessary for the protection of the Companies and are an essential inducement to the Company entering into this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the provisions of Sections 10 through 12, inclusive, shall survive the termination of Executive's employment with the Company or the termination of this Agreement.

13. Remedies. The Company, in addition to its other rights or remedies, shall be entitled to an injunction restraining Executive from violating any provision of Sections 10 through 12 (inclusive) hereof, as such violation would cause irreparable harm to the Company. Executive agrees that each of the restrictions set forth in Sections 10 through 12 (inclusive) hereof is reasonable and valid, and shall be construed as separate and independent covenants. If any restriction is found to be invalid or unenforceable, that invalidity or unenforceability shall not render invalid or unenforceable any other provision. If any restriction is found to be invalid or unenforceable because its duration, the definition of activities, or the definition of information covered is considered to be invalid or unreasonable in scope, then said restriction shall be redefined or a new enforceable term provided, such that the intent of the restriction will not be impaired.

14. Notice. For purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered against receipt therefor, or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage prepaid, or upon delivery if transmitted by hand delivery, or upon delivery if sent via facsimile (with confirmation), or one (1) business day after delivery to a reputable overnight courier, addressed as follows:

If to Executive:

Dean Thrasher
233 Duskywing Way
Oakville, ON, Canada L6L 0C5

If to the Company:

Teresa Foster
300-125 Lakeshore Road East
Oakville, ON L6J 1H3
Telephone: 905-582-6402

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

15. Representations and Warranties. Executive represents and warrants that Executive is free to enter into this Agreement and to perform the duties required hereunder, and that there are no employment contracts or understandings, restrictive covenants or other restrictions, whether written or oral, preventing or otherwise limiting the performance of Executive's duties hereunder in accordance herewith.

16. Severability. If, in any jurisdiction, any term or provision hereof is determined to be invalid or unenforceable, (a) the remaining terms and provisions hereof shall be unimpaired, (b) any such invalidity or unenforceability in one jurisdiction shall not invalidate or render unenforceable such term or provision in any other jurisdiction, and (c) the invalid or unenforceable term or provision shall, for purposes of such jurisdiction, be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the parties' intention as to the invalid or unenforceable term or provision.

17. Amendments and Waivers. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officers of the Company as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

18. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein, and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto or any predecessor of any party hereto.

19. Successors and (Non)Assignability. This Agreement and all rights of the parties shall inure to the benefit of, and shall be enforceable by, the parties and their respective legal representatives, executors, administrators, heirs, distributees, devisees, legatees, successors, and assigns. This Agreement is entered into in consideration of the personal qualities of Executive and may not be, nor

may any right or interest hereunder be, assigned by Executive without the prior written consent of Company. It is expressly understood and agreed that this Agreement, and the rights accruing and obligations owed to the Company hereunder, and the obligations to be performed by the Company hereunder, may be assigned by the Company to any of its successors or assigns including any purchaser of the stock, business or assets of the Company.

20. Equitable Relief. Executive recognizes that the services to be rendered by him hereunder are of a special, unique, extraordinary and intellectual character involving skill of the highest order and giving them peculiar value, the loss of which cannot be adequately compensated for in damages. In the event of a breach of this Agreement by Executive, the Company shall be entitled to make application for injunctive relief or any other legal or equitable remedies.

21. Headings. The Section headings appearing in this Agreement are for the purposes of easy reference and shall not be considered a part of this Agreement or in any way modify, amend or affect its provisions.

22. Drafting. Each party acknowledges that he or it has participated in the preparation of and/or has had ample opportunity to fully examine this Agreement. The parties therefore stipulate that the rule of construction that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement to favor any party against the other.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

24. Choice of Law and Forum. The Company and Executive irrevocably submit to the jurisdiction of the Province of Ontario, Canada in respect to the interpretation and enforcement of the provisions of this Agreement and any claims, controversies, or disputes arising hereunder and in respect of the transaction contemplated hereby. The parties waive and agree not to assert, as a defense in any action, suit or proceeding for the interpretation and enforcement hereof, or any such document or in respect of any such transaction, that such action, suit or proceeding may not be brought or is not maintainable in such courts or that venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts. Each of the parties hereby consents to and grants any such court jurisdiction over the person of such party and over the subject matter of any such dispute and agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in this Employment Agreement or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

25. Survival of Agreement. Except as otherwise expressly provided in this Agreement, the rights and obligations of the parties to this Agreement shall survive the termination of Executive's employment with the Company.

APPENDIX 1

Responsibilities of the CEO/COO include most importantly:

- Review the Company's income and expenditures and submit it to the Company's board for approval.
- Review the Company's annual and quarterly reports as well as all other required public filings.
- Ensure compliance with all applicable regulatory agencies and adherence to all regulatory requirements.
- Measure effectiveness and efficiency of operational processes both internally and externally and finds ways to improve processes.
- Develop and implement sales growth strategies.
- Work with suppliers to resolve all quality issues and implement quality assurance programs.
- Provide mentoring to all employees, including management.
- Motivate staff to meet or surpass organizational and sales goals.
- Recruit skilled talent and work to keep the best employees.
- Oversee daily operations and make adjustments as necessary.
- Present new ideas and cash flow strategies to board of directors and other company officers.
- Evaluate newly implemented sales plans.
- Promote communication between colleagues for the benefit of information flow and to curb any problems that arise.

ADDENDUM "B"

Effective September 1, 2017, Dean Thrasher assigns this agreement with full permission from Security Devices International Inc. to 2412457 Ontario Corp. (a corporation solely owned by Dean Thrasher).

By: /s/ Dean Thrasher

Dean Thrasher

By: /s/ Dean Thrasher

2412457 Ontario Corp.

By: /s/ Bryan Ganz

Bryan Ganz, Chairman / Security Devices International Inc.

Manufacturing Supply Agreement

This Manufacturing Supply Agreement, dated as of Aug 1, 2017 (the "**Agreement**"), is entered into by and between Micron Products, Inc., a Massachusetts corporation having its principal place of business at 25 Sawyer Passway, Fitchburg, MA 01420 ("**Seller**"), and Security Devices International, a Delaware Corporation having its principal place of business at 9325 Puckett Road, Perry, FL 32348 ("**Buyer**", and together with Seller, the "**Parties**", and each, a "**Party**").

WHEREAS, Seller is in the business of manufacturing and selling various less-than-lethal munitions;

WHEREAS, Buyer wishes to purchase certain Goods (as defined below) exclusively from Seller.

WHEREAS, Seller desires to manufacture and sell the Goods to Buyer.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions.** Capitalized terms have the meanings set out or referred to in this Section 1.

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or other, whether at law, in equity or otherwise.

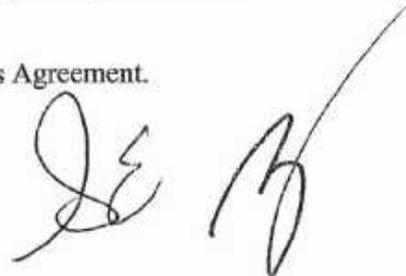
"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

"**Agreement**" has the meaning set forth in the preamble to this Agreement.

"**Basic Purchase Order Terms**" means, collectively, any one or more of the following terms specified by Buyer in a Purchase Order pursuant to Section 4.2: (a) a list of the Goods to be purchased, including BIP, ERP, Payload Rounds and any other products developed by Seller; (b) the quantity of each of the Goods ordered; (c) the Requested Delivery Date; (d) the unit Price for each of the Goods to be purchased; (e) the billing address; and (f) the Delivery Location. For the avoidance of doubt, the term "Basic Purchase Order Terms" does not include any general terms or conditions of any Purchase Order.

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in Massachusetts are authorized or required by Law to be closed for business.

"**Buyer**" has the meaning set forth in the preamble to this Agreement.



"**Buyer Contracts**" means all contracts or agreements to which Buyer is a party or to which any of its material assets are bound.

"**Buyer Indemnified Parties**" has the meaning set forth in Section 11.3.

"**Claim**" means any Action brought against a Person entitled to indemnification under Section 11.

"**Confidential Information**" has the meaning set forth in Section 14.1.

"**Control**" (and with correlative meanings, the terms "Controlled by" and "under common Control with") means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of another Person, whether through the ownership or voting securities, by contract, or otherwise.

"**Defective**" means not conforming to the Product specifications

"**Defective Goods**" means goods shipped by Seller to Buyer pursuant to this Agreement that are Defective.

"**Delivery Location**" means the segregated magazine or cage at Seller's facility where all Goods are delivered and held on Buyer's behalf pending the issuance of Releases for such Goods.

"**Disclosing Party**" has the meaning set forth in Section 14.1.

"**Dispute**" has the meaning set forth in Section 18.15.

"**Dispute Notice**" has the meaning set forth in Section 18.15.

"**Effective Date**" means the date first set forth above].

"**Force Majeure Event**" has the meaning set forth in Section 18.20.

"**Forecast**" means, with respect to any three month period, a good faith projection or estimate of Buyer's requirements for Goods during each month during the period, which approximates, as nearly as possible, based on information available at the time to Buyer, the quantity of Goods that Buyer may order for each such month.

"**Goods**" means the goods identified on Schedule 1 and described in the Specifications or the components manufactured by seller which are assembled to create the finished product.

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the

rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, award or determination entered by or with any Governmental Authority.

"Indemnified Party" has the meaning set forth in Section 11.1.

"Indemnifying Party" has the meaning set forth in Section 11.1.

"Initial Term" has the meaning set forth in Section 7.1.

"Inspection Period" has the meaning set forth in Section 5.6.

"Intellectual Property Rights" means all industrial and other intellectual property rights comprising or relating to: (a) Patents; (b) Trademarks; (c) internet domain names, whether or not Trademarked, registered by any authorized private registrar or Governmental Authority, web addresses, web pages, website and URLs; (d) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights and copyrightable works, software and firmware, architecture, files, records, schematics, data, data files, and databases and other specifications and documentation; (e) Trade Secrets; and all industrial and other intellectual property rights, and all rights, interests and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, such rights or forms of protection pursuant to the Laws of any jurisdiction throughout in any part of the world.

"Jointly Owned Technology" means all technology, assembly, and manufacturing processes acquired in the development of the Buyer's Goods.

"Law" means any statute, law, ordinance, regulation, rule, code, constitution, treaty, common law, Governmental Order or other requirement or rule of law of any Governmental Authority.

"Losses" has the meaning set forth in Section 11.1.

"Nonconforming Goods" means any goods received by Buyer from Seller pursuant to a Purchase Order that: (a) do not conform to the Products listed in the applicable Purchase Order; (b) do not fully conform to the Specifications; or (c) materially exceed the quantity of Goods ordered by Buyer pursuant to this Agreement or any Purchase Order. Where the context requires, Nonconforming Goods are deemed to be Goods for purposes of this Agreement.

"Notice" has the meaning set forth in Section 18.5.

"Party" has the meaning set forth in the preamble to this Agreement.



"Patents" means all patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models).

"Payment Failure" has the meaning set forth in Section 7.3(a).

"Person" means any individual, partnership, corporation, trust, limited liability entity, unincorporated organization, association, Governmental Authority or any other entity.

"Personnel" of a Party means any agents, employees, contractors or subcontractors engaged or appointed by such Party.

"Price" has the meaning set forth in Section 6.1.

"Product Warranty" has the meaning set forth in Section 10.3.

"Project Technology" means all inventions, improvements, discoveries, designs, data, concepts, ideas, processes, methods, techniques, know-how, and information, including schematics, and engineering drawings respecting all products conceived or produced by Seller specifically for and at the direction of Buyer in the course of performing design, engineering, fabrication or manufacturing services related to the Goods, or made or produced as the result of the joint efforts of Buyer and Seller in connection with the design, engineering, fabrication or manufacturing of Goods. The term "Project Technology" shall exclude any of Buyer's or Seller's proprietary processes used in the manufacture of the Product, or any filed or pending patents relating to the Product.

"Purchase Order" means Buyer's purchase order issued to Seller hereunder, including all terms and conditions attached to, or incorporated into, such purchase order, and any Release issued by Buyer to Seller under the Purchase Order. For the avoidance of doubt, any references to Purchase Orders hereunder also include any applicable Releases.

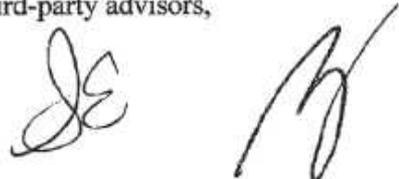
"Receiving Party" has the meaning set forth in Section 14.1.

"Reimbursement Payment" has the meaning set forth in Section 7.4.

"Release" means a document issued by Buyer to Seller pursuant to a Purchase Order that identifies the quantities of Goods constituting Buyer's requirements (if such quantities are not specified in the original Purchase Order) and the Delivery Locations and Requested Delivery Dates for such Goods.

"Renewal Term" has the meaning set forth in Section 7.2.

"Representatives" means a Party's Affiliates and each of their respective Personnel, officers, directors, partners, shareholders, attorneys, third-party advisors, successors and permitted assigns.



"Requested Delivery Date" means the requested delivery date for Goods ordered hereunder to the location set forth in a Release, which must be a Business Day no less than five (5) days following delivery of the applicable Purchase Order to Seller.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Contracts" means all contracts or agreements to which Seller is a party or to which any of its material assets are bound.

"Seller Technology" means all of Seller's proprietary electronic, manufacturing, and assembly technology, know-how and processes, including such technology, know-how, and processes developed or acquired by Seller prior to or during the term of this Agreement.

"Seller Tooling" has the meaning set forth in Section 15.

"Seller's Intellectual Property Rights" means all Intellectual Property Rights owned by or licensed to Seller.

"Seller's Trademarks" means all Trademarks owned by or licensed to Seller.

"Specifications" means the specifications for the Goods attached hereto as Exhibit A.

"Taxes" means any and all present and future sales, income, stamp and other taxes, levies, imposts, duties, deductions, charges, fees or withholdings imposed, levied, withheld or assessed by any Governmental Authority, together with any interest or penalties imposed thereon.

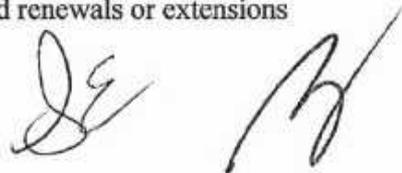
"Term" has the meaning set forth in Section 7.2.

"Territory" means North America.

"Third-Party Product" means, any products owned by the Buyer which was not produced by the seller but is held at the Seller for purposes of shipment on behalf of the Buyer.

"Tooling" means, collectively, all tooling, dies, test and assembly fixtures, gauges, jigs, patterns, casting patterns, cavities, molds, and documentation (including engineering specifications and test reports) owned by Buyer and used by Seller in connection with its manufacture and sale of the Goods, together with any accessions, attachments, parts, accessories, substitutions, replacements and appurtenances thereto.

"Trademarks" means all rights in and to US and foreign trademarks, service marks, trade dress, trade names, brand names, logos, corporate names and domain names and other similar designations of source, sponsorship, association or origin, together with the goodwill symbolized by any of the foregoing, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions



of, such rights and all similar or equivalent rights or forms of protection in any part of the world.

"**Trade Secrets**" means all inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections, patent disclosures and other confidential and proprietary information and all rights therein.

"**US**" means the United States of America.

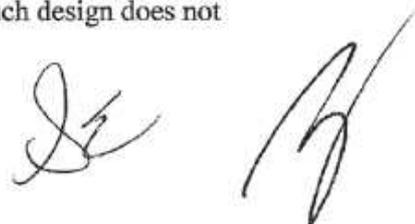
"**Warranty Period**" has the meaning set forth in Section 10.3.

2. Purchase and Sale of Goods.

2.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, during the Term, Buyer shall purchase from Seller, and Seller shall manufacture and sell to Buyer, Buyer's requirements of the Goods. Schedule 1 contains: (a) a description of the Goods to be manufactured and sold hereunder; and (b) the purchase price for each of the Goods. Unless otherwise provided in Schedule 1, subject to the terms and conditions of this Agreement, Buyer shall purchase from Seller, and Seller shall manufacture and sell to Buyer, 100% of Buyer's requirements of the Goods. The Parties shall, from time to time, amend Schedule 1 to reflect any agreed revisions to any of the terms described in the foregoing clauses (a) and (c); provided that no such revisions will modify this Agreement or be binding on the Parties unless such revisions have been fully approved in a signed writing by authorized Representatives of both Parties.

2.2 Terms of Agreement Prevail Over Buyer's Purchase Order. The Parties intend for the express terms and conditions contained in this Agreement (including any Schedules and Exhibits hereto) and the Basic Purchase Order Terms contained in the applicable Purchase Order to exclusively govern and control each of the Parties' respective rights and obligations regarding the subject matter of this Agreement, and this Agreement is expressly limited to such terms and conditions. Without limitation of the foregoing, any additional, contrary or different terms contained in any Purchase Order or other request or communication by Buyer pertaining to the sale of Goods by Seller, and any attempt to modify, supersede, supplement or otherwise alter this Agreement, will not modify this Agreement or be binding on the Parties unless such terms have been fully approved in a signed writing by authorized Representatives of both Parties.

2.3 Right to Manufacture and Sell Competitive Goods. Buyer acknowledges that Seller manufactures and supplies various types of munitions for customers of Buyer. This Agreement does not prohibit the Seller's right to manufacture or sell, or preclude Seller from manufacturing or selling, to any Person, or entering into any agreement with any other Person related to the manufacture or sale of, other goods or products that are or may be competitive with the Goods; provided that no such other goods or products (1) incorporate or were derived from Buyer's Intellectual Property or Buyer's Confidential Information, (2) are sold to any customer of Buyer or (3) incorporate a collapsible head design whether similar or not to the technology used in the Buyer's Goods even if such design does not explicitly violate any of the Buyer's patents.



3. Exclusivity

3.1 Buyer agrees to purchase good exclusively from Seller for sales of goods in the Territory.

4. Ordering Procedure.

4.1 Non-binding Forecasts of Buyer's Requirements. Buyer has provided to Seller a Forecast for the remainder of the current calendar quarter. No later than thirty (30) days prior to the first day of each subsequent calendar quarter, Buyer shall deliver to Seller a Forecast for the period beginning with the first day of such calendar quarter. Forecasts are for informational purposes only and do not create any binding obligations on behalf of either Party; provided, however, that Seller shall not be required to manufacture and sell to Buyer any quantity of Goods that is unreasonably disproportionate to any Forecast for the period covered by such Forecast.

4.2 Purchase Orders. Buyer shall issue to Seller Purchase Orders (containing applicable Basic Purchase Order Terms that are consistent with the terms of this Agreement), in written form via EDI/facsimile, email, or US Mail. By issuing a Purchase Order to Seller, Buyer makes an offer to purchase Goods pursuant to the terms and conditions of this Agreement and the Basic Purchase Order Terms contained in such Purchase Order, and on no other terms. For the avoidance of doubt, any variations made to the terms and conditions of this Agreement by Buyer in any Purchase Order are void and have no effect. From time-to-time, Buyer shall also issue Releases to Seller with respect to the release of Goods from the Delivery Location. Buyer shall be obligated to purchase from Seller quantities of Goods specified in a Purchase Order (including any related Release).

4.3 Acceptance, Rejection and Cancellation of Purchase Orders. As a condition to Seller's acceptance of a Purchase Order, Seller, in its sole discretion from time to time and by notice to Buyer, may require a prepayment 'deposit' of 50% of the total Purchase Order. Seller shall accept a Purchase Order by confirming the order in writing or by delivering the applicable Goods to Buyer, whichever occurs first; provided that Seller shall confirm or reject a Purchase Order in writing within five (5) business days of receipt. Seller may reject a Purchase Order or cancel a previously accepted Purchase Order, which it may do without liability or penalty, and without constituting a waiver of any of Seller's rights or remedies under this Agreement or any Purchase Order, by providing written notice to Buyer specifying the applicable date of rejection or cancellation:

- (a) if any one or more of the events described under **Sections 6.3(a)-(f)** has occurred;
- (b) pursuant to Seller's rights under Section 6.4(b) or Section 6.4(c); or
- (c) pursuant to Seller's rights under the last sentence of Section 6.6.

5. Delivery, Shipment, Acceptance and Inspection.



5.1 Delivery. Unless otherwise expressly agreed by the Parties in writing, Seller shall deliver to and hold the Goods at the Delivery Location within Seller's Fitchburg, Massachusetts facility under a Bill and Hold arrangement pending receipt of a Release for such Goods from Seller. Such Release shall instruct Seller to direct ship the subject Goods to the Buyer's customer. Buyer agrees to take delivery of the Goods held at the Delivery Location on a regular basis.

5.2 Shipment. Unless otherwise expressly agreed by the Parties in writing or noted on a Purchase Order, Seller shall, on Buyer's behalf, select the method of shipment of and the carrier for the Goods. Seller may, with Buyer's consent, make partial shipments of Goods to Buyer. Each shipment will constitute a separate sale and Buyer shall pay for the Goods shipped, in accordance with the payment terms specified in Section 6.3, whether such shipment is in whole or partial fulfillment of a Purchase Order.

5.3 Packaging and Labeling. Seller shall properly pack, mark and ship Goods and provide Buyer with shipment documentation showing the Purchase Order number, Seller's identification number for the subject Goods, the quantity of pieces in shipment, the number of cartons or containers in shipment, Seller's name, the bill of lading number and the country of origin.

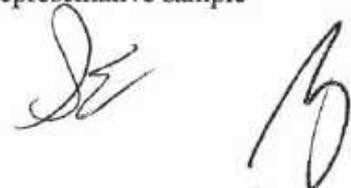
5.4 Late Delivery. Any time quoted for delivery is an estimate only; provided, however, that Seller shall use commercially reasonable efforts to deliver all Goods on or before the Requested Delivery Date. If Seller has delayed shipment of all or any Goods for more than five (5) days after the Requested Delivery Date and if such delay is not due to any action or inaction of Buyer or otherwise excused in accordance with the terms and conditions of this Agreement, Buyer may, as its sole remedy therefor, cancel the portion of the related Purchase Order covering the delayed Goods by giving Seller written Notice within seven (7) days of the Requested Delivery Date. Subject to Buyer's rights under this Section 5.4, no delay in the shipment or delivery of any Good relieves Buyer of its obligations under this Agreement, including accepting delivery of any remaining installment or other orders of Goods.

5.5 Transfer of Title and Risk of Loss.

(a) Title to Goods shipped under any Purchase Order passes to Buyer upon Seller's tender of the Goods to the Delivery Location.

(b) Risk of loss to Goods shipped under any Purchase Order passes to Buyer upon Seller's tender of such units to the Delivery Location.

5.6 Inspection. Buyer shall inspect Goods delivered under this Agreement within ten (10) days receipt of such Goods ("**Inspection Period**") and either accept or, only if any such Goods are Nonconforming Goods, reject such Goods. Buyer will be deemed to have accepted Goods unless it provides Seller with written Notice of any Nonconforming Goods within two (2) days following the Inspection Period, stating with specificity all defects and nonconformities, and furnishing such other written evidence or other documentation as may be reasonably required by Seller (including the subject Goods, or a representative sample



thereof, which Buyer contends are Nonconforming Goods). All defects and nonconformities that are not so specified will be deemed waived by Buyer, such Goods shall be deemed to have been accepted by Buyer, and no attempted revocation of acceptance will be effective. If Buyer timely notifies Seller of any Nonconforming Goods, Seller shall determine, in its reasonable discretion, whether the Goods are Nonconforming Goods. If Seller determines that such Goods are Nonconforming Goods, Seller shall, in its sole discretion, either:

- (a) replace such Nonconforming Goods with conforming Goods; or
- (b) refund to Buyer such amount paid by Buyer to Seller for such Nonconforming Goods returned by Buyer to Seller.

Buyer shall ship, at Buyer's expense and risk of loss, all Nonconforming Goods to Seller's facility located at 25 Sawyer Passway, Fitchburg, Massachusetts or to such other location as Seller may instruct Buyer in writing. If Seller exercises its option to replace Nonconforming Goods, Seller shall ship the replacement Goods to the original shipping location at Seller's expense and risk of loss.

THE REMEDIES SET FORTH IN THIS SECTION 4.6 ARE BUYER'S EXCLUSIVE REMEDY FOR THE DELIVERY OF NONCONFORMING GOODS, SUBJECT TO BUYER'S RIGHTS UNDER SECTION 9.5 WITH RESPECT TO ANY SUCH GOODS FOR WHICH BUYER HAS ACCEPTED DELIVERY UNDER THIS SECTION 4.6.

5.7 Limited Right of Return. Except as provided under Section 5.6, Section 10.5 and Section 10.7, Buyer has no right to return Goods shipped to Buyer pursuant to this Agreement.

6. Price and Payment.

6.1 Price. Buyer shall purchase the Goods from Seller at the prices set forth on Schedule 1 attached hereto ("**Prices**"). Prices shall be subject to fluctuations in market price of raw materials and energy costs. Seller shall give Buyer six months written notice of any market price fluctuations or changes as described herein above, including reasoning and a full description thereto agreeable to the Buyer. The Buyer and Seller shall work together to reduce costs of raw materials of the Goods. In the event Seller's direct manufacturing costs change five percent (5%) or more, Seller shall provide Buyer with 30 days written notice of a change in Seller's selling price.

6.2 Shipping Charges, Insurance and Taxes. Buyer shall reimburse Seller for, and shall hold Seller harmless from, all shipping charges and insurance costs. In addition, all Prices are exclusive of, and Buyer is solely responsible for, and shall pay, and shall hold Seller harmless from, all Taxes, with respect to, or measured by, the manufacture, sale, shipment, use or Price of the Goods (including interest and penalties thereon); provided, however, that Buyer shall not be responsible for any Taxes imposed on, or with respect to, Seller's income, revenues, gross receipts, Personnel or real or personal property or other assets;

6.3 Payment Terms. Seller shall issue invoices to Buyer for all Goods when such Goods are delivered to the Delivery Location. Buyer shall pay to Seller all invoiced amounts within thirty (30) days from the date of such invoice. Buyer shall make all payments in US dollars by check or wire transfer, in accordance with the following wire instructions:

Bank Name: UniBank for Savings
Bank Address: 49 Church Street
Whitinsville, MA 01588
(800) 578-4270
Account Name: Micron Products, Inc.
25 Sawyer Passway
Fitchburg, MA 01420
Checking Acct. #: 7710021333
ABA/Transit #: 211372378

6.4 Buyer's Unsatisfactory Credit Status. Each issuance of a Purchase Order to Seller will constitute Buyer's representation and warranty that Buyer is solvent and is able to pay for the Goods identified in such Purchase Order in accordance with the terms of this Agreement. Buyer shall furnish Seller with statements accurately and fairly evidencing Buyer's financial condition as Seller may, from time to time, reasonably request. Throughout the Term, Buyer shall be in compliance with all obligations to Buyer's creditors as and when such obligations are due and owing in the ordinary course of Buyer's business. Buyer shall notify Seller, in writing, immediately of any and all events that have had or may have a material adverse effect on Buyer's ability to pay submitted invoices in a timely manner. If, at any time, Seller determines in its sole discretion that Buyer's financial condition or creditworthiness is inadequate or unsatisfactory, then in addition to Seller's other right under this Agreement, at law or in equity, Seller may without liability or penalty, take one or more of the following actions:

- (a) on ten (10) day's prior written Notice, modify the payment terms specified in Section 6.3 for outstanding and future purchases, including requiring Buyer to pay for Goods on a cash in advance or cash on delivery basis;
- (b) reject any Purchase Orders received from Buyer;
- (c) cancel any previously accepted Purchase Orders;
- (d) delay or withhold any further shipment of Goods to Buyer;
- (e) stop delivery of any Goods in transit and cause such Goods in transit to be returned to Seller;



- (f) accelerate the due date of all amounts owing by Buyer to Seller.

No action taken by Seller under this Section 6.4 (nor any failure of Seller to act under this Section 6.4) constitutes a waiver by Seller of any of its rights and remedies under this Agreement, including its right to enforce Buyer's obligation to make payments as required hereunder.

6.5 Invoice Disputes. Buyer shall notify Seller in writing of any dispute with any invoice (along with substantiating documentation and a reasonably detailed description of the dispute) within sixty (60) days from the date of such invoice. Buyer will be deemed to have accepted all invoices for which Seller does not receive timely notification of dispute, and shall pay all undisputed amounts due under such invoices within the period set forth in Section 6.3. The Parties shall seek to resolve any such disputes expeditiously and in good faith in accordance with the dispute resolution provisions set forth in Section 18.15. Notwithstanding anything to the contrary, Buyer shall continue performing its obligations under this Agreement during any such dispute, including Buyer's obligation to pay all due and undisputed invoice amounts in accordance with the terms of this Agreement.

6.6 Late Payments. Except for invoiced payments that Buyer has disputed, Buyer shall pay interest on all late payments (whether during the Term or after the expiration or earlier termination of the Term), calculated daily and compounded monthly/bi-monthly at the rate of 1.5% per month. Buyer shall also reimburse Seller for all costs incurred by Seller in collecting any late payments, including attorneys' fees and court costs. In addition to all other remedies available under this Agreement or at Law (which Seller does not waive by the exercise of any rights under this Agreement), if Buyer fails to pay any undisputed amounts when due under this Agreement, Seller may (a) suspend the delivery of any Goods, (b) reject Buyer's Purchase Orders or cancel accepted Purchase Orders pursuant to the terms of Section 4.3 or (c) terminate this Agreement pursuant to the terms of Section 7.3(a).

6.7 No Set-off Right. Buyer shall not, and acknowledges that it will have no right, under this Agreement, any Purchase Order, any other agreement, document or Law to, withhold, offset, recoup or debit any amounts owed (or to become due and owing) to Seller or any of its Affiliates, whether under this Agreement or otherwise, against any other amount owed (or to become due and owing) to it by Seller or Seller's Affiliates, whether relating to Seller's or its Affiliates' breach or non-performance of this Agreement, any Purchase Order, any other agreement between (a) Buyer or any of its Affiliates and (b) Seller or any of its Affiliates, or otherwise.

6.8 Security Interest. To secure Buyer's prompt and complete payment and performance of any and all present and future indebtedness, obligations and liabilities of Buyer to Seller, Buyer hereby grants Seller a first-priority security interest, with priority over all other liens, claims and encumbrances, in all inventory of Goods and Buyer Tooling purchased under this Agreement by Buyer from Seller, that is in possession of the Seller, and whether now existing or hereafter arising or acquired from time to time, and in all accessions thereto and replacements or modifications thereof, as well as all proceeds (including insurance proceeds) of the foregoing. Buyer acknowledges that the security interest granted under this Section 6.8 is a purchase-money security interest under

Massachusetts law. Seller may file a financing statement for such security interest and Buyer shall execute such statements or other documentation necessary to perfect Seller's security interest in such Goods and Buyer Tooling. Buyer also authorizes Seller to execute, on Buyer's behalf, such statements or other documentation necessary to perfect Seller's security interest in such Goods and/or Buyer Tooling. Seller shall be entitled to all applicable rights and remedies of a secured party under applicable Law.

7. Term; Termination.

7.1 Initial Term. The term of this Agreement commences on the Effective Date and continues for a period of four (4) year(s), unless it is earlier terminated pursuant to the terms of this Agreement or applicable Law (the "**Initial Term**").

7.2 Renewal Term. Upon expiration of the Initial Term, the term of this Agreement will automatically renew for additional successive one (1) year terms unless either Party provides written Notice of non-renewal at least sixty (60) days prior to the end of the then-current term (each, a "**Renewal Term**" and together with the Initial Term, the "**Term**"), unless any Renewal Term is earlier terminated pursuant to the terms of this Agreement or applicable Law. If the Initial Term or any Renewal Term is renewed for any Renewal Term(s) pursuant to this Section 7.2, the terms and conditions of this Agreement during each such Renewal Term will be the same as the terms in effect immediately prior to such renewal. In the event either Party provides timely Notice of its intent not to renew this Agreement, then, unless earlier terminated in accordance with its terms, this Agreement terminates on the expiration of the Initial Term or then-current Renewal Term, as applicable.

7.3 Seller's Right to Terminate. Seller may terminate this Agreement, by providing written Notice to Buyer:

- (a) if Buyer fails to pay any amount when due under this Agreement ("**Payment Failure**") which is not cured within 15 days after Buyer's receipt of notice;
- (b) if Buyer is in material breach of any representation, warranty or covenant of Buyer under this Agreement (other than committing a Payment Failure), and either the breach cannot be cured or, if the breach can be cured, it is not cured by Buyer within a commercially reasonable period of time (in no case exceeding sixty (60) days) after Buyer's receipt of written Notice of such breach;
- (c) if Buyer (i) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due, (ii) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency Law, (iii) makes or seeks to make a general assignment for the benefit of its creditors, or (iv) applies for or has appointed a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business;

(d) if, without obtaining Seller's prior written consent, (i) Buyer sells, leases or exchanges a material portion of Buyer's assets, (ii) Buyer merges or consolidates with or into another Person, or (iii) a change in Control of Buyer occurs which is detrimental to the company's financial position.

Any termination under this Section 7.3 will be effective on Buyer's receipt of Seller's written Notice of termination or such later date (if any) set forth in such Notice.

7.4 Buyer's Right to Terminate. Buyer may terminate this Agreement, by providing written Notice to Seller:

(a) if Seller is in material breach of any representation, warranty or covenant of Seller under this Agreement and either the breach cannot be cured or, if the breach can be cured, it is not cured by Seller sixty (60) days after Seller's receipt of written Notice of such breach; or

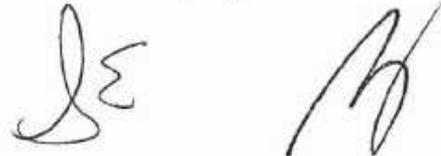
(b) if Seller (i) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due, (ii) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency Law, (iii) makes or seeks to make a general assignment for the benefit of its creditors, or (iv) applies for or has appointed a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

As a condition precedent to Buyer's right to terminate this Agreement pursuant to this Section 7.4, within thirty (30) days following the date of Buyer's termination Notice, Buyer shall pay to Seller all amounts due to Seller for Goods delivered by Seller to Buyer prior to Seller's receipt of the termination Notice and reimburse Seller for all of Seller's out-of-pocket costs and expenses (including raw materials, machinery and equipment purchases) incurred and invoiced by Seller prior to receipt of Buyer's termination Notice that arise from or relate to this Agreement or any Purchase Order issued by Buyer to Seller prior to Seller's receipt of such notice (each, a "**Reimbursement Payment**"). Any termination under this Section 7.4 will be effective on the latest to occur of Seller's receipt of Buyer's written Notice of termination, Seller's receipt of the Reimbursement Payment or such other later date (if any) set forth in such termination Notice (if and to the extent that such later date is approved by Seller in writing).]

7.5 Effect of Expiration or Termination.

(a) Upon the expiration or earlier termination of this Agreement, all indebtedness of Buyer to Seller under this Agreement, any other agreement or otherwise, of any kind, shall become immediately due and payable to Seller, without further notice to Buyer.

(b) Expiration or termination of the Term will not affect any rights or obligations of the Parties that:



(i) come into effect upon or after termination or expiration of this Agreement; or

(ii) otherwise survive the expiration or earlier termination of this Agreement pursuant to Section 18.4 and were incurred by the Parties prior to such expiration or earlier termination.

(c) Any Notice of termination under this Agreement automatically operates as a cancellation of any deliveries of Goods to Buyer that are scheduled to be made subsequent to the effective date of termination, whether or not any orders for such Goods had been accepted by Seller. With respect to any Goods that are still in transit upon termination of this Agreement, Seller may require, in its sole discretion, that all sales and deliveries of such Goods be made on either a cash-only or certified-check basis.

(d) Upon the expiration or earlier termination of this Agreement, each party shall:

(i) return to other all documents and tangible materials (and any copies) containing, reflecting, incorporating or based on the other Party's Confidential Information;

(ii) permanently erase all of the other party's Confidential Information from its computer systems, except for copies that are maintained as archive copies on its disaster recovery and/or information technology backup systems; and

(iii) certify in writing to the other party that it has complied with the requirements of this clause.

(e) Subject to Section 7.5(b), the Party terminating this Agreement, or in the case of the expiration of this Agreement, each Party, shall not be liable to the other Party for any damage of any kind (whether direct or indirect) incurred by the other Party by reason of the expiration or earlier termination of this Agreement. Termination of this Agreement will not constitute a waiver of any of either Party's rights, remedies or defenses under this Agreement, at law, in equity or otherwise.

8. Certain Obligations of Buyer and Seller.

8.1 Certain Prohibited Acts. Notwithstanding anything to the contrary in this Agreement, neither Buyer nor Seller or any Buyer or Seller Personnel shall:

(a) make any representations, warranties, guarantees, indemnities, similar claims or other commitments on behalf of the other Party;

(b) engage in any unfair, competitive, misleading or deceptive practices respecting either Party, either Party's Trademarks or the Goods, including any product disparagement.



8.2 Restrictions on Sales or Delivery Outside the Territory. Neither Buyer nor any Buyer Personnel or Representatives shall:

(a) ship or otherwise deliver Goods or any other products incorporating any of the Goods to any facility in a location that is outside of the United States, unless such location has been approved in writing by Seller (which consent may not be unreasonably withheld or delayed); or

(b) sell, offer to sell, ship or deliver Goods or any other products incorporating any of the Goods outside of the United States except in compliance with all applicable laws.

Neither Buyer nor any Buyer Personnel or Representatives shall sell, offer to sell, ship or deliver Goods or any other products incorporating any of the Goods outside of the United States except in compliance with all applicable US laws.

8.3 Credit Risk on Resale of the Goods to Customers. Buyer shall be responsible for all credit risks with respect to, and for collecting payment for, all products (including Goods) sold to its customers or other third parties, whether or not Buyer has made full payment to Seller for such products. The inability of Buyer to collect the purchase price for any product shall not affect Buyer's obligation to pay Seller for any Goods.

9. Compliance with Laws. Buyer and Seller shall at all times comply with all Laws applicable to this Agreement, Buyer's and Seller's performance of its obligations hereunder and Buyer's or Seller's use or sale of the Goods. Without limiting the generality of the foregoing, Buyer and Seller shall (a) at their own expense, maintain all certifications, credentials, licenses and permits necessary to conduct its business relating to the purchase, use or resale of the Goods and (b) not engage in any activity or transaction involving the Goods, by way of resale, lease, shipment, use or otherwise, that violates any Law.

10. Representations and Warranties.

10.1 Buyer's Representations and Warranties. Buyer represents and warrants to Seller that:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) it is duly qualified to do business and is in good standing in every jurisdiction in which such qualification is required, except where the failure to be so qualified, in the aggregate, would not reasonably be expected to adversely affect its ability to perform its obligations under this Agreement;

(c) it has the full right, corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

(d) the execution of this Agreement by its Representative whose signature is set forth at the end of this Agreement, and the delivery of this

Agreement by Buyer, have been duly authorized by all necessary corporate action on the part of Buyer;

(e) the execution, delivery and performance of this Agreement by Buyer will not violate, conflict with, require consent under or result in any breach or default under (i) any of Buyer's organizational documents, (ii) any applicable Law or (iii) with or without notice or lapse of time or both, the provisions of any Buyer Contract;

(f) this Agreement has been executed and delivered by Buyer and (assuming due authorization, execution and delivery by Seller) constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity;

(g) it is in compliance with all applicable Laws and Buyer Contracts relating to this Agreement, the Goods and the operation of its business;

(h) it has obtained all licenses, authorizations, approvals, consents or permits required by applicable Laws to conduct its business generally and to perform its obligations under this Agreement;

(i) it is not insolvent and is paying all of its debts as they become due; and

(j) all financial information that it has provided to Seller is true and accurate and fairly represents Buyer's financial condition.

10.2 Seller's Representations and Warranties. Seller represents and warrants to Buyer that:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts;

(b) it is duly qualified to do business and is in good standing in every jurisdiction in which such qualification is required for purposes of this Agreement, except where the failure to be so qualified, in the aggregate, would not reasonably be expected to adversely affect its ability to perform its obligations under this Agreement;

(c) it has the full right, corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

(d) the execution of this Agreement by its Representative whose signature is set forth at the end of this Agreement, and the delivery of this

Agreement by Seller, have been duly authorized by all necessary corporate action on the part of Seller; and

(e) the execution, delivery and performance of this Agreement by Seller will not violate, conflict with, require consent under or result in any breach or default under (i) any of Seller's organizational documents, (ii) any applicable Law or (iii) with or without notice or lapse of time or both, the provisions of any material Seller Contract;

(f) this Agreement has been executed and delivered by Seller and (assuming due authorization, execution and delivery by Buyer) constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity;

(g) it is in material compliance with all applicable Laws and Seller Contracts relating to this Agreement, the Goods and the operation of its business; and

(h) it has obtained all material licenses, authorizations, approvals, consents or permits required by applicable Laws to conduct its business generally and to perform its obligations under this Agreement.

10.3 Limited Product Warranty. Subject to the provisions of Sections 10.4 through 10.7, Seller warrants to Buyer (the "**Product Warranty**") that:

(a) for a period of three (3) years from date of manufacture (the "**Warranty Period**"), each such Good will materially conform to the specifications set forth in Exhibit B and will be free from significant defects in material and workmanship; and

(b) Buyer will receive good and valid title to all Goods, free and clear of all encumbrances and liens of any kind.

10.4 Product Warranty Limitations. The Product Warranty does not apply to any Good that:

(a) has been subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions, use of product past its shelf life per Schedule 1, or use contrary to any instructions issued by Seller;

(b) has been reconstructed, repaired or altered by Persons other than Seller or its authorized Representative; or



(c) has been used with any third-party products, hardware or product that has not been previously approved in writing by Seller.

10.5 Buyer's Exclusive Remedy for Defective Goods. Notwithstanding any other provision of this Agreement (except for Section 10.7), this Section 10.5 contains Buyer's exclusive remedy for Defective Goods. Buyer's remedy under this Section 10.5 is conditioned upon Buyer's compliance with its obligations under Section 10.5(a) and Section 10.5(b) below. During the Warranty Period, with respect to any allegedly Defective Goods:

(a) Buyer shall notify Seller, in writing, of any alleged claim or defect within thirty (30) Days from the date Buyer discovers, or upon reasonable inspection should have discovered, such alleged claim or defect (but in any event before the expiration of the applicable Warranty Period);

(b) Buyer shall ship, at its expense and risk of loss, such allegedly Defective Goods to Seller's facility located at Fitchburg, Massachusetts for inspection and testing by Seller subject to applicable State and Federal Law;

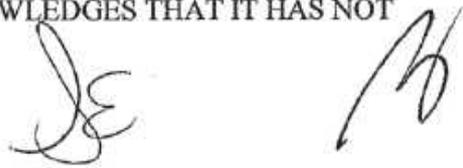
(c) if Seller's inspection and testing reveals, to Seller's reasonable satisfaction, that such Goods are Defective and any such defect has not been caused or contributed to by any of the factors described under Section 10.4 above, subject to Section 10.5(a) and Section 10.5(b). Seller shall in its sole discretion and at its expense, repair or replace such Defective Goods; and

(d) Seller shall ship to Buyer, at Seller's expense and risk of loss, the repaired or replaced Goods to a location designated by Buyer.

Buyer has no right to return for repair, replacement, credit or refund any Good except as set forth in this Section 10.5 (or if otherwise applicable, Section 5.6 or Section 10.7). In no event shall Buyer reconstruct, repair, alter or replace any Good, in whole or in part, either itself or by or through any third party.

SUBJECT TO SECTION 10.7, THIS SECTION 10.5 SETS FORTH BUYER'S SOLE REMEDY AND SELLER'S ENTIRE LIABILITY FOR ANY BREACH OF THE LIMITED PRODUCT WARRANTY SET FORTH IN SECTION 10.3.

10.6 DISCLAIMER OF OTHER REPRESENTATIONS AND WARRANTIES; NON-RELIANCE. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 10.2 AND THE PRODUCT WARRANTY SET FORTH IN SECTION 10.3, (A) NEITHER SELLER NOR ANY PERSON ON SELLER'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WHATSOEVER, EITHER ORAL OR WRITTEN, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, OR NON-INFRINGEMENT OR PERFORMANCE OF GOODS OR PRODUCTS TO STANDARDS SPECIFIC TO THE COUNTRY OF IMPORT, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND (B) BUYER ACKNOWLEDGES THAT IT HAS NOT



RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY SELLER, OR ANY OTHER PERSON ON SELLER'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN SECTIONS 10.2 AND 10.3 OF THIS AGREEMENT.

10.7 Withdrawal of Goods. Subject to all State and Federal laws: If Seller determines that any Goods sold to Buyer may be Defective, at Seller's request, Buyer shall withdraw all similar Goods from sale and, at Seller's option, either return such Goods to Seller (pursuant to the terms of Section 10.5(b)) or destroy the Goods and provide Seller with written certification of such destruction. Notwithstanding the limitations of Section 10.5, if Buyer returns all withdrawn Goods or destroys all withdrawn Goods and provides Seller with written certification of such destruction within thirty (30) days following Seller's withdrawal request, in either case consistent with Seller's instructions, unless any such defect has not been caused or contributed to by any of the factors described under Section 10.4, Seller shall (a) repair or replace all such returned Goods or (b) replace such destroyed Goods, in either case pursuant to the terms of Section 10.5(d). THIS SECTION 10.8 SETS FORTH BUYER'S SOLE REMEDY AND SELLER'S ENTIRE LIABILITY FOR ANY GOODS THAT ARE WITHDRAWN PURSUANT TO THIS SECTION 10.8.

11. Indemnification.

11.1 Mutual Indemnification. Subject to the terms and conditions of this Agreement, including those set forth in Section 11.2, each Party (as "**Indemnifying Party**") shall indemnify, defend and hold harmless the other Party and its Representatives/officers, directors, employees, agents, Affiliates, successors and permitted assigns (collectively, "**Indemnified Party**") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees, fees and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers, (collectively, "**Losses**"), relating to/arising out or resulting from any third-party Claim or any direct Claim against the Indemnified Party alleging:

- (a) a breach or non-fulfillment of any representation, warranty or covenant set forth in this Agreement by Indemnifying Party or Indemnifying Party's Personnel;
- (b) any grossly negligent or more culpable act or omission of Indemnifying Party or its Personnel (including any recklessness or willful misconduct) in connection with the performance of this Agreement; or
- (c) any bodily injury, death of any Person or damage to real or tangible personal property caused by the willful or grossly negligent acts or omissions of Indemnifying Party or its Personnel.

Notwithstanding anything to the contrary in this Agreement, this Section 11.1 does not apply to any Claim (whether direct or indirect) for which a sole or exclusive remedy is provided for under another section of this Agreement.

11.2 Exceptions and Limitations on Indemnification. Notwithstanding anything to the contrary in this Agreement, an Indemnifying Party is not obligated to indemnify or defend (if applicable) an Indemnified Party against any Claim if such Claim or corresponding Losses arise out of or result from, in whole or in part, the Indemnified Party's or its Personnel's:

- (a) gross negligence or more culpable act or omission (including recklessness or willful misconduct); or

11.3 Seller Intellectual Property Indemnification. Subject to terms and conditions of this Agreement, Buyer shall indemnify, defend and hold harmless Seller and its Representatives (collectively, the "**Seller Indemnified Parties**") from and against all Losses arising out of any Claim of a third party alleging that any of the Goods infringe any Intellectual Property Right of a third party. If Seller becomes aware that the Goods, or any part of the Goods, becomes, or in Seller's opinion is likely to become, subject to a third-party Claim that qualifies for intellectual property indemnification coverage under this Section 11.3, Seller shall notify Buyer in writing and Seller may cease the manufacture and sale of such Goods without liability to Seller.

11.4 EXCLUSIVE REMEDY. THIS SECTION SETS FORTH THE ENTIRE LIABILITY AND OBLIGATION OF EACH INDEMNIFYING PARTY AND THE SOLE AND EXCLUSIVE REMEDY FOR EACH INDEMNIFIED PARTY AND SELLER INDEMNIFIED PARTIES FOR ANY DAMAGES COVERED BY THIS SECTION.

12. Limitation of Liability.

12.1 NO LIABILITY FOR CONSEQUENTIAL OR INDIRECT DAMAGES. EXCEPT FOR OBLIGATIONS TO MAKE PAYMENT UNDER THIS AGREEMENT, LIABILITY FOR BREACH OF CONFIDENTIALITY, OR LIABILITY FOR INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS, IN NO EVENT SHALL EITHER PARTY OR THEIR REPRESENTATIVES BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT THE OTHER PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

12.2 MAXIMUM LIABILITY FOR DAMAGES. EXCEPT FOR OBLIGATIONS TO MAKE PAYMENT UNDER THIS AGREEMENT, LIABILITY FOR BREACH OF CONFIDENTIALITY, OR LIABILITY FOR INFRINGEMENT OR MISAPPROPRIATION OF INTELLECTUAL PROPERTY RIGHTS, IN NO EVENT SHALL EACH PARTY'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH



OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THE TOTAL OF THE AMOUNTS PAID AND AMOUNTS ACCRUED BUT NOT YET PAID TO SELLER PURSUANT TO THIS AGREEMENT IN 1 YEAR PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM or \$1,000,000.00, WHICHEVER IS MORE.

12.3 ASSUMPTION OF RISK. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER ASSUMES ALL RISK AND LIABILITY FOR THE RESULTS OBTAINED BY THE USE OF ANY GOODS WHETHER IN TERMS OF OPERATING COSTS, GENERAL EFFECTIVENESS, SUCCESS OR FAILURE, AND REGARDLESS OF ANY ORAL OR WRITTEN STATEMENTS MADE BY SELLER, BY WAY OF TECHNICAL ADVICE OR OTHERWISE, RELATED TO THE USE OF THE GOODS.

13. Intellectual Property Rights.

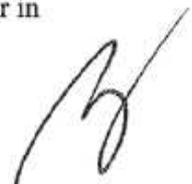
13.1 Intellectual Property Rights of the Buyer. Except to the extent provided in a separate written agreement between Buyer and Seller, Seller acknowledges and agrees that Buyer shall own and retain all rights to all Project Technology, and Seller shall not acquire any ownership interest in any Project Technology under this Agreement. Seller shall not produce any goods that incorporate any proprietary Project Technology, without Buyer's prior approval, and if approved, the payment of a license fee to be mutually agreed to by the Parties.

13.2 Intellectual Property Rights of the Seller. Except to the extent provided in a separate written agreement between Buyer and Seller, Buyer acknowledges and agrees that Seller shall own and retain all Intellectual Property Rights relating to the Seller Technology; and Buyer shall not acquire any ownership interest in any Project Technology under this Agreement..

13.3 Jointly Owned Intellectual Property Rights. Any intellectual property rights acquired during the development of the Goods shall be deemed to be jointly owned by the Parties on a 50/50 basis. If either Party wishes to use or license this technology and know-how for the benefit of a third party, they will require the written approval of the other Party. Any proceeds from the transfer of such technology and know-how will be shared by the Parties and will not be unreasonably withheld. Proceeds of such technology and know-how shall be agreed to by the Parties prior to transfer.

14. Confidentiality.

14.1 Scope of Confidential Information. From time to time during the Term, either Party (as the "**Disclosing Party**") may disclose or make available to the other Party (as the "**Receiving Party**") information about its business affairs, goods and services, Forecasts, confidential information and materials comprising or relating to Intellectual Property Rights, trade secrets, third-party confidential information and other sensitive or proprietary information. Such information, as well as the terms of this Agreement, whether orally or in written, electronic or other form or media, and whether or not marked, designated or



otherwise identified as "confidential," is collectively referred to as "**Confidential Information**" hereunder. Notwithstanding the foregoing, Confidential Information does not include information that, at the time of disclosure:

- (a) is or becomes generally available to and known by the public other than as a result of, directly or indirectly, any breach of this Section 14 by the Receiving Party or any of its Representatives;
- (b) is or becomes available to the Receiving Party on a non-confidential basis from a third-party source, provided that such third party is not and was not prohibited from disclosing such Confidential Information;
- (c) was known by or in the possession of the Receiving Party or its Representatives prior to being disclosed by or on behalf of the Disclosing Party;
- (d) was or is independently developed by the Receiving Party without reference to or use of, in whole or in part, any of the Disclosing Party's Confidential Information; or
- (e) is required to be disclosed pursuant to applicable Law.

14.2 Protection of Confidential Information. The Receiving Party shall, for five (5) years from disclosure of such Confidential Information:

- (a) protect and safeguard the confidentiality of the Disclosing Party's Confidential Information with at least the same degree of care as the Receiving Party would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care;
- (b) not use the Disclosing Party's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and
- (c) not disclose any such Confidential Information to any Person, except to the Receiving Party's Representatives who need to know the Confidential Information to assist the Receiving Party, or act on its behalf, to exercise its rights or perform its obligations under this Agreement.

The Receiving Party shall be responsible for any breach of this Section 14 caused by any of its Representatives. At any time during or after the Term, at the Disclosing Party's written request, the Receiving Party and its Representatives shall, pursuant to Section 7.5(d), promptly return all Confidential Information and copies thereof that it has received under this Agreement.

15. Tooling. All Tooling used to manufacture the Goods shall be owned by Buyer ("**Buyer Tooling**"). Other than any security interests or liens the Seller may have in the Buyer Tooling, Seller has no right, title, or interest in or to any of the Buyer Tooling.



16. Additional Capital Investments. If, at any time during the term of this Agreement, Seller is required to purchase or make an investment in additional capital equipment, plant or machinery ("**New Equipment**") in order to fulfill the terms of this Agreement, Seller shall notify Buyer of same and the Parties shall negotiate in good faith to allocate the costs of the New Equipment as between themselves. For the avoidance of doubt, Seller shall not be required to purchase or make such investment in such New Equipment until such time as the parties have reached an agreement on the cost allocation referred to in the immediately preceding sentence.

17. Insurance. During the Term, and one year afterward, Each Party shall, at its own expense, maintain and carry in full force and effect, subject to appropriate levels of self-insurance, commercial general liability insurance (including product liability coverage) in a sum no less than \$5,000,000 with financially sound and reputable insurers, and upon the other Party's reasonable request, shall provide the other Party with a certificate of insurance evidencing the insurance coverage specified in this Section. Each Party shall provide the other Party with 90 days' advance written notice in the event of a cancellation or material change in such insurance policy.

18. Miscellaneous.

18.1 Further Assurances. Upon a Party's reasonable request, the other Party shall, at its sole cost and expense, execute and deliver all such further documents and instruments, and take all such further acts, necessary to give full effect to this Agreement.

18.2 Relationship of the Parties. The relationship between Seller and Buyer is solely that of vendor and vendee, and they are independent contracting parties. Nothing in this Agreement creates any agency, joint venture, partnership or other form of joint enterprise, employment or fiduciary relationship between the Parties. Neither Party has any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other Party to any contract, agreement or undertaking with any third party.

18.3 Entire Agreement. This Agreement, including and together with the Basic Purchase Order Terms and any related exhibits and schedules, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter, including but not limited to the Development, Supply and Manufacturing Agreement, as amended, effective July 25, 12, and the Non-Disclosure Agreement dated as of July 8, 2010.

18.4 Survival. All provisions of this Agreement which by their context, are intended to survive the termination of this Agreement, shall so survive.

18.5 Notices. All notices, requests, consents, claims, demands, waivers and other communications under this Agreement (each, a "**Notice**") must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this section). All Notices must be



delivered by personal delivery, nationally recognized overnight courier or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party, and (b) if the Party giving the Notice has complied with the requirements of this Section.

Notice to Seller:

Micron Products, Inc.
25 Sawyer Passway
Fitchburg, MA 01420
Facsimile: 978-602-1284
E-mail: semma@micronproducts.com
Attention: President

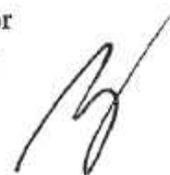
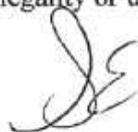
Notice to Buyer:

Security Devices International, Inc.
9325 Puckett Road
Perry, FL 32348
E-mail: dthrasher@securitydii.com
Attention: President

18.6 Interpretation. For purposes of this Agreement: (a) the words "include," "includes" and "including" are deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; (d) words denoting the singular have a comparable meaning when used in the plural, and vice-versa; and (e) words denoting any gender include all genders. Unless the context otherwise requires, references in this Agreement: (x) to sections, exhibits, schedules, attachments and appendices mean the sections of, and exhibits, schedules, attachments and appendices attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. The Parties drafted this Agreement without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The exhibits, schedules, attachments and appendices referred to herein are an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

18.7 Headings. The headings in this Agreement are for reference only and do not affect the interpretation of this Agreement.

18.8 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability does not



affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or provision is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to modify this Agreement to effect the original intent of the Parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

18.9 Amendment and Modification. No amendment to this Agreement is effective unless it is in writing and signed by an authorized Representative of each Party.

18.10 Waiver.

(a) No waiver under this Agreement is effective unless it is in writing and signed by an authorized representative of the Party waiving its right.

(b) Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated, and does not operate as a waiver on any future occasion.

(c) None of the following constitutes a waiver or estoppel of any right, remedy, power, privilege or condition arising from this Agreement:

(i) any failure or delay in exercising any right, remedy, power or privilege or in enforcing any condition under this Agreement; or

(ii) any act, omission or course of dealing between the Parties.

18.11 Cumulative Remedies. All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the Parties or otherwise. Notwithstanding the previous sentence, the Parties intend that Buyer's rights under Section 5.4, Section 5.6, Section 10.5 and each of the Parties' rights under Section 11 are such Party's exclusive remedies for the events specified therein.

18.12 Equitable Remedies. Each Party acknowledges and agrees that (a) a breach or threatened breach by such Party of any of its obligations under Section 14 would give rise to irreparable harm to the other Party for which monetary damages would not be an adequate remedy and (b) in the event of a breach or a threatened breach by such Party of any such obligations, the other Party shall, in addition to any and all other rights and remedies that may be available to such Party at law, at equity or otherwise in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security, and without any requirement to prove actual damages or that monetary damages will not afford an adequate remedy. Each Party agrees that such Party will not oppose or otherwise challenge the appropriateness of equitable relief or the entry by a court of competent jurisdiction of an order granting equitable relief, in either case, consistent with the terms of this Section 18.12.



18.13 Assignment. Seller may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of Buyer . Buyer may assign any of its rights or delegate any of its obligations to any Affiliate or to any Person acquiring all or substantially all of Buyer's assets. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves the assigning or delegating Party of any of its obligations under this Agreement.

18.14 Successors and Assigns. This Agreement is binding on and inures to the benefit of the Parties and their respective permitted successors and permitted assigns.

18.15 Dispute Resolution. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity hereof (each, a "**Dispute**"), shall be submitted for negotiation and resolution to the CEO of Seller (or to such other person of equivalent or superior position designated by Seller in a written Notice to Buyer) and the CEO of Buyer (or to such other person of equivalent or superior position designated by Buyer in a written Notice to Seller), by delivery of written Notice (each, a "**Dispute Notice**") from either of the Parties to the other Party. Such persons shall negotiate in good faith to resolve the Dispute. If the Parties are unable to resolve any Dispute within thirty (30) days after delivery of the applicable Dispute Notice, either Party may file suit in a court of competent jurisdiction in accordance with the provisions of Section 18.17 and Section 18.18 hereunder.

18.16 Governing Law. This Agreement, including all exhibits, schedules, attachments and appendices attached hereto and thereto, and all matters arising out of or relating to this Agreement, are governed by, and construed in accordance with, the Laws of the Commonwealth of Massachusetts, United States of America, without regard to the conflict of laws provisions thereof. The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement.

18.17 Choice of Forum. Each Party irrevocably and unconditionally agrees that it shall not commence any action, litigation or proceeding of any kind whatsoever against the other Party in any way arising from or relating to this Agreement, including all exhibits, schedules, attachments and appendices attached hereto and thereto, and all contemplated transactions, including contract, equity, tort, fraud and statutory claims, in any forum other than U.S District Court for the District of Massachusetts or, if such court does not have subject matter jurisdiction, the courts of the Commonwealth of Massachusetts sitting in Worcester County, and any appellate court from any thereof. Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees to bring any such action, litigation or proceeding only in U.S District Court for the District of Massachusetts or, if such court does not have subject matter jurisdiction, the courts of the Commonwealth of Massachusetts sitting in Worcester County. Each Party agrees that a final judgment in any such action, litigation or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

18.18 Waiver of Jury Trial. Each Party acknowledges and agrees that any controversy that may arise under this Agreement, including any exhibits, schedules, attachments and appendices attached to this Agreement, is likely to involve complicated and

difficult issues and, therefore, each such Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement, including any exhibits, schedules, attachments and appendices attached to this Agreement, or the transactions contemplated hereby.

18.19 Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement.

18.20 Force Majeure. Seller shall not be liable or responsible to Buyer, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, if such failure or delay is caused by or results from acts beyond Seller's control, including: (a) acts of nature; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) requirements of Law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any Governmental Authority (whether or not having the effect of Law); (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns or other industrial disturbances; (i) shortages of or delays in receiving raw materials; or (j) shortage of adequate power or transportation facilities (each, a "**Force Majeure Event**").

18.21 No Public Announcements or Trademark Use. Unless expressly permitted under this Agreement, neither Party shall either:

- (a) make any statement (whether oral or in writing) in any press release, external advertising, marketing or promotion materials regarding the subject matter of this Agreement, the other Party or its business unless:
 - (i) it has received the express written consent of the other Party, or
 - (ii) it is required to do so by Law or under the rules of any stock exchange to which it is subject.
- (b) use the other Party's Trademarks, service marks, trade names, logos, symbols or brand names, in each case, without the prior written consent of the other Party.





US Office

Security Devices International, Inc.
107 Audubon Rd. Bldg 2 Suite 201
Wakefield, MA 01880
O: (339) 219-0300
www.securitydii.com

Bryan Ganz, President
bganz@securitydii.com
C: (781) 420-1420

August 28, 2017

Paul Jensen
Methuen, MA 01844

Dear Paul:

We are delighted to offer you employment with Security Devices International Inc. (the "Company"). Furthermore, this letter supersedes and replaces in its entirety any prior offer letter. This letter shall set forth the terms of the Company's offer:

Title: President & COO

Start Date: To be mutually agreed upon, but no later than October 1, 2017

Compensation: \$200,000 per annum. From October 1, 2017 through June 30, 2018 the salary will be paid entirely in Company stock (stock symbol SDEV OTC QB). Starting July 1st 2018 you will be paid \$10,000 per month in cash and the balance in Company stock. At such time as the Company can pay the entire salary in cash and still be cash flow positive, the entire monthly salary will be paid in cash.

The stock will be issued 15 days after the end of each calendar quarter. The number of shares shall be calculated using the weighted average closing price of the stock for the 20 trading days prior to the end of the calendar quarter.

Job Responsibilities: As President and COO you will be responsible for both working closely with the CEO, Executive Chairman and the board of directors to develop the Company's strategic vision and direction and for implementing the strategic plan. Specifically, you will be directly responsible for working with existing and potential Licensees to increase the Company's market presence and grow the Company's sales and licensing revenues. You will

spearhead the Company's new product development program. You will oversee the Company's marketing and branding programs and efforts. You will be responsible for building a team of associates that can execute on the strategy set forth by you, the CEO and the Executive Chair.

Employee Benefits: You will be eligible for benefits that are provided to other Company employees, if and when available, including healthcare, after 90 days of employment with the Company. Such benefits will be provided in accordance with the terms and conditions of the Company's policies and the governing benefit plans, which all may be amended or eliminated at the Company's sole discretion. A description of insurance coverage will be sent under separate cover, subject to your acceptance of this offer.

Vacation: Fifteen business days per year, accrued as a proration since Start Date, (not to be taken more than two consecutive weeks at one time), plus all National holidays and other office-specific closures. Unused vacation days will not be carried forward to subsequent years.

While employed by the Company, you will be expected to adhere to the highest ethical standards. All vendors, customers, licensees and employees of Security Devices International Inc. should expect to be treated in a professional manner and should be shown the same courtesy and respect as each of us would want to receive. Except as required in the faithful performance of your duties, you shall not disclose, disseminate or use any confidential or proprietary information that you receive regarding the company and its affiliates. Upon termination of your employment with the Company for any reason, you will promptly return any written confidential or proprietary information in your possession to the Company.

Within your first five days of employment, and possibly from time to time thereafter, you must show proof of identity and legal right to work in the United States as required by and in accordance with the process and procedures of the United States Immigration Reform and Control Act (IRCA).

During the period running from October 1, 2017 through June 30, 2018 it is understood that you will be a 1099 contract employee and will have other clients that will require your attention from time to time. The Company agrees that this is acceptable so long as it does not interfere with your duties or responsibilities at the Company. Starting July 1st (or such earlier day when you receive at least 50% of your compensation in cash) you will become a full time W2 employee and you must agree to phase out all outside clients.

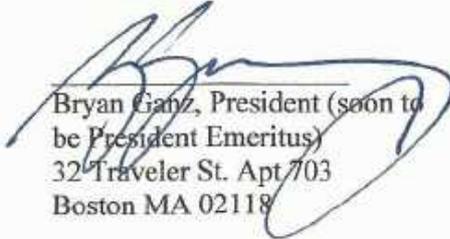
We hope this letter is helpful in explaining some of the terms of your employment with us. Of course, this letter is not intended to be a complete description of the terms of your employment, nor should it be viewed as an employment agreement or contract for any specific period of time.

A handwritten signature in blue ink, appearing to be 'P. G. B.', is located in the bottom right corner of the document.

The employment relationship will be "at will", meaning that you or the Company may terminate the relationship at any time for any reason.

We are enthusiastically awaiting your response to our offer which remains outstanding until 5:00 PM EDT, September 5, 2017. As you will be an officer of the Company, this offer, once accepted, must be approved by the Company's board of directors. Please feel free to call (781) 420-1428 if you have any questions. We look forward to welcoming you to the team.

Sincerely,



Bryan Ganz, President (soon to
be President Emeritus)
32 Traveler St. Apt 703
Boston MA 02118

ACCEPTED:



Paul Jensen

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this “**Agreement**”) is made and entered into effective as of November ____, 2017 (the “**Effective Date**”) between Security Devices International Inc., a Delaware corporation (the “**Company**”), and the persons who have executed the signature page(s) hereto (each, a “**Purchaser**” and collectively, the “**Purchasers**”).

RECITALS:

WHEREAS, the Company proposes to raise up to USD\$4,500,000 (the “Offering”) from the sale of units (the “Units”) at a price of USD\$0.106 per Unit (the “Purchase Price”) pursuant to the exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”), by virtue of Section 4(a)(2) thereof and/or Rule 506 of Regulation D (“Regulation D”) promulgated thereunder. Each Unit consists of one share (a “Share”) of the Company’s common stock, par value \$0.001 per share (the “Common Stock”) and one-half (1/2) of a warrant (each whole warrant is referred to herein as a “Warrant”) to purchase one-half (1/2) share of Common Stock; and

WHEREAS, in connection with the Offering, the Company agrees to provide certain registration rights related to the Shares and the shares of Common Stock issuable upon exercise of the Warrants (the “Warrant Shares”), on the terms set forth herein; and

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants, and conditions set forth herein, the parties mutually agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

“Approved Market” means the Over-the-Counter Bulletin Board, the OTC Markets, the Nasdaq Stock Market, the New York Stock Exchange or the American Stock Exchange.

“Blackout Period” means, with respect to a registration, a period, in each case commencing on the day immediately after the Company notifies the Purchasers that they are required, because of the occurrence of an event of the kind described in Section 4(f) hereof, to suspend offers and sales of Registrable Securities during which the Company, in the good faith judgment of its board of directors, determines (because of the existence of, or in anticipation of, any acquisition, financing activity, or other transaction involving the Company, or the unavailability for reasons beyond the Company’s control of any required financial statements, disclosure of information which is in its best interest not to publicly disclose, or any other event or condition of similar significance to the Company) that the registration and distribution of the Registrable Securities to be covered by such Registration Statement, if any, would be seriously detrimental to the Company and its stockholders and ending on the earlier of (1) the date upon which the material non-public information commencing the Blackout Period is disclosed to the public or ceases to be material and (2) such time as the Company notifies the selling Holders that the Company will no longer delay such filing of the Registration Statement, recommence taking steps to make such Registration Statement effective, or allow sales pursuant to such Registration Statement to resume.

“Business Day” means any day of the year, other than a Saturday, Sunday, or other day on which the Commission is required or authorized to close.

“Commission” means the U. S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

“Common Stock” means the common stock, par value \$0.001 per share, of the Company and any and all shares of capital stock or other equity securities of: (i) the Company which are added to or exchanged or substituted for the Common Stock by reason of the declaration of any stock dividend or stock split, the issuance of any distribution or the reclassification, readjustment, recapitalization or other such modification of the capital structure of the Company; and (ii) any other corporation, now or hereafter organized under the laws of any state or other governmental authority, with which the Company is merged, which results from any consolidation or reorganization to which the Company is a party, or to which is sold all or substantially all of the shares or assets of the Company, if immediately after such merger, consolidation, reorganization or sale, the Company or the stockholders of the Company own equity securities having in the aggregate more than 50% of the total voting power of such other corporation.

“Effective Date” has the meaning given it in the preamble to this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Family Member” means (a) with respect to any individual, such individual’s spouse, any descendants (whether natural or adopted), any trust all of the beneficial interests of which are owned by any of such individuals or by any of such individuals together with any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, the estate of any such individual, and any corporation, association, partnership or limited liability company all of the equity interests of which are owned by those above described individuals, trusts or organizations and (b) with respect to any trust, the owners of the beneficial interests of such trust.

“Holder” means each Purchaser or any of such Purchaser’s respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any Registrable Securities directly or indirectly from a Purchaser or from any Permitted Assignee.

“Initial Registration Statement” means the initial Registration Statement filed pursuant to this Agreement.

“Majority Holders” means at any time Holders representing a majority of the Registrable Securities.

“Permitted Assignee” means (a) with respect to a partnership, its partners or former partners in accordance with their partnership interests, (b) with respect to a corporation, its stockholders in accordance with their interest in the corporation, (c) with respect to a limited liability company, its members or former members in accordance with their interest in the limited liability company, (d) with respect to an individual party, any Family Member of such party, (e) an entity that is controlled by, controls, or is under common control with a transferor, or (f) a party to this Agreement.

“Piggyback Registration” means, in any registration of Common Stock as set forth in Section 3(b), the ability of holders of Registrable Securities to include Registrable Securities in such registration.

The terms “register,” “registered,” and “registration” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

“Registrable Securities” means the Shares and the Warrant Shares but excluding (i) any Registrable Securities that have been publicly sold or may be sold immediately without registration under the Securities Act either pursuant to Rule 144 of the Securities Act or otherwise; (ii) any Registrable Securities sold by a person in a transaction pursuant to a registration statement filed under the Securities Act, or (iii) any Registrable Securities that are at the time subject to an effective registration statement under the Securities Act.

“Registration Default Date” means the date that is 150 days after the date the Registration Statement is actually filed with the Commission.

“Registration Filing Date” means the date that is 120 days after date of the final closing of the Offering.

“Registration Statement” means the registration statement that the Company is required to file pursuant to this Agreement to register the Registrable Securities.

“Rule 144” means Rule 144 promulgated by the Commission under the Securities Act.

“Rule 145” means Rule 145 promulgated by the Commission under the Securities Act.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such Rule.

“Securities Act” means the Securities Act of 1933, as amended, or any similar federal statute promulgated in replacement thereof, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

“SEC Effective Date” means the date the Registration Statement is declared effective by the Commission.

“Trading Day” means (a) if the Common Stock is listed or quoted on an Approved Market, then any day during which securities are generally eligible for trading on the Approved Market, or (b) if the Common Stock is not then listed or quoted and traded on an Approved Market, then any business day.

“Warrants” has the meaning given it in the recitals of this Agreement.

2 . Term. This Agreement shall continue in full force and effect for a period of one year from the SEC Effective Date, unless terminated sooner hereunder.

3. Registration.

(a) Registration on Form S-1. Not later than the Registration Filing Date, the Company shall file with the Commission a Registration Statement on Form S-1, or other applicable form, relating to the resale by the Holders of all of the Registrable Securities, and the Company shall use its commercially reasonable efforts to cause such Registration Statement to be declared effective prior to the Registration Default Date.

(b) Piggyback Registration. In addition to the Company agreement pursuant to Section 3(a) above, if the Company shall determine to register for sale for cash any of its Common Stock, for its own account or for the account of others (other than the Holders), other than (i) a registration relating solely to employee benefit plans or securities issued or issuable to employees, consultants (to the extent the securities owned or to be owned by such consultants could be registered on Form S-8) or any of their Family Members (including a registration on Form S-8) or (ii) a registration relating solely to a Securities Act Rule 145 transaction or a registration on Form S-4 in connection with a merger, acquisition, divestiture, reorganization or similar event, the Company shall promptly give to the Holders written notice thereof (and in no event shall such notice be given less than 20 calendar days prior to the filing of such registration statement), and shall, subject to Section 3(c), include as a Piggyback Registration all of the Registrable Securities specified in a written request delivered by the Holder thereof within 10 calendar days after receipt of such written notice from the Company. However, the Company may, without the consent of the Holders, withdraw such registration statement prior to its becoming effective if the Company or such other stockholders have elected to abandon the proposal to register the securities proposed to be registered thereby.

(c) Underwriting. If a Piggyback Registration is for a registered public offering that is to be made by an underwriting, the Company shall so advise the Holders of the Registrable Securities eligible for inclusion in such Registration Statement pursuant to Sections 3(b). In that event, the right of any Holder to Piggyback Registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to sell any of their Registrable Securities through such underwriting shall (together with the Company and any other stockholders of the Company selling their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter selected for such underwriting by the Company or the selling stockholders, as applicable. Notwithstanding any other provision of this Section, if the underwriter or the Company determines that marketing factors require a limitation on the number of shares of Common Stock or the amount of other securities to be underwritten, the underwriter may exclude some or all Registrable Securities from such registration and underwriting. The Company shall so advise all Holders (except those Holders who failed to timely elect to include their Registrable Securities through such underwriting or have indicated to the Company their decision not to do so), and indicate to each such Holder the number of shares of Registrable Securities that may be included in the registration and underwriting, if any. The number of shares of Registrable Securities to be included in such registration and underwriting shall be allocated among such Holders as follows:

(i) If the Piggyback Registration was initiated by the Company, the number of shares that may be included in the registration and underwriting shall be allocated first to the Company and then, subject to obligations and commitments existing as of the date hereof, to all selling stockholders, including the Holders, who have requested to sell in the registration on a pro rata basis according to the number of shares requested to be included therein; and

(ii) If the Piggyback Registration was initiated by the exercise of demand registration rights by a stockholder or stockholders of the Company (other than the Holders), then the number of shares that may be included in the registration and underwriting shall be allocated first to such selling stockholders who exercised such demand and then, subject to obligations and commitments existing as of the date hereof, to all other selling stockholders, including the Holders, who have requested to sell in the registration on a pro rata basis according to the number of shares requested to be included therein.

No Registrable Securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw such Holder's Registrable Securities therefrom by delivering a written notice to the Company and the underwriter. The Registrable Securities so withdrawn from such underwriting shall also be withdrawn from such registration; provided, however, that, if by the withdrawal of such Registrable Securities, a greater number of Registrable Securities held by other Holders may be included in such registration (up to the maximum of any limitation imposed by the underwriters), then the Company shall offer to all Holders who have included Registrable Securities in the registration the right to include additional Registrable Securities pursuant to the terms and limitations set forth herein in the same proportion used above in determining the underwriter limitation.

(d) (i) if the Commission does not declare the Registration Statement effective on or before the Registration Default Date, or (ii) if the Commission allows the Registration Statement to be declared effective at any time before or after the Registration Default Date, subject to the withdrawal of certain Registrable Securities from the Registration Statement, and the reason for (i) or (ii) is the Commission's determination that (x) the offering of any of the Registrable Securities constitutes a primary offering of securities by the Company, (y) Rule 415 may not be relied upon for the registration of the resale of any or all of the Registrable Securities, and/or (z) a Holder of any Registrable Securities must be named as an underwriter, the Holders understand and agree that in the case of (ii) the Company may reduce, on a *pro rata* basis, the total number of Registrable Securities to be registered on behalf of each such Holder, and, in the case of (i) or (ii), and that a Holder shall not be entitled to any liquidated damages with respect to the Registrable Securities not registered for the reason set forth in (i), or so reduced on a *pro rata* basis as set forth in (ii). In any such *pro* reduction, the number of Registrable Securities to be registered on such Registration Statement will first be reduced by the Registrable Securities represented by the Warrant Shares (applied, in the case that some Warrant Shares may be registered, to the Holders on a pro rata basis based on the total number of unregistered Warrant Shares held by such Holders on a fully diluted basis), and second by Registrable Securities represented by the Shares (applied, in the case that some of the Shares may be registered, to the Holders on a pro rata basis based on the total number of unregistered Shares held by such Holders). In addition, any such affected Holder shall be entitled to Piggyback Registration rights after the Registration Statement is declared effective by the Commission until such time as: (AA) all Registrable Securities have been registered pursuant to an effective Registration Statement, (BB) the Registrable Securities may be resold without restriction pursuant to Rule 144 of the Securities Act, or (CC) the Holder agrees to be named as an underwriter in any such registration statement. The Holders acknowledge and agree the provisions of this paragraph may apply to more than one Registration Statement.

4. Registration Procedures for Registrable Securities. The Company will keep each Holder reasonably advised as to the filing and effectiveness of the Registration Statement. At its expense with respect to the Registration Statement, the Company will:

(a) prepare and file with the Commission with respect to the Registrable Securities, a Registration Statement on Form S-1, or any other form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities in accordance with the intended methods of distribution thereof, and use its commercially reasonable efforts to cause such Registration Statement to become effective and shall remain effective for a period of one year or for such shorter period ending on the earlier to occur of (i) the date as of which all of the Holders as selling stockholders thereunder may sell all of the Registrable Securities registered for resale thereon without restriction pursuant to Rule 144 (or any successor rule thereto) promulgated under the Securities Act or (ii) the date when all of the Registrable Securities registered thereunder shall have been sold (the “**Effectiveness Period**”). Thereafter, the Company shall be entitled to withdraw such Registration Statement and the Investors shall have no further right to offer or sell any of the Registrable Securities registered for resale thereon pursuant to the respective Registration Statement (or any prospectus relating thereto);

(b) if the Registration Statement is subject to review by the Commission, promptly respond to all comments and diligently pursue resolution of any comments to the satisfaction of the Commission;

(c) prepare and file with the Commission such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective during the Effectiveness Period;

(d) furnish, without charge, to each Holder of Registrable Securities covered by such Registration Statement (i) a reasonable number of copies of such Registration Statement (including any exhibits thereto other than exhibits incorporated by reference), each amendment and supplement thereto as such Holder may reasonably request, (ii) such number of copies of the prospectus included in such Registration Statement (including each preliminary prospectus and any other prospectus filed under Rule 424 of the Securities Act) as such Holders may reasonably request, in conformity with the requirements of the Securities Act, and (iii) such other documents as such Holder may require to consummate the disposition of the Registrable Securities owned by such Holder, but only during the Effectiveness Period;

(e) use its commercially reasonable efforts to register or qualify such registration under such other applicable securities laws of such jurisdictions as any Holder of Registrable Securities covered by such Registration Statement reasonably requests and as may be necessary for the marketability of the Registrable Securities (such request to be made by the time the applicable Registration Statement is deemed effective by the Commission) and do any and all other acts and things necessary to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder; provided, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph, (ii) subject itself to taxation in any such jurisdiction, or (iii) consent to general service of process in any such jurisdiction.

(f) notify each Holder of Registrable Securities, the disposition of which requires delivery of a prospectus relating thereto under the Securities Act, of the happening of any event (as promptly as practicable after becoming aware of such event), which comes to the Company's attention, that will after the occurrence of such event cause the prospectus included in such Registration Statement, if not amended or supplemented, to contain an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading and the Company shall promptly thereafter prepare and furnish to such Holder a supplement or amendment to such prospectus (or prepare and file appropriate reports under the Exchange Act) so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, unless suspension of the use of such prospectus otherwise is authorized herein or in the event of a Blackout Period, in which case no supplement or amendment need be furnished (or Exchange Act filing made) until the termination of such suspension or Blackout Period;

(g) comply, and continue to comply during the Effectiveness Period, in all material respects with the Securities Act and the Exchange Act and with all applicable rules and regulations of the Commission with respect to the disposition of all securities covered by such Registration Statement;

(h) as promptly as practicable after becoming aware of such event, notify each Holder of Registrable Securities being offered or sold pursuant to the Registration Statement of the issuance by the Commission of any stop order or other suspension of effectiveness of the Registration Statement;

(i) use its commercially reasonable efforts to cause all the Registrable Securities covered by the Registration Statement to be quoted on the OTC Bulletin Board, OTCQB or such other Approved Market on which securities of the same class or series issued by the Company are then listed or traded;

(j) provide a transfer agent and registrar, which may be a single entity, for the shares of Common Stock at all times;

(k) If requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates shall be free, to the extent permitted by applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request;

(l) during the Effectiveness Period, refrain from bidding for or purchasing any Common Stock or any right to purchase Common Stock or attempting to induce any person to purchase any such security or right if such bid, purchase or attempt would in any way limit the right of the Holders to sell Registrable Securities by reason of the limitations set forth in Regulation M of the Exchange Act; and

(m) take all other reasonable actions necessary to expedite and facilitate the disposition by the Holders of the Registrable Securities pursuant to the Registration Statement.

5. Suspension of Offers and Sales. Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(f) hereof or of the commencement of a Blackout Period, such Holder shall discontinue the disposition of Registrable Securities included in the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 4(f) hereof or notice of the end of the Blackout Period, and, if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies (including, without limitation, any and all drafts), other than permanent file copies, then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

6. Registration Expenses. The Company shall pay all expenses in connection with any registration obligation provided herein, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of counsel for the Company and of its independent accountants; provided, that, in any registration, each party shall pay for its own underwriting discounts and commissions and transfer taxes. Except as provided in this Section and Section 9, the Company shall not be responsible for the expenses of any attorney or other advisor employed by a Holder.

7. Assignment of Rights. No Holder may assign its rights under this Agreement to any party without the prior written consent of the Company; provided, however, that any Holder may assign its rights under this Agreement without such consent to a Permitted Assignee as long as (a) such transfer or assignment is effected in accordance with applicable securities laws; (b) such transferee or assignee agrees in writing to become subject to the terms of this Agreement; and (c) such Holder notifies the Company in writing of such transfer or assignment, stating the name and address of the transferee or assignee and identifying the Registrable Securities with respect to which such rights are being transferred or assigned.

8. Information by Holder. A Holder with Registrable Securities included in any registration shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required in order to comply with any applicable law or regulation in connection with the registration of such Holder's Registrable Securities or any qualification or compliance with respect to such Holder's Registrable Securities and referred to in this Agreement. A form of Selling Stockholder Questionnaire is attached as Exhibit A hereto for such purposes.

9. Indemnification.

(a) In the event of the offer and sale of Registrable Securities under the Securities Act, the Company shall, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Holder, its directors, officers, partners, each other person who participates as an underwriter in the offering or sale of such securities, and each other person, if any, who controls or is under common control with such Holder or any such underwriter within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, and expenses to which the Holder or any such director, officer, partner or underwriter or controlling person may become subject under the Securities Act, the Exchange Act, or any other federal or state law, insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement of any material fact contained in any registration statement prepared and filed by the Company under which Registrable Securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission to state therein a material fact required to be stated or necessary to make the statements therein in light of the circumstances in which they were made not misleading, or any violation or alleged violation of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with this Agreement; and the Company shall reimburse the Holder, and each such director, officer, partner, underwriter and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, damage, liability, action or proceeding; provided, that such indemnity agreement found in this Section 9(a) shall in no event exceed the net proceeds from the Offering, as applicable, received by the Company; and provided further, that the Company shall not be liable in any such case (i) to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement in or omission from such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by the Holder specifically for use in the preparation thereof or (ii) if the person asserting any such loss, claim, damage, liability (or action or proceeding in respect thereof) who purchased the Registrable Securities that are the subject thereof did not receive a copy of an amended preliminary prospectus or the final prospectus (or the final prospectus as amended or supplemented) at or prior to the written confirmation of the sale of such Registrable Securities to such person because of the failure of such Holder or underwriter to so provide such amended preliminary or final prospectus and the untrue statement or omission of a material fact made in such preliminary prospectus was corrected in the amended preliminary or final prospectus (or the final prospectus as amended or supplemented). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Holders, or any such director, officer, partner, underwriter or controlling person and shall survive the transfer of such shares by the Holder.

(b) As a condition to including Registrable Securities in any registration statement filed pursuant to this Agreement, each Holder agrees to be bound by the terms of this Section 9 and to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or controlling person may become subject under the Securities Act, the Exchange Act, or any other federal or state law, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue or alleged untrue statement of a material fact contained in any registration statement, any prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in the registration statement or such prospectus or (ii) to the extent that (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such prospectus or such form of prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 4(f) hereof, the use by such Holder of an outdated or defective prospectus after the Company has notified such Holder in writing that the prospectus is outdated or defective and prior to the receipt by such Holder of the advice contemplated in Section 4(f). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in this Section (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action; provided, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in the reasonable judgment of counsel to such indemnified party a conflict of interest between such indemnified and indemnifying parties may exist or the indemnified party may have defenses not available to the indemnifying party in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defenses thereof or the indemnifying party fails to defend such claim in a diligent manner, other than reasonable costs of investigation. Neither an indemnified nor an indemnifying party shall be liable for any settlement of any action or proceeding effected without its consent. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement, which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party shall have the right to retain, at its own expense, counsel with respect to the defense of a claim.

(d) If an indemnifying party does or is not permitted to assume the defense of an action pursuant to Sections 9(c) or in the case of the expense reimbursement obligation set forth in Sections 9(a) and (b), the indemnification required by Sections 9(a) and 9(b) shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills received or expenses, losses, damages, or liabilities are incurred.

(e) If the indemnification provided for in Section 9(a) or 9(b) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall (i) contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense as is appropriate to reflect the proportionate relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission), or (ii) if the allocation provided by clause (i) above is not permitted by applicable law or provides a lesser sum to the indemnified party than the amount hereinafter calculated, not only the proportionate relative fault of the indemnifying party and the indemnified party, but also the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other, as well as any other relevant equitable considerations. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

(f) Other Indemnification. Indemnification similar to that specified in this Section (with appropriate modifications) shall be given by the Company and each Holder of Registrable Securities with respect to any required registration or other qualification of securities under any federal or state law or regulation or governmental authority other than the Securities Act.

10. Rule 144. With a view to making available to the Holders the benefits of Rule 144 and any other rule or regulation of the Commission that may at any time permit the Holders to sell the Registrable Securities to the public without registration, the Company agrees: (i) to make and keep public information available as those terms are understood in Rule 144, (ii) to file with the Commission in a timely manner all reports and other documents required to be filed by an issuer of securities registered under the Securities Act or the Exchange Act pursuant to Rule 144, (iii) as long as any Holder owns any Registrable Securities, to furnish in writing upon such Holder's request a written statement by the Company that it has complied with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act, and to furnish to such Holder a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as may be reasonably requested in availing such Holder of any rule or regulation of the Commission permitting the selling of any such Registrable Securities without registration and (iv) undertake any additional actions commercially reasonably necessary to maintain the availability of the use of Rule 144.

11. Corporate Existence. After the date of this Agreement and prior to the effectiveness of the Registration Statement, the Company shall not directly or indirectly consummate any merger, reorganization, restructuring, reverse stock split, consolidation, sale of all or substantially all of the Company's assets or any similar transaction or related transactions (each such transaction, an "**Organizational Change**"), unless, prior to the consummation of an Organizational Change, the Company obtains the written consent of the Majority Holders.

12. Independent Nature of Each Purchaser's Obligations and Rights. The obligations of each Purchaser under this Agreement are several and not joint with the obligations of any other Purchaser, and each Purchaser shall not be responsible in any way for the performance of the obligations of any other Purchaser under this Agreement. Nothing contained herein and no action taken by any Purchaser pursuant hereto, shall be deemed to constitute such Purchasers as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

13. Other Registration Rights. After the date of this Agreement and prior to the effectiveness of the Registration Statement, the Company shall not, without the prior written consent of the Majority Holders, enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder registration rights senior or equal to those granted to the Holders hereunder.

14. Miscellaneous.

(a) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Subscription Agreement.

(b) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(c) Successors and Assigns. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, Permitted Assignees, executors and administrators of the parties hereto.

(d) No Inconsistent Agreements. The Company has not entered, as of the date hereof, and shall not enter, on or after the date of this Agreement, into any agreement with respect to its securities that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(e) Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof.

(f) Notices, etc. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Subscription Agreement or as otherwise provided herein.

(g) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Holder, upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy of such Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereunder occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Holder of any breach or default under this Agreement, or any waiver on the part of any Holder of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

(h) Omnibus Signature Page. This Agreement is intended to be read and construed in conjunction with the Subscription Agreement in connection with the Offering. Accordingly, it is hereby agreed that the execution by the Purchaser of the Subscription Agreement, in the place set forth therein, shall constitute agreement to be bound by the terms and conditions thereof and the terms and conditions of this Agreement, with the same effect as if each of such separate but related agreement were separately signed.

(i) Severability. In the case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(j) Amendments. The provisions of this Agreement may be amended at any time and from time to time, and particular provisions of this Agreement may be waived, with and only with an agreement or consent in writing signed by the Company and the Majority Holders. The Purchasers acknowledge that by the operation of this Section, the Majority Holders may have the right and power to diminish or eliminate all rights of the Purchasers under this Agreement.

[SIGNATURE PAGES FOLLOW]

This Registration Rights Agreement is hereby executed as of the date first above written.

COMPANY:

SECURITY DEVICES INTERNATIONAL INC.

By: s/s Dean Thrasher

Name: Dean Thrasher

Title: Chief Executive Officer

**THE PURCHASER'S SIGNATURE TO THE SUBSCRIPTION AGREEMENT DATED OF EVEN
DATE HERewith SHALL CONSTITUTE THE PURCHASER'S SIGNATURE TO THIS
REGISTRATION RIGHTS AGREEMENT.**

Exhibit A

**SECURITY DEVICES INTERNATIONAL INC.
SELLING STOCKHOLDERS' QUESTIONNAIRE**

The following information is requested from you in connection with the preparation and filing by Security Devices International Inc. (the "Company") of a Registration Statement on Form S-1 or other appropriate form (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") covering the sale of shares of the Company's common stock, including shares of common stock underlying Warrants (the "Registrable Securities") by certain stockholders of the Company.

We would appreciate your answering all of the questions included in this questionnaire, even though your answers may be in the negative, so that the Company will have a record of your responses for use in connection with the preparation of the Registration Statement. It is requested that you give careful attention to each question and that you complete this questionnaire personally.

In order to assist you in completing this questionnaire, certain terms used herein are defined in the appendix which is attached to this questionnaire. Each of such defined terms has been ***bolded and italicized*** for identification. The term "person," as used in this questionnaire, means any natural person, company, government or political subdivision, agency or instrumentality of a government.

After you have completed the following questionnaire, please send the completed questionnaire to the Company by overnight courier as soon as possible to the attention of Dean Thrasher, CEO.

GENERAL INFORMATION

1. Please provide your full name and address or the full name and address of the entity on whose behalf you are completing this questionnaire. The address may be a business, mailing or residence address.

Name: _____

Address: _____

2. Name the Control Person of your organization: _____

3. (a) Are you a broker-dealer registered pursuant to Section 15 of the Exchange Act?

- Yes.
 - No.
-

(b) If your response to Item 3(a) above is no, are you an "affiliate" of a broker-dealer registered pursuant to Section 15 of the Exchange Act?

Yes.

No.

For the purposes of this Item 3(b), an "affiliate" of a registered broker-dealer shall include any company that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such broker-dealer, and does not include any individuals employed by such broker-dealer or its affiliates.

(c) Full legal name of person through which you hold the Registrable Securities—(i.e. name of your broker, if applicable, through which your Registered Securities are held):

Name of broker:

Contact person:

Telephone No.:

SECURITIES HOLDINGS

Please fill in all blanks in the following questions related to your *beneficial ownership* of the Company's common stock. Generally, the term "*beneficial ownership*" refers to any direct or indirect interest in the securities which entitles you to any of the rights or benefits of ownership, even though you may not be the holder of record of the securities. For example, securities held in "street name" over which you exercise voting or investment power would be considered *beneficially owned* by you. Other examples of indirect ownership include ownership by a partnership in which you are a partner or by an estate or trust of which you or any member of your *immediate family* is a beneficiary. Ownership of securities held in the names of your spouse, minor children or other relatives who live in the same household may be attributed to you.

If you have any reason to believe that any interest in securities of the Company which you may have, however remote, is a beneficial interest, please describe such interest. For purposes of responding to this questionnaire, it is preferable to err on the side of inclusion rather than exclusion. Where the SEC's interpretation of *beneficial ownership* would require disclosure of your interest or possible interest in certain securities of the Company, and you believe that you do not actually possess the attributes of *beneficial ownership*, an appropriate response is to disclose the interest and at the same time disclaim *beneficial ownership* of the securities.

Please indicate the amount of common stock of the Company or any of its subsidiaries which you *beneficially owned* as of the date hereof.

For each holding:

- State the nature of the holding (*i.e.*, held in your own name, jointly, as a trustee or beneficiary of a trust, as a custodian, as an executor, in discretionary accounts, by your spouse or minor children, by a partnership of which you are a partner, etc.), and
- State whether you are the **beneficial owner** by reason of (i) sole voting power, (ii) shared voting power, (iii) sole investment power, (iv) shared investment power, (v) the right to acquire stock within 60 days of the end of the calendar year, and/or (vi) the right to acquire stock with the purpose of changing or influencing control.
- Indicate in the Remarks column whether you have sole or shared voting or investment power with respect to any such securities, and in what capacity (*i.e.*, individual, general partner, trustee) you have such power or powers.
- If you wish to disclaim **beneficial ownership** of any shares listed, so indicate by writing the word “Disclaim” in the Remarks column below; you understand that such shares will be shown separately from your beneficial holdings and an appropriate disclaimer set forth.
- If any of the shares listed are subject to any claim, encumbrance, pledge or lien, so indicate in the Remarks column.

1. Your Interest in the Registrable Securities.

(a) State the number of such Registrable Securities beneficially owned by you.

(b) Other than as set forth in your response to Item 1(a) above, do you beneficially own any other securities of the Company?

Yes.

No.

(c) If your answer to Item 1(b) above is yes, state the type, the aggregate amount and CUSIP No. (if applicable) of such other securities of the Company beneficially owned by you:

Type: _____

Aggregate amount: _____

CUSIP No.: _____

(d) Did you acquire the securities listed in Item 1(a) above in the ordinary course of business?

Yes.

No.

(e) At the time of your purchase of the securities listed in Item 1(a) above, did you have any agreements or understandings, directly or indirectly, with any person to distribute the securities?

Yes.

No.

(f) If your response to Item 1(e) above is yes, please describe such agreements or understandings:

2. Nature of Your Beneficial Ownership.

(a) Does someone other than yourself have Control over the securities listed in Item 1(a) above?

Yes.

No.

(b) If your response to Item 2(a) above is yes, name your controlling shareholder(s) or other person who has the ability to exercise control over you (the "Controlling Entity"). If the Controlling Entity is not a natural person and is not a publicly held entity, name each shareholder of such Controlling Entity. If any of these named shareholders are not natural persons or publicly held entities, please provide the same information. This process should be repeated until you reach natural persons or a publicly held entity.

(A) Full legal name of Controlling Entity(ies) or natural person(s) with who have sole or shared voting or dispositive power over the (i) Registrable Securities:

Business address (including street address) (or residence if no business address), telephone number and facsimile number of such person(s):

Address:

Telephone:

Fax:

Name of shareholder::

(B)(i) Full legal name of Controlling Entity(ies):

Business address (including street address) (or residence if no business address), telephone number and facsimile number of such person(s):

Address: _____

Telephone: _____

Fax: _____

Name of

shareholders: _____

If you need more space for this response, please attach additional sheets of paper. Please be sure to indicate your name and the number of the item being responded to on each such additional sheet of paper, and to sign each such additional sheet of paper before attaching it to this Questionnaire. Please note that you may be asked to answer additional questions depending on your responses to the following questions.

3. 5% Stockholders

To the best of my knowledge, all persons (including myself and my *associates* and including corporations, partnerships, trusts, associations and other such groups) who *beneficially own* more than 5% of any class of the Company's stock are described below:

Name of
Beneficial
Owner

Class of Shares
Beneficially
Owned

Holder of
Voting or
Investment Power

4. No Adverse Interest

All interests I or my *associates* have or will have that are adverse to the Company interests in any pending or contemplated legal proceeding or government investigation to which the Company is or will be a party (or to which its property may be subject) are described below:

5. Voting Arrangement

All voting trusts or similar agreements or *arrangements* of which I have knowledge under which more than 5% of the Company's outstanding common stock, on an as converted basis, is held or to be held are described below:

Names and Addresses of Voting Trustees

Voting Rights and Other Powers
Under Trust, Agreement or Arrangement

6. Change in Control

All *arrangements* of which I have knowledge, including any pledge by any person of securities of the Company, the operations of which may at a subsequent date result in a change in *control* of the Company, are described below:

TRANSACTIONS WITH THE COMPANY

1. Information regarding all *material* interests of yours or your associates in any actual or proposed transaction during the last three fiscal years to which the Company was or is to be a party and that are identified under “Securities Holdings” above) is provided below. Further, no such transaction need be described if:

- (a) the amount involved (including all periodic installments in the case of any lease or other agreement provided for periodic payments or installments and including the value of all transactions in a series of similar transactions) does not exceed \$60,000;
- (b) the rates or charges involved in the transaction are fixed by law or governmental authority or determined by competitive bids;
- (c) the services involved are as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or other similar service;
- (d) my interest arises solely from my ownership of securities of the Company and I received no extra or special benefit not shared on a pro rata basis by all other holders of securities in the same class;
- (e) my interest in the corporation that is a party to the transaction is solely as a director; or
- (f) my interest arose solely as an officer and/or director of the Company (e.g., my compensation arrangement with the Company).

Description:

AFFILIATION WITH ACCOUNTANTS OR ATTORNEYS

Described below is any interest, affiliation or connection you have with any law firm or accounting firm that has been retained by the Company during the last three fiscal years or is proposed to be retained by the Company:

CONTRACTS WITH THE COMPANY

Described below are all contracts with the Company or in which the Company has a beneficial interest, or to which the Company has succeeded by assumption or assignment, to which you or any of your *associates* is a party, which are to be performed in whole or in part at or after the date of the proposed filing of the Registration Statement, or which were made not more than two years prior thereto:

FINRA-RELATED QUESTIONS

1. Are you (i) a “member” of the Financial Industries Regulatory Authority, Inc. (“FINRA”), (ii) an “affiliate” of a member of the FINRA, (iii) a “person associated with a member” or “associated person of a member” of the FINRA or (iv) associated with an “underwriter or related person” with respect to the proposed public offering of the Company’s securities?

Yes [] No []

For the sole purpose of this Question: (i) the FINRA defines a “member” as being either any broker or dealer admitted to membership in the FINRA or any officer or partner of such a member or the executive representative of such member or the substitute for such representative; (ii) the term “affiliate” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is in common control with the person specified. Persons who have acted or are acting on behalf or for the benefit of a person include, but are not necessarily limited to, directors, officers, employees, agents, consultants and sales representatives; (iii) the FINRA defines a “person associated with a member” or “associated person of a member” as being every sole proprietor, partner, officer, director or branch manager of any member, or any natural person occupying a similar status or performing similar functions, or any natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by such member (for example, any employee), whether or not any such person is registered or exempt from registration with the FINRA; and (iv) the term “underwriter or related person” includes, with respect to a proposed offering, underwriters, underwriters’ counsel, financial consultants and advisers, finders, members of the selling or distribution group, and any and all other persons associated with or related to any such persons.

If yes, kindly describe such relationship (whether direct or indirect) and please respond to Questions (2) and (3) below; if no, please proceed to Question (4).

2. Please set forth information as to all purchases and acquisitions (including contracts for purchase or acquisition) of securities of the Company by you, regardless of the time acquired or the source from which derived:

<u>Seller or Prospective Seller</u>	<u>Amount and Nature of Securities</u>	<u>Price or Other Consideration</u>	<u>Date</u>
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3. In connection with your direct or indirect affiliation or association with a “member” of the FINRA as set forth above in Question (1), please furnish the identity of such FINRA member and any information, if known, as to whether such FINRA member intends to participate in any capacity in this proposed initial public offering, including the details of such participation:

4. Please describe any underwriting compensation and arrangement or any dealings known to you between any “underwriter or related person”, “member” of the FINRA, “affiliate” of a member of the FINRA, “person associated with a member”, or “associated person of a member” of the FINRA on the one hand and the Company or controlling shareholder thereof on the other hand, other than information relating to the proposed initial public offering of the Company:

5. Please set out below any information, if known, as to whether any “member” of the FINRA, any “underwriter or related person”, “affiliate” or a member of the FINRA, “person associated with a member” or “associated person of a member” of the FINRA may receive any portion of the net offering:

For subscribers answering “Yes” to Item 1 above:

The undersigned FINRA member firm acknowledges receipt of the notice required by Article 3, Sections 28(a) and (b) of the Rules of Fair Practice.

Name of FINRA Member Firm

By: _____
Authorized Officer

Date: _____

The undersigned (including its donees or pledgees) intends to distribute the Registrable Securities listed above pursuant to the Registration Statement only as follows (if at all): Such Registrable Securities may be sold from time to time directly by the undersigned or, alternatively, through underwriters, broker-dealers or agents. If the Registrable Securities are sold through underwriters, broker-dealers or agents, the Selling Holder will be responsible for underwriting discounts or commissions or agents' commissions. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale or at negotiated prices. Such sales may be effected in transactions (which may involve block transactions) (i) on any national securities exchange or quotation service on which the Registrable Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market, or (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market.

I understand that material misstatements or the omission of material facts in the Registration Statement may give rise to civil and criminal liabilities to the Company, to each officer and director of the Company signing the Registration Statement and other persons signing the Registration Statement. I will notify you and the Company of any misstatement of a material fact in the Registration Statement or any amendment thereto, and of the omission of any material fact necessary to make the statements contained therein not misleading, as soon as practicable after a copy of the Registration Statement or any such amendment has been provided to me.

I confirm that the foregoing statements are correct, to the best of my knowledge and belief.

Dated: _____.

Very truly yours,

(Signature)

(Typed or Printed Name)

DEFINITIONS

The term “*arrangement*” means any plan, contract, authorization or understanding whether or not set forth in a formal document.

The term “*associate*” as used throughout this questionnaire, means (a) any corporation or organization (other than the Company) of which I am an officer, director or partner or of which I am, directly or indirectly, the beneficial owner of 5% or more of any class of equity securities, (b) any trust or other estate in which I have a substantial beneficial interest or as to which I serve as trustee or in a similar capacity, (c) my spouse, (d) any relative of my spouse or any relative of mine who has the same home as me or who is a director or officer or key executive of the Company, (e) any partner, syndicate member or person with whom I have agreed to act in concert with respect to the acquisition, holding, voting or disposition of shares of the Company’s securities.

The term “*beneficially owned*” when used in connection with the ownership of securities, means (a) any interest in a security which entitles me to any of the rights or benefits of ownership even though I may not be the owner of record or (b) securities owned by me directly or indirectly, including those held by me for my own benefit (regardless of how registered) and securities held by others for my benefit (regardless of how registered), such as by custodians, brokers, nominees, pledgees, etc., and including securities held by an estate or trust in which I have an interest as legatee or beneficiary, securities owned by a partnership of which I am a partner, securities held by a personal holding company of which I am a stockholder, etc., and securities held in the name of my spouse, minor children and any relative (sharing the same home). A “beneficial owner” of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares:

- (a) voting power which includes the power to vote, or to direct the voting of, such security; and/or
- (b) investment power which includes the power to dispose, or to direct the disposition, of such security.

The term “*control*” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

The term “*immediate family*” means any relationship by blood, marriage or adoption, not more remote than first cousin.

The term “*material*,” when used in this questionnaire to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before purchasing the Common Stock of the Company.



**SECURITY DEVICES INTERNATIONAL INC.
SUBSCRIPTION AGREEMENT**

SUBSCRIBER NAME: _____

INSTRUCTIONS FOR INVESTORS

1. Please complete the Investor Questionnaire attached hereto as Exhibit A.
2. Please review the Risk Factors attached hereto as Exhibit B.
3. EXECUTE this Subscription Agreement on page 12 (which includes an omnibus signature page to the Registration Rights Agreement, attached hereto as Exhibit C).
4. Please complete the Selling Stockholder Questionnaire attached to the Registration Rights Agreement.
5. If you are a corporation, partnership or other entity and (a) you have not previously filed Form 4C with the TSX Venture Exchange, or (b) you have previously filed Form 4C but there has been a change in the information disclosed in that form, complete and sign the Form 4C attached hereto as Exhibit D.
6. Include a check or wire in the amount of the investment (US Dollars) as follows:
 - a. Checks should be made payable to: Security Devices International Inc. and sent overnight or by registered mail to the corporate address listed below in Wakefield, MA.
 - b. Wires should be sent to: TD Bank, N.A.

Wilmington, Delaware
ABA# 031101266
Account: 8253167180

For international wires (also
include):

SWIFT BIC: NRTHUS33XXX

* All incoming foreign currency wires need to be routed
to the Company through its Toronto office under the
BIC: TDOMCATTOR

- c. Reference: *Subscription for SDI Units* in the memo section of your check or wire.
7. Please forward your executed Subscription Agreement to the Agent:

J. Streicher Capital, LLC
300 Park Avenue, 14th Floor
New York, NY 10022
Attention: Tanner Wickham

Please feel free to call us with any questions at (905) 582-6402. **Questions should be directed to Bryan Ganz, Executive Chairman, or Dean Thrasher, CEO.**

Security Devices International Inc.
107 Audubon Road, Bldg 2, Suite 201
Wakefield, MA, United States 01880
Attn: Bryan Ganz

PUBLICLY AVAILABLE INFORMATION

Security Devices International Inc. (the "Company") is a reporting company in the United States and Canada. As such, the Company files annual, quarterly and periodic reports with the Securities Exchange Commission in the United States and with the Ontario Securities Commission in Canada. These reports are available at:

<https://www.sec.gov/edgar/searchedgar/companysearch.html>

and/or

http://www.sedar.com/search/search_form_pc_en.htm

Investors are strongly urged to review these filings prior to subscribing for the Units. All of the filings made by the Company in the past 24 months are deemed to be incorporated herein by reference and shall be deemed to be a part of this Subscription Agreement. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Subscription Agreement shall be deemed to be modified or superseded for purposes of this Subscription Agreement to the extent that a statement contained herein or in any subsequently filed document or report that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Subscription Agreement.

Prior to making an investment in this Offering, please carefully review the entire Subscription Agreement including the Investor Questionnaire attached hereto as Exhibit A and Risk Factors (attached hereto as Exhibit B).

This Agreement also contains information related to the compensation of the Agent for this Offering in Section 6 and the Use of Proceed in Section 10.

NASAA LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NEW YORK STATE LEGEND

NOTICE TO NEW YORK RESIDENTS ONLY: THIS MEMORANDUM HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THIS SUBSCRIPTION AGREEMENT DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF MATERIAL TERMS AND DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

SECURITY DEVICES INTERNATIONAL INC.

SUBSCRIPTION AGREEMENT

TO: Security Devices International Inc.

The undersigned (the "Subscriber") hereby agrees with Security Devices International Inc., a Delaware corporation (the "Company"), to the terms of this Subscription Agreement (the "Agreement") and each of the Company and the Subscriber hereby make certain representations and warranties to the Agent and to each other as follows:

1. The Offering.

- a. Offering Amount and Purchase Price. The Company proposes to raise up to USD\$4,500,000 (the "Offering") from the sale of units (the "Units") at a price of USD\$0.106 per Unit (the "Purchase Price") on a "best-efforts" basis. All funds from investors will be delivered directly to the Company, without provision for escrow.
- b. Units. Each Unit shall consist of one share (a "Share") of the Company's common stock, par value \$0.001 per share (the "Common Stock") and one-half (1/2) of a warrant (each whole warrant is referred to herein as a "Warrant") to purchase one-half (1/2) share of Common Stock.
- c. Warrants. Each full Warrant is exercisable for one share of Common Stock (each, a "Warrant Share") for the 60-month period following the first closing of the Offering at an exercise price of USD\$0.18 per share. The Subscriber acknowledges and understands that at such time when he/she/it subscribes for the Units the first closing of the Offering may have happened and accordingly the Warrants issued to such Subscriber may have a term of less than 60 months. If the Company's Common Stock trades at a price that closes above USD\$0.36 per share for 20 consecutive trading days ending more than two years after the first closing of the Offering, the Company may accelerate the expiration date of the Warrants to a date that is not less than 30 days from the date it gives the registered holders of the Warrants notice of such acceleration.
- d. Restricted Securities. The offering and sale of the Units are intended to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), by virtue of Section 4(a)(2) thereof and/or Rule 506(b) of Regulation D ("Regulation D") promulgated by the United States Securities and Exchange Commission (the "SEC") thereunder. The offering and sale of the Units are not registered under the Securities Act, or qualified or registered under the securities laws of any states. Consequently, the Shares and the Warrants included in the Units, as well as the Warrant Shares, may not be sold, transferred or hypothecated without registration under the Securities Act, and applicable state laws or without an exemption from such registration or qualification. The Shares, the Warrants and the Warrant Shares will bear a legend restricting their transfer accordingly, and may bear certain legends required by state law where required.
- e. No Minimum Offering Amount. There is no minimum number of Units that must be sold to close this Offering.
- f. Offering Period. The Offering will expire at 5:00 p.m. EST on November 15, 2017, subject to one or more extensions of the Offering for up to an additional 60 days at the joint discretion of the Company and the Agent (defined hereafter) (the period, as extended, if any, shall be referred to as the "Offering Period"). The Company may conduct one or more closings within the Offering Period prior to the receipt of the maximum offering amount of USD\$4,500,000.

- g. Information About The Company. The Company's shares trade on the TSX Venture Exchange (the "TSX Exchange") in Canada and the OTC:QB automated quotation system in the United States. The Company files annual, quarterly and periodic reports in the United States and Canada and all such reports are available on the SEC's EDGAR web site and on the Canadian Securities Administrators' SEDAR web site. No offering memorandum has been used for this Offering. **All of the filings made by the Company at the EDGAR and SEDAR web sites in the past 24 months are deemed to be incorporated herein by reference and shall be deemed to be a part of this Agreement.**

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Agreement shall be deemed to be modified or superseded for purposes of this Agreement to the extent that a statement contained herein or in any subsequently filed document or report that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Agreement.

2. Insider: If the Subscriber will be a new Insider (as that term is defined in the policies of the TSX Exchange) of the Company, the Company is not permitted to close on this subscription until the Company has filed final materials with the TSX Exchange (including the personal information collected in this Agreement) and the TSX Exchange has provided its final acceptance. In these circumstances, the closing date for the Subscription shall be extended to a date which is no later than five Business Days after the TSX Exchange has provided its final acceptance. An Insider includes a director or senior officer of the Company, a person or company that beneficially owns or controls, directly or indirectly, common stock carrying more than 10% of the voting rights attached to all common stock and a director or senior officer of such a holder of common stock.

If the Subscriber is an existing Insider, Insiders have subscribed for more than 25% of the Offering and such amount was not disclosed in the notice of the Offering filed with the TSX Exchange, the closing for the Subscription will occur in escrow and the release from escrow will occur upon the TSX Exchange providing its final acceptance of the Offering. Closing in escrow means that the Subscriber securities and the Purchase Price will be held in escrow by the Company's legal counsel or the Agent and not released until final acceptance of the Offering is received from the TSX Exchange. If final acceptance is not received within 14 days following the last closing of the Offering, either the Company or the Subscriber may terminate this Subscription Agreement on written notice to the other given while that final acceptance is outstanding, in which case the Purchase Price will be returned to the Subscriber and the Subscriber's Units will be returned to the Company.

3. Subscription. Subject to the terms and conditions of this Agreement, the Subscriber hereby irrevocably subscribes for the number of Units indicated on the **Signature Page** of this Agreement.

4. Acceptance of Subscription. It is understood and agreed that the Company shall have the right to accept or reject this subscription, in whole or in part, and for any reason deemed appropriate in its sole discretion, and that the same shall be deemed to be accepted by the Company only when the form of acceptance appearing herein is executed by the Company.

5. Suitability to Invest. This Offering is only open to US citizens resident in the United States. The Subscriber represents that he, she or it is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act, as indicated by his, her or its responses to the Investor Questionnaire, the form of which is attached hereto as Exhibit A, and that he, she or it is able to bear the economic risk of an investment in the Units. The Subscriber must complete the applicable Investor Questionnaire to enable the Company to assess the Subscriber's eligibility for the Offering.

6. Agent and Compensation of Broker-Dealer. The Subscriber is aware and understands the following:

- a. J. Streicher Capital, LLC (the “Agent”) is the Company’s exclusive placement agent in conducting this Offering in the United States; the Agent will not effect any sales of the Units to persons outside of the United States; and
- b. The Agent will receive: (a) (i) a cash commission equal to 7% of the gross proceeds from the sale of Units to investors brought into the deal by the Agent and (ii) that number of agent warrants (the “Agent Warrants”) which is equal to 7% of the Shares issued in the Offering to investors brought into the deal by the Agent; plus (b) with respect to investors brought into the deal by the Company that are resident in the United States (i) a cash commission equal to 3.5% of the gross proceeds from the sale of Units to investors brought into the deal by the Company, and (ii) that number of Agent Warrants which is equal to 3.5% of the Shares issued in the Offering to investors brought into the deal by the Company; plus (c) a cash commission equal to 1.875% of the gross proceeds from the sale of Units to investors that are officers or directors of the Company and/or participated in the Convertible Debenture Offering of December 7, 2016 that are residents of the United States, and (d) that number of Agent Warrants which is equal to 1.875% of the Shares issued to such investors. Each Agent Warrant is exercisable for one share of Common Stock during the 60 months following the first closing of the Offering for an exercise price of USD\$0.15. If the Company’s Common Stock trades at a price that closes above USD\$0.30 per share for 20 consecutive trading days ending more than two years after the first closing of the Offering, the Company may accelerate the expiration date of the Warrants to a date that is not less than 30 days from the date it gives the registered holders of the Agent Warrants notice of such acceleration.

7. Confidentiality and No Trading in Securities.

- a. Each Subscriber acknowledges that the information (the “Confidential Information”) about the Company, this Offering and this Agreement that comes to his/her/its possession in connection with the discussion and evaluation of the merits of the investment on the Units is private and confidential. Such Confidential Information is not to be reproduced or distributed by such Subscriber, other than in connection with confidentially sharing the Confidential Information with such Subscriber’ financial advisors and consultants for the purpose of evaluating this investment. By accepting this Agreement and reading the Confidential Information, the Subscriber agrees with the Company and its Agent to maintain in confidence the Confidential Information, including the existence and the terms of the Offering, and any other non-public information regarding the Company obtained from the Company, the Agent and/or their respective agents during the course of the Offering.
- b. Each Subscriber acknowledges that it is aware, and that its representatives will be made aware, that in connection with its discussions with the Company regarding an investment in this Offering, they may come into possession of non-public information about the Company (including the existence of this Offering). Accordingly, each Subscriber agrees that it will not trade (or cause or encourage any representative or third party to trade), and will use its commercially reasonable efforts to assure that none of its representatives will trade (or cause or encourage any third party to trade), in any securities of the Company while in possession of any such non-public information. Such restrictions are in addition to, and not in lieu of, any restrictions that the Company may impose upon insiders who are employees or that may be imposed under applicable law.

8. Representations and Warranties of the Subscriber. The Subscriber represents and warrants to the Company and the Agent as follows:

- a. All documents, records and books pertaining to this investment that have been requested by the Subscriber have been made available for inspection by him/her/it, his/her/its attorney and/or his/her/its accountant;
- b. Subscriber and/or his/her/its advisor(s) have had a reasonable opportunity to ask questions of, and receive answers from, a person or persons acting on behalf of the Company concerning the offering of the Units, and all such questions have been answered to the full satisfaction of the Subscriber;
- c. Subscriber is not subscribing for the Units as a result of, or subsequent to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or on the Internet or broadcast over television, radio or the Internet, any seminar or meeting, any solicitation of a subscription by a person not previously known to the Subscriber in connection with investments in securities generally or any general solicitation whatsoever;
- d. The Subscriber was offered and sold the Units while in the United States.
- e. The Subscriber initially became aware of the Offering as a result of being contacted directly by the Agent or an executive officer of the Company, and in particular, not through any press release issued by the Company.
- f. If the Subscriber is a natural person, the Subscriber has reached the age of majority in the state in which the Subscriber resides, has adequate means of providing for the Subscriber's current needs and personal contingencies, is able to bear the substantial economic risks of an investment in the Units and, at the present time, could afford a complete loss of such investment;
- g. Subscriber, and/or his/her/its advisors, has such knowledge and experience in financial, tax and business matters so as to enable him/her/it to utilize the information made available to him/her/it in connection with the offering of the Units in order to evaluate the merits and risks of an investment in the Units and to make an informed investment decision with respect thereto;
- h. Subscriber is not relying on the Company with respect to the tax and other economic considerations of the Subscriber relating to this investment. In regard to such considerations, Subscriber has relied on the advice of, or has consulted with, only his/her/its own advisors;
- i. Subscriber is acquiring the Units solely for his/her/its own account as principal, for investment purposes only and not with a view to the resale or distribution thereof, in whole or in part in violation of applicable securities laws, and no other person has a direct or indirect beneficial interest in such Units;

- j. Subscriber will not sell or otherwise transfer the Units, the Shares, the Warrants or the Warrant Shares without registration under the Securities Act or an exemption therefrom, and fully understands and agrees that such securities have not been registered under the Securities Act or under any state securities laws and, therefore, cannot be resold, pledged, assigned or otherwise disposed of unless they are subsequently registered under the Securities Act and under the applicable securities laws of such states or unless an exemption from such registration is available;
- k. Subscriber understands that any certificate evidencing the Units, the Shares, Warrants and the Warrant Shares, will bear a legend reflecting the transfer restrictions imposed thereon and that a notation may be made in the records of the Company restricting the transfer of any Units, Shares, Warrants or Warrant Shares in a manner consistent with the foregoing, such legend to be substantially similar to the following:

THE SECURITIES [AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES HAVE BEEN ACQUIRED BY THE HOLDER THEREOF FOR INVESTMENT AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE SECURITIES ACT, AND COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO COUNSEL FOR THE CORPORATION THAT THE TRANSACTION WILL NOT RESULT IN A VIOLATION OF UNITED STATES FEDERAL OR STATE SECURITIES LAWS.

Until such time as it is no longer required under the applicable Canadian securities laws and the rules of the TSX Exchange, certificates representing the Units, including the Shares, Warrants and the Warrant Shares, shall bear the following additional legend:

WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [A DATE WHICH IS 4 MONTHS ¹ PLUS ONE DAY FROM THE CLOSING DATE].

- 1. Subscriber is fully aware and understand that the Units, the Shares, the Warrants and the Warrant Shares, will be issued as restricted securities which can only be sold pursuant to Rule 144 promulgated under the Securities Act after the applicable holding period has run;

¹ Notwithstanding this language, U.S. holders are required to hold the securities for the applicable holding period provided under Rule 144 promulgated under the Securities Act.

- m. Subscriber recognizes that the no Federal or state agency has passed upon or endorsed the merits of the investment in the Units or made any finding or determination as to the fairness of this investment;
- n. If Subscriber is a corporation, partnership, trust or other entity, it is authorized to make this investment and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so;
- o. If Subscriber is a corporation or a partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained herein is true and correct with respect to such shareholders or partners (and if any such shareholder or partner is itself a corporation or a partnership, with respect to all persons having an interest in such corporation or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained herein;
- p. Any information which the Subscriber has heretofore furnished and furnishes herewith to the Company, including, without limitation, the certification included in Exhibit A as to his/her/its status as an “accredited investor” as defined by Rule 501(a) under the Securities Act and any other information with respect to his/her/its financial position and business experience set forth herein is correct and complete as of the date hereof;
- q. This Agreement requires the Subscriber to provide certain information about the Subscriber (the “Personal Information”). Such information is being collected by the Company for the purposes of completing the proposed issuance of the Units, which includes, without limitation, determining the Subscriber’s eligibility to purchase the Units under applicable securities laws, preparing and registering certificates representing the Shares and Warrants and completing filings required by the securities commissions, TSX Exchange and/or other securities regulatory authorities. The Subscriber agrees that the Subscriber’s Personal Information may be disclosed by the Company (including the filing of copies or originals of any of the Subscriber’s documents) to: (a) securities commissions, the TSX Exchange and/or other securities regulatory authorities, (b) the Company’s registrar and transfer agent, and (c) any of the other parties involved in this subscription, including legal counsel, and may be included in record books in connection with this subscription. In the case of information provided to the securities commissions and other securities regulatory authorities, such information is being collected indirectly by them for the purpose of the administration and enforcement of the applicable securities laws and the Subscriber authorizes the indirect collection of such information by them. In the case of the TSX Exchange, the Personal Information is being collected by them for the purposes identified by them from time to time. The Subscriber consents to the foregoing collection, use and disclosure of the Subscriber’s Personal Information and to the collection, use and disclosure of Personal Information by the securities commissions, TSX Exchange and/or other securities regulatory authorities. The title, business address and business telephone number of the public official in Ontario who can answer questions about the Ontario Securities Commission’s indirect collection of the information is the Inquiries Officer, Ontario Securities Commission, 20 Queen Street West, 22nd Floor, Toronto, Ontario M5H 3S8; Telephone: 416-593-8314; exemptmarketfilings@osc.gov.on.ca;
- r. The Subscriber has no voting or other agreement with another existing shareholder of the Company or investor in this Offering and is not acting as part of a group in making this investment;

- s. The Subscriber has read and understood the Risk Factors attached to this Agreement as Exhibit B;
- t. The Subscriber acknowledges and is aware of that certain Side Letter Agreement entered into by the Company with two subscribers (see Section 9.f. below); and
- u. The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the Subscriber to the Company in any other written statement or document delivered in connection with the transactions contemplated hereby, shall be true and correct in all respects on and as of the date of the applicable closing as if made on and as of such date and shall survive the final closing.

9. Representations and Warranties of the Company. The Company represents and warrants to the Subscriber and the Agent as follows:

- a. Organization and Authority. The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, and to consummate the transactions contemplated hereby.
- b. Authorization. This Offering and this Agreement have been duly and validly authorized by the Company. This Agreement, assuming due execution and delivery by the Subscriber, when the Agreement is executed and delivered by the Company, will be, valid and binding obligations of the Company, enforceable in accordance with their respective terms, except as the enforceability hereof and thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and general principles of equity, regardless of whether enforcement is considered in a proceeding in equity or at law.
- c. Non-Contravention. The execution and delivery of this Agreement by the Company and the issuance of the Units as contemplated hereunder do not and will not, with or without the giving of notice or the lapse of time, or both, (i) result in any violation of any provision of the certificate of incorporation or by-laws or similar instruments of the Company or its subsidiaries, (ii) conflict with or result in a breach by the Company or its subsidiaries of any of the terms or provisions of, or constitute a default under, or result in the modification of, or result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company or its subsidiaries, pursuant to any agreements, instruments or documents or any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which Company or any of its subsidiaries or any of its properties or assets are bound or affected, in any such case which would have a material adverse effect on the business, properties, operations, condition (financial or other), results of operations or prospects of the Company and its subsidiaries, taken as a whole, or the validity or enforceability of, or the ability of the Company to perform its obligations under, this Agreement, (iii) violate or contravene any applicable law, rule or regulation or any applicable decree, judgment or order of any court, United States federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Company or any of its subsidiaries or any of its respective properties or assets that would have a material adverse effect on the business, properties, operations, condition (financial or other), results of operations or prospects of the Company and its subsidiaries, taken as a whole, or the validity or enforceability of, or the ability of the Company to perform its obligations under, this Agreement, or (iv) have any material adverse effect on any permit, certification, registration, approval, consent, license or franchise necessary for the Company or its subsidiaries to own or lease and operate any of its properties and to conduct any of its business or the ability of the Company or its subsidiaries to make use thereof.

- d. Absence of Certain Proceedings. The Company is not aware of any action, suit, proceeding, inquiry or investigation before or by any court, public board or body, or governmental agency pending or threatened against or affecting the Company or any of its subsidiaries, in any such case wherein an unfavorable decision, ruling or finding could adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, this Agreement.
- e. Registration of Securities. Pursuant to the terms of the Registration Rights Agreement, attached hereto as Exhibit C, within 120 days of the final closing of the Offering, the Company shall file a registration statement (the “Registration Statement”) covering the resale of all of the Shares and the Warrant Shares and use its reasonable commercial effort to obtain the effectiveness of the Registration Statement within 150 days from the filing thereof.
- f. Side Letter Agreement with Certain Subscribers. The Company has agreed to enter into a side letter agreement (the “Side Letter Agreement”) with two institutional subscribers in this Offering (collectively, “Institutional Subscribers”). Pursuant to the Side Letter Agreement, within the two-year period following the final closing of this Offering the Company shall not conduct any future offerings of its securities at a price lower than USD\$0.106 per share without the prior written consent of the Institutional Subscribers as long as each Institutional Subscriber continues to hold more than 75% of the securities it acquired in this Offering during such two-year period.
- g. No Bad Actor Disqualifying Events. None of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer participating in the Offering, any beneficial owner of 20% or more of the voting power of the Company’s outstanding voting equity securities, any promoter connected with the Company in any capacity as of the date hereof, and any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of the Units in the Offering has been subject to certain disqualifying events described in Rule 506(d)(1) of Regulation D. The Company has exercised reasonable care to determine whether any such persons is subject to such a disqualifying event described in Rule 506(d)(1) of Regulation D.
- h. Authorization of the Offering. The issuance, sale and delivery of the Units has been duly authorized by all necessary corporate action on the part of the Company. The shares of Common Stock comprising the Units have been duly authorized by all necessary corporate action on the part of the Company and, when such shares of Common Stock have been issued, delivered and paid for in accordance with the terms hereof and such issuance has been recorded in the stock ledger of the Company, will be validly issued, fully paid and non-assessable under the Delaware General Corporation Law (the “DGCL”).
- i. Validly Issuance of Warrants and Warrant Shares. The Warrants comprising the Units have been duly authorized by all necessary corporate action on the part of the Company and, when such Warrants have been issued, delivered and paid for in accordance with the terms of this Agreement, will be validly issued. Upon payment of the exercise price therefor in accordance with the terms of the Warrants, the Warrant Shares will be validly issued, fully paid and non-assessable under the DGCL.

- j. No Conflict. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby do not and will not conflict with or result in the creation or imposition of any material lien, claim, charge, encumbrance or restriction upon any property or assets of the Company pursuant to, or constitute a material breach or violation of, or constitute a material default under, with or without notice or lapse of time or both, any of the terms, provisions or conditions of (a) the Certificate, Bylaws or other governing documents of the Company, or (b) any order, decree, judgment, franchise, license, permit, rule or regulation of any court, arbitrator, government or governmental agency or instrumentality in the State of Delaware.
- k. No Further Authorization Required. Assuming the accuracy of the representations, warranties and covenants of all parties set forth herein, except for filings, registrations or qualifications that may be required by applicable securities laws, including the timely filing of a Form D pursuant to Regulation D with the United States Securities and Exchange Commission (“SEC”) with respect to the offer and sale of the Units, no authorization, approval, consent or order of, or filing, registration or qualification with, any person (including without limitation, any court, governmental body or authority) is required under the DGCL or the federal laws of the United States of America in connection with the offer and sale of the Units as contemplated hereby.
- l. No Registration Required by Law. Assuming the accuracy of the representations, warranties and covenants of all parties set forth herein, it is not necessary in connection with the offer, sale and delivery of the Units to Purchasers domiciled in the United States of America pursuant to this Agreement to register the same under the Securities Act under the circumstances contemplated herein, subject to the timely filing of a Form D pursuant to Regulation D with respect to the offer and sale of the Units.
- m. Compliance with Rule 506(b) of Regulation D. During the period in which Units are offered for sale, none of the Company, its affiliates, or any person acting on any of their behalf (other than an Agent or any person acting on its behalf, in respect of which no representation or warranty is made) has taken or will take any action that would cause the exemptions afforded by Section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D to be unavailable for offers and sales of Units, the Shares or the Warrants.
- n. General Solicitation or General Advertising. None of the Company, any of its affiliates or any person acting on behalf of any of them (other than the Agent or any person acting on its behalf, as to whom the Company makes no representation or warranty) has offered or will offer to sell, or has solicited or will solicit offers to buy, any of the Units, the Shares or the Warrants by means of any form of “general solicitation” or “general advertising” (as such terms are defined in Rule 502(c) of Regulation D) or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.
- o. Integration. Except with respect to the offer and sale of the Units, neither the Company nor any person acting on behalf of the Company has, within six months prior to the date of this Agreement, sold, offered for sale or solicited any offer to buy any of the Company's securities of the same or similar class as any of the securities comprising the Units, the Shares or the Warrants and will not do so for a period of six months following the completion of this Offering, in a manner that would be integrated with the offer and sale of the Units, the Shares or the Warrants and cause the exemption provided by Section 4(a)(2) and Rule 506(b) of Regulation D to become unavailable for the offer and sale of the Units, the Shares or the Warrants.

- p. Regulation M. None of the Company, its affiliates or any person on behalf of any of them (other than the Agent and any person acting on its behalf, as to whom the Company makes no representation or warranty) has engaged or will engage in any violation of Regulation M under the United States Securities Exchange Act of 1934, as amended, in connection with the Offering contemplated by this Agreement.
- q. Investment Company. The Company is not, and following the application of the proceeds from the sale of the Units will not be, registered or required to be registered as an “investment company” under the United States Investment Company Act of 1940, as amended.
- r. Rule 503 Matters. None of the Company or any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.
- s. Form D Filing. The Company will complete and file with the SEC a Notice on Form D within 15 days after the first sale of Units, and will make such filings with any applicable state securities commission as required by state law.
- t. Sales of Units by Issuer. No sales of Units have ultimately been made or will be made directly by the Issuer (i) except through the Agent pursuant to the terms of this Agreement in the United States, or (ii) issuances of securities to existing security holders, officers and directors who are U.S. persons located in the United States. For the avoidance of doubt, all sales of Units in the Offering have been and will be made only in the United States.

10. Use of Proceeds: The Company intends to use the net proceeds of the Offering to pay down debt, for capital expenditures related to the acquisition of new molds and for working capital purposes.

11. Miscellaneous.

- a. Any notice or other communication given hereunder shall be deemed sufficient if in writing and sent by registered or certified mail, return receipt requested. Notices shall be deemed to have been given three (3) business days after the date of mailing, except notices of change of address, which shall be deemed to have been given when received.
- b. This Agreement may be amended through a written instrument signed by both the Subscriber and the Company; provided, however, that the terms of Section 11 of this Agreement may be amended without the consent or approval of the Subscriber so long as such amendment applies in the same fashion to all of the other subscribers in the Offering and at least holders of a majority of the Units sold in the Offering have given their approval of such amendment, which approval shall be binding on all holders of the Units.
- c. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, legal representatives, successors and assigns. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

- d. This Agreement shall be construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law. SUBSCRIBER HEREBY WAIVES ANY RIGHT TO SEEK ANY TYPE OF DAMAGES (INCLUDING BUT NOT LIMITED TO CONSEQUENTIAL DAMAGES AND PUNITIVE DAMAGES) OTHER THAN COMPENSATORY DAMAGES. SUBSCRIBER HEREBY FURTHER WAIVES THE RIGHT TO A TRIAL BY JURY, THE RIGHT TO BRING A CLASS ACTION SUIT, AND OTHER POTENTIAL REMEDIES THAT OTHERWISE MAY BE AFFORDED BY LAW. THIS IS A CLASS ACTION WAIVER THAT APPLIES TO ALL DISPUTES ARISING OUT OF THIS INVESTMENT, INCLUDING BUT NOT LIMITED TO ANY DISPUTES WITH THE COMPANY, ITS AGENT, AND ALL OF THEIR EMPLOYEES, AGENTS, REPRESENTATIVES, OFFICERS, DIRECTORS, OR ATTORNEYS.
- e. This Agreement may be executed in counterparts. It shall not be binding upon the Company unless and until it is accepted by the Company. Upon the execution and delivery of this Agreement by the Subscriber, this Agreement shall become a binding obligation of the Subscriber with respect to the purchase of the Units as herein provided; subject, however, to the right hereby reserved to the Company to enter into the same agreements with other subscribers and to add and/or to delete other persons as subscribers. This Agreement may be executed and delivered by facsimile or by email with scanned copy.
- f. The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Agreement, which shall remain in full force and effect.
- g. It is agreed that a waiver by either party of a breach of any provision of this Agreement shall not operate, or be construed, as a waiver of any subsequent breach by that same party.
- h. The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.
- i. This Agreement is intended to be read and construed in conjunction with the Registration Rights Agreement pertaining to the issuance by the Company of the Shares and Warrant Shares. Accordingly, pursuant to the terms and conditions of this Agreement and such related agreements it is hereby agreed that the execution by the Subscriber of this Agreement, in the place set forth herein, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Registration Rights Agreement, with the same effect as if each of such separate but related agreement were separately signed.
- j. The obligation of the Subscriber hereunder is several and not joint with the obligations of any other subscribers for the purchase of the Units in the Offering (the "Other Subscribers"), and the Subscriber shall not be responsible in any way for the performance of the obligations of any Other Subscribers of the Offering. Nothing contained herein and no action taken by the Subscriber pursuant hereto shall be deemed to constitute the Subscriber and the Other Subscribers of the Offering as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Subscriber and the Other Subscribers of the Offering are in any way acting in concert with respect to

such obligations or the transactions contemplated by this Agreement. The Subscriber shall be entitled to protect and enforce the Subscriber's rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any Other Subscribers of the Offering to be joined as an additional party in any proceeding for such purpose. The Subscriber is not acting as part of a "group" (as that term is used in Section 13(d) of the Exchange Act) in negotiating and entering into this Agreement or purchasing, disposing of or voting any of the Units. The Company hereby confirms that it understands and agrees that the Subscriber is not acting as part of any such group.

[SIGNATURE PAGE FOLLOWS]

OMNIBUS SIGNATURE PAGE TO THE
SUBSCRIPTION AGREEMENT
AND REGISTRATION RIGHTS AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Subscription Agreement as of this ____ day of _____, 2017.

Units Subscribed For:	_____
Total Subscription Price (USD\$0.106 for each Unit):	\$ _____

Subscriber:

Full Legal Name of Subscriber (Please print)

Full Legal Name of Co-Subscriber (if applicable)

Signature of (or on behalf of) Subscriber

Signature of or on behalf of Co-Subscriber (if applicable)

Name:
Title:

Address of Subscriber

Address of Co-Subscriber (if applicable)

Telephone No. of Subscriber

Telephone No. of Co-Subscriber (if applicable)

Social Security or Taxpayer

Social Security or Taxpayer Identification

Identification Number of Subscriber

Number of Co-Subscriber (if applicable)

Agreed to and accepted by the Company:

SECURITY DEVICES INTERNATIONAL INC.

By: _____
Authorized Officer

SECURITY DEVICES INTERNATIONAL INC.
ACCREDITED INVESTOR CERTIFICATION

Please complete and return the applicable paperwork based on the registration type below:

- Corporate Account
 - Certification of Accredited Investor
 - Corporate Resolution
 - Investor Information
 - Valid government issued photo ID with signature
 - W9

- Individual Account
 - Certification of Accredited Investor
 - Investor Information
 - Valid government issued photo ID with signature
 - W9

- Individual Retirement Account (IRA)
 - Certification of Accredited Investor
 - Investor Information
 - Valid government issued photo ID with signature
 - W9

- Joint Account (2 or more investors)
 - Certification of Accredited Investor
 - Investor Information
 - Valid government issued photo ID with signature
 - W9 for each investor

- Trust Account
 - Certification of Accredited Investor
 - Investor Information
 - Trust Agreement, including names of trustees and signature pages
 - Valid government issued photo ID with signature
 - W9

I understand that investment in the Units of Security Devices International Inc. (the “**Company**”) is an illiquid investment. In particular, I recognize that I must bear the economic risk of investment in the Units of the Company (the “**Units**”) for an indefinite period of time, since the Units, the Shares, the Warrants and the Warrant Shares have not been registered under the Securities Act of 1933, as amended (the “**Securities Act**”) and therefore cannot be sold unless either they are subsequently registered under the Securities Act or an exemption from such registration is available and an opinion of counsel satisfactory in substance and form to counsel for the Company to that effect is obtained. I consent to the affixing by the Company of such legends on certificates representing the Shares, the Warrants and the Warrant Shares as any applicable federal or state securities law or any securities law of any other applicable jurisdiction may require from time to time.

I represent and warrant to the Company that: (i) the information provided in this Accredited Investor Certification is complete, true and correct; (ii) I and my Investment Managers, if any, have carefully reviewed and understand the risks of, and other considerations relating to, a purchase of the Units; (iii) I and my Investment Managers, if any, have been afforded the opportunity to obtain any information necessary to verify the accuracy of any representations or information provided to me and have had all inquiries to the Company answered, and have been furnished all requested materials, relating to the Company and the offering and sale of the Units; (iv) neither I nor my Investment Managers, if any, have been furnished any offering literature by the Company or any of its affiliates, associates or agents other than the Subscription Agreement; and (v) I am acquiring the Units for which I am subscribing for my own account, as principal, for investment and not with a view to the resale or distribution of all or any part of the Units.

I understand that the purchase price for the Units does not reimburse for any costs incurred by me for legal, tax, accounting or financial advice, including fees paid to my purchaser representative, if any.

The undersigned, if a corporation, partnership, trust or other form of business entity, (i) is authorized and otherwise duly qualified to purchase and hold the Units, (ii) has obtained such additional tax and other advice that it has deemed necessary, (iii) has its principal place of business at its residence address set forth in this Subscription Agreement, and (iv) has not been formed for the specific purpose of acquiring the Units (although this may not necessarily disqualify the Subscriber as a purchaser). The persons executing the Subscription Agreement, as well as all other agreements related to the Offering, if any, represent that they are duly authorized to execute all such agreements on behalf of the entity. (If the undersigned is one of the aforementioned entities, it agrees to supply any additional written information that may be required.)

All of the information which I have furnished to the Company and which is set forth in the Subscription Agreement is correct and complete as of the date of the Subscription Agreement. If any material change in this information should occur prior to my subscription being accepted, I will immediately furnish the revised or corrected information. I further agree to be bound by all of the terms and conditions of the Offering described in the Subscription Agreement and the other documents and agreements related thereto, if any. I am the only person with a direct or indirect interest in the Units subscribed for by this Subscription Agreement. I agree to indemnify and hold harmless the Company and its officers, directors, affiliates, agents, and attorneys, including the Placement Agent and its attorneys, from and against all damages, losses, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of the failure of the undersigned to fulfill any of the terms or conditions of this Subscription Agreement or by reason of any breach of the representations and warranties made by the undersigned herein or in any agreement provided by the undersigned to the Company in connection with this Offering. This subscription is not transferable or assignable by me without the written consent of the Company. If more than one person is executing this Agreement, the obligations of each shall be joint and several and the representations and warranties contained in this Subscription Agreement shall be deemed to be made by, and be binding upon, each of these persons and his or her heirs, executors, administrators, successors and assigns. This subscription, upon acceptance by the Company, shall be binding upon my heirs, executors, administrators, successors and assigns. This Subscription Agreement shall be construed in accordance with and governed in all respects by the laws of the State of Delaware.

Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Subscription Agreement.

INDIVIDUAL and JOINT ACCOUNTS

I certify that I am an accredited investor by initialing in the applicable space (initial both spaces if both apply):

I had an Individual Income* of more than \$200,000 in the past two full calendar years. I expect to have an Individual Income in excess of \$200,000 in this calendar year; or my spouse and I had Joint Income* in excess of \$300,000 in the past two full calendar years, and we expect to have a Joint Income in excess of \$300,000 in this calendar year. My/our income(s) last year was/were:

- | | |
|--|--|
| <input type="checkbox"/> <\$50,000 | <input type="checkbox"/> \$50,001 - \$100,000 |
| <input type="checkbox"/> \$100,001 - \$250,000 | <input type="checkbox"/> \$250,001 - \$500,000 |
| <input type="checkbox"/> \$500,001 - \$750,000 | <input type="checkbox"/> \$750,001 - \$1,000,000 |
| <input type="checkbox"/> \$1,000,001 - \$2,500,000 | <input type="checkbox"/> \$2,500,001 - \$5,000,000 |
| <input type="checkbox"/> \$5,000,001 - \$7,500,000 | <input type="checkbox"/> >\$7,500,001 |

and two years ago was/were:

- | | |
|--|--|
| <input type="checkbox"/> <\$50,000 | <input type="checkbox"/> \$50,001 - \$100,000 |
| <input type="checkbox"/> \$100,001 - \$250,000 | <input type="checkbox"/> \$250,001 - \$500,000 |
| <input type="checkbox"/> \$500,001 - \$750,000 | <input type="checkbox"/> \$750,001 - \$1,000,000 |
| <input type="checkbox"/> \$1,000,001 - \$2,500,000 | <input type="checkbox"/> \$2,500,001 - \$5,000,000 |
| <input type="checkbox"/> \$5,000,001 - \$7,500,000 | <input type="checkbox"/> >\$7,500,001 |

I/We have a total Net Worth* in excess of \$1,000,000 USD, excluding primary residence.

* See additional information below.

Income. For purposes of this Subscription Agreement, “Individual Income” means “adjusted gross income” as reported for Federal income tax purposes, exclusive of any income attributable to a spouse or to property owned by a spouse:

- (1) the amount of any interest income received which is tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended, (the “Code”)
- (2) the amount of the losses claimed as a limited partner in a limited partnership (as reported on Schedule E of IRS Form 1040)
- (3) any deduction claimed for depletion under Section 611, et seq. of the Code and
- (4) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Sections 1202 of the Internal Revenue Code as it was in effect prior to enactment of the Tax Reform Act of 1986.

(Items (1) to (4), inclusive, above is referred to herein as the “**Adjustment Amounts**”)

For purposes of this Subscription Agreement, “Joint Income” means “adjusted gross income” as reported for Federal income tax purposes, including any income attributable to a spouse or to property owned by a spouse, and increased by the Adjustment Amounts, as defined above.

Net Worth. For your calculation of Net Worth, *exclude* (i) from your assets the fair market value of your primary residence and (ii) from your liabilities the debt that is secured by your primary residence *up to* the fair market value of the primary residence (i.e., debt secured by your primary residence that exceeds its fair market value must be included as a liability). In any event, if there was any increase in the amount of debt secured by your primary residence within the past 60 days, you are required to include a liability in an amount equal to such increase, unless such increase in debt was incurred in connection with the purchase of your primary residence.

CORPORATE ACCOUNT

Initial applicable space(s) below. See additional information below under DEFINITION OF "ACCREDITED INVESTOR", on the following page.

- _____ _____ An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, provided that the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, and the plan fiduciary is a bank, savings and loan association, insurance company or registered investment adviser; or

- _____ _____ An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 that has total assets in excess of \$5,000,000; or

- _____ _____ Each of its shareholders, partners, or beneficiaries meets at least one of the conditions described under the above section, INDIVIDUAL AND JOINT ACCOUNTS. Please also initial the appropriate space(s) in that section; or

- _____ _____ The plan is a self-directed employee benefit plan and the investment decision is made solely by a person that meets at least one of the conditions described above under INDIVIDUAL AND JOINT ACCOUNTS. Please also initial the appropriate space in that section; or

- _____ _____ A corporation, a partnership or a Massachusetts or similar business trust with total assets in excess of \$5,000,000.

TRUST ACCOUNT

- _____ _____ The trust has total assets in excess of \$5,000,000 and the investment decision has been made by a "sophisticated person;"*

- _____ _____ The trustee making the investment decision on its behalf is a bank (as defined in Section 3(a)(2) of the Act), a saving and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, acting in its fiduciary capacity; or

- _____ _____ The grantor(s) of the trust may revoke the trust at any time and regain title to the trust assets and has (have) retained sole investment control over the assets of the trust and the (each) grantor(s).

DEFINITION OF “ACCREDITED INVESTOR”

The term “accredited investor” means:

- A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 (the “**Investment Company Act**”) or a business development company as defined in Section 2(a)(48) of the Investment Company Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of US \$5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 (“**ERISA**”), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of US \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.
- A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.
- An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US \$5,000,000.
- A director or executive officer of the Company.
- A natural person whose individual net-worth or joint net worth with that person’s spouse, at the time of his or her purchase exceeds US \$1,000,000. See Definitions section, above, for additional information.
- A natural person who had an individual income in excess of US \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of US \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year. See Definitions section, above, for additional information.
- A trust, with total assets in excess of US \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) (i.e., a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment).
- An entity in which all of the equity owners are accredited investors. (The Subscriber must identify each equity owner and provide statements signed by each demonstrating how each is qualified as an accredited investor.)

SUBSCRIBER QUESTIONNAIRE

Subscriber Name _____

Subscriber Tax ID _____ Country of Citizenship _____

Investment Amount \$ _____ USD

Source of funds for this investments

<input type="checkbox"/> Annuity	<input type="checkbox"/> Gift	<input type="checkbox"/> Income from earnings
<input type="checkbox"/> Inheritance	<input type="checkbox"/> Insurance Proceeds	<input type="checkbox"/> Investment Proceeds
<input type="checkbox"/> Legal Settlement	<input type="checkbox"/> Lottery/Gaming	<input type="checkbox"/> Pension/IRA/Retirement
<input type="checkbox"/> Sale of business	<input type="checkbox"/> Spouse/Parent	<input type="checkbox"/> Other

Is this account a private banking account defined under the USA Patriot Act? Yes No

Is this an account for a foreign bank as defined under the USA Patriot Act? Yes No

Contact Information *(This address will be used for mailing unless you indicate otherwise):*

INDIVIDUAL CONTACT INFORMATION:

Street Address _____

City, State _____ Zip Code _____

Home Phone Number _____ Fax Number _____

Email Address _____

ENTITY CONTACT INFORMATION:

Name of Company _____

Contact Name _____ Email Address _____

Street Address _____ Suite/Floor _____

City, State _____ Zip Code _____

Business Phone Number _____ Fax Number _____

For Individual Investors

Income <\$50,000 \$50,001 - \$100,000
 \$100,001 - \$250,000 \$250,001 - \$500,000
 \$500,001 - \$750,000 \$750,001 - \$1,000,000
 \$1,000,001 - \$2,500,000 \$2,500,001 - \$5,000,000
 \$5,000,001 - \$7,500,000 >\$7,500,001

Source of Income _____

Occupation _____ Industry _____

Education _____ If retired, former occupation _____

Employer Name _____

No. of Years

Employer Address _____

Marital Status M M DM DP M Dependents M 0 M 1 M 2 M >2 W

Liquid Net Worth
 <\$50,000 \$50,001 - \$100,000 \$100,001 - \$250,000 \$250,001 - \$500,000
 \$500,001 - \$750,000 \$750,001 - \$1,000,000 \$1,000,001 - \$2,500,000 \$2,500,001 - \$5,000,000
 \$5,000,001 - \$7,500,000 >\$7,500,001

Net Worth (excluding primary residence)
 <\$50,000 \$50,001 - \$100,000 \$100,001 - \$250,000 \$250,001 - \$500,000
 \$500,001 - \$750,000 \$750,001 - \$1,000,000 \$1,000,001 - \$2,500,000 \$2,500,001 - \$5,000,000
 \$5,000,001 - \$7,500,000 >\$7,500,001

Annual Expenses (recurring)
 \$50,000 and under \$50,001 - \$100,000 \$100,001 - \$250,000 \$250,001 - \$500,000

Special Expenses (Future, non-recurring)
 None \$50,000 and under \$50,001 - \$100,000 \$100,001 - \$250,000

Timeframe for Special Expenses
 Within 1 year 2 - 3 years 3 - 5 years 6 - 8 years > 8 years None

Are you or anyone with an interest in this account either: (1) a senior military, governmental, or political official in a non-US country, or (2) closely associated with an immediate family member of such an official?

Yes No If yes, identify the name of the official, office held, and _____ country

BROKER DEALER AFFILIATIONS

Are you an employee of J. Streicher Capital, LLC? Yes No
 Are your related to an employee of J. Streicher Capital, LLC Yes No If yes, specify relationship to the employer

Are you an employee of another broker dealer? Yes No If yes, name of the broker dealer

Are you related to an employee of another broker dealer? Yes No If yes, specify relationship to the employee

Are you maintaining other brokerage accounts? Yes No If yes, specify financial institution

Are you a senior officer, director, or 10% or more shareholder of a public company? Yes No
If yes, specify company

<p>INSIDER STATUS</p> <p>You either [CHECK APPROPRIATE ITEM]: <input type="checkbox"/> ARE NOT an Insider of the Company. <input type="checkbox"/> ARE an “Insider” of the Company as defined in the Rules of the TSX Exchange.</p> <p>“Insider” includes: (a) a director or senior officer of the Company; (b) a director or senior officer of a person that is itself an insider or subsidiary of the Company; or (c) a person that beneficially owns or controls, directly or indirectly, common stock carrying more than 10% of the voting rights attached to all outstanding common stock of the Company</p>	<p>PRESENT OWNERSHIP OF SECURITIES</p> <p>You either [CHECK APPROPRIATE ITEM]: <input type="checkbox"/> DO NOT own or control directly or indirectly, or exercise control or direction over, any Common Stock or securities convertible into Common Stock; or <input type="checkbox"/> DO own directly or indirectly, or exercises control or direction over _____, shares of Common Stock and convertible securities entitling the Subscriber to acquire an additional _____ shares of Common Stock.</p>
<p><u>CORPORATE PLACEE REGISTRATION FORM</u></p> <p>If you are not an individual, you either [CHECK APPROPRIATE ITEM]: HAVE PREVIOUSLY FILED with the TSX Exchange a Form 4C, Corporate Placee Registration Form, and there has been no change to any of the information in the Form 4C previously filed; or HEREBY DELIVER to the Corporation a completed Form 4C in the form attached as Exhibit D for filing with the TSX Exchange.</p>	

SECURITY DEVICES INTERNATIONAL INC.

RISK FACTORS

Risks Relating to Our Business

Senior and Subordinate Secured Convertible Debentures

On December 7, 2016, the Company entered a Securities Purchase Agreement with several accredited investors to sell \$1,500,000 of 10% senior secured convertible notes (the "Secured Notes"), convertible into shares of the Company's Common Stock, in a private placement pursuant to Regulation D under the Securities Act. Concurrent with the sale of the Secured Notes, CAD\$1,364,000 of the Company's outstanding unsecured debentures (the "Unsecured Debentures"), were exchanged for an equal principal amount of the subordinated secured debentures and an additional CAD\$37,000 of subordinated secured debentures were issued in satisfaction of a portion of the accrued interest on the Unsecured Debentures. Both senior and subordinated secured debentures mature on June 6, 2019 unless converted or extended and are fully secured against the undertaking, property and assets of the Company including its patents. Inability to repay the secured debt on maturity, if the debt is neither converted nor extended, will result in the financial condition of the Company to be materially adversely affected and could result in investors losing all or part of their investment in this Offering.

Additional Financing

The Company does not have adequate revenue, cash flow or capital to fund all of its operational needs and may require additional financing to continue its operations if it is unable to generate substantial revenue growth or raise additional capital. There can be no assurance that such financing will be available at all or on favorable terms. Any additional financing could result in dilution to investors. In addition, the Company's failure to generate substantial revenue growth or borrow or raise additional capital would likely result in delay or indefinite postponement of the Company's deployment of its products, resulting in the possible loss to investors of part or all of their investment in the Company.

Uncertainty of Revenue or Revenue Growth

There can be no assurance that the Company can generate substantial revenue or revenue growth, or that any revenue growth that is achieved can be sustained. Even the limited revenue that the Company has achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

Dependence on Management and Key Personnel

The Company is dependent on certain members of its senior management. The loss of the services of one or more of them could adversely affect the Company. The Company's ability to maintain its competitive position is also dependent upon its ability to attract and retain highly qualified managerial, specialized technical, manufacturing, sales and marketing personnel. There can be no assurance that the Company will be able to continue to recruit and retain such personnel. The inability of the Company to recruit and retain such personnel would adversely affect the Company's operations and product development.

Dependence on Key Suppliers

The Company purchases certain key components of its products from a limited number of suppliers. Failure of a supplier to provide sufficient quantities on favorable terms or on a timely basis could result in possible lost sales.

Product Liability

The Company may be subject to proceedings or claims that may arise in the ordinary conduct of the business or otherwise, which could include product and service warranty claims, as well as damages claims, any or all of which could be substantial. If the Company's products fail to perform as warranted and it fails to quickly resolve product quality or performance issues in a timely manner, sales may be lost and the Company may be forced to pay damages. Any failure to meet customer requirements could materially affect the Company's business, results of operations and financial condition. In addition, the occurrence of product defects could result in claims or litigation for damages, the cost of which could be substantial. The inability of the Company to correct errors could additionally result in the delay or loss of market acceptance of its products, material warranty expense, diversion of technological and other resources from its product development efforts, and the loss of credibility with customers, manufacturer's representatives, distributors, value added resellers, systems integrators, original equipment manufacturers and end-users, any of which could have a material adverse effect on the Company's business, operating results and financial conditions.

The Company currently has general liability insurance that includes product liability coverage. There is no assurance this insurance policy will cover any or all potential claims, which may have a material adverse effect on the business or financial condition of the Company. A product recall could also have a material adverse effect on the business or financial condition of the Company.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards including industrial accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to equipment, personal injury or death, monetary losses and possible legal liability. Although the Company maintains liability insurance in amounts which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company may elect not to insure against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial position.

Adverse Effect of Possible Litigations

From time to time in the normal course of business or otherwise, the Company may become subject to litigation that may result in liability material to the Company's financial statements as a whole or may negatively affect its operating results if changes to business operation are required. The cost to defend such litigation may be significant and may require a diversion of the Company's resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of the Company's business, regardless of whether the allegations are valid or whether the Company is ultimately found liable. As a result, litigation may adversely affect the Company's business, financial condition and results of operations.

Strategic Alliances

The Company relies upon, and expects to rely upon, strategic alliances with original equipment manufacturers for the manufacturing and distribution of its products. There can be no assurance that such strategic alliances can be achieved or will achieve their goals.

Marketing and Distribution Capabilities

In order to commercialize its technology, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market any of its products, the Company must either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources which may be unavailable to the Company. In addition, developing or acquiring a sales force would divert the attention of its management and key personnel and defer could result in a delay of the Company's product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or enter into arrangements with third parties for those purposes, it will experience delays in product sales, reduced revenue and cash flow, if any, and increase costs and expenses. Failure to develop sales would in all likelihood adversely impact the Company's ability to continue operations and could result in a loss to investors of part or all of their investment.

Rapid Technological Development

The Company's business is the development, manufacture and sale of less-lethal ammunition. The markets for the Company's products and services in the ammunition industry are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success is dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products or that any new products and enhanced and improved existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over the Company's products or which render the products currently sold by the Company obsolete or less marketable. Regardless of the industry as a whole, the less lethal sector of ammunition moves somewhat slower in the adaptation and integration of new products.

The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Competition

The Company's industry is highly competitive and composed of many domestic and foreign companies. The Company has experienced and expects to continue to experience, substantial competition from numerous competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

Regulation

The Company is subject to numerous federal, provincial, state and local environmental, health and safety legislation and measures relating to the manufacture of ammunition. There can be no assurance that the Company will not experience difficulties with its efforts to comply with applicable regulations as they change in the future or that its continued compliance efforts (or failure to comply with applicable requirements) will not have a material adverse effect on the Company's results of operations, business, prospects and financial condition. The Company's continued compliance with present and changing future laws could restrict the Company's ability to modify or expand its facilities or continue production and could require the Company to acquire costly equipment or to incur other significant expense.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting the sale of the Company's products. This may affect the Company's ability to ship product in the future. The possibility that future governments may adopt substantially different policies, may also affect the Company's operations. Local governments in all countries the Company deals with issue end user certificates to purchase or receive live ammunition from the Company. It is the decision of these countries in the Middle East, the United States, Canada, Europe, Africa, and the Baltics whether or not they will take possession or purchase such munitions.

Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing processes. Although the Company considers certain of its product designs as well as manufacturing processes involving certain of its products to be proprietary, patents or copyrights do not protect all design and manufacturing processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

Infringement of Intellectual Property Rights

While the Company believes that its products and other intellectual property do not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Company not infringing intellectual property rights of others. A number of the Company's competitors and other third parties have been issued or may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those utilized by the Company. Some of these patents may grant very broad protection to the owners of the patents. The Company has not undertaken a review to determine whether any existing third party patents or the issuance of any third party patents would require the Company to alter its technology, obtain licenses or cease certain activities. The Company may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in its target markets, the overlap in functionality of those products and the prevalence of products. The Company may become subject to these claims either directly or through indemnities against these claims that it provides to end-users, manufacturer's representatives, distributors, value added resellers, system integrators and original equipment manufacturers.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Company's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Company and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company. Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, cause product shipment delays or stoppages, divert management's attention and focus away from the business, subject the Company to significant liabilities and equitable remedies, including injunctions, require the Company to enter into costly royalty or licensing agreements and require the Company to modify or stop using infringing technology.

The Company may be prohibited from developing or commercializing certain technologies and products unless it obtains a license from a third party. There can be no assurance that it will be able to obtain any such license on commercially favorable terms or at all. If it does not obtain such a license, it could be required to cease the sale of certain of its products.

Health and Safety

Health and safety issues related to the Company's products may arise that could lead to litigation or other action against the Company or to regulation of certain of its product components. The Company may be required to modify its technology and may not be able to do so. It may also be required to pay damages that may reduce its profitability and adversely affect its financial condition. Even if these concerns prove to be baseless, the resulting negative publicity could affect the Company's ability to market certain of its products and, in turn, could harm its business and results from operations.

Stress in the Global Financial System

Recent events have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, events seemingly unrelated to the Company, or to its industry, may adversely affect its finances or operations in ways that are hard to predict or defend against. For example, credit contraction in financial markets may hurt the Company's ability to access credit when it is needed or rapid changes in foreign exchange rates may adversely affect financial results. Finally, a reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that collectively constitute a significant portion of the Company's customer base. As a result, these customers may need to reduce their purchases of the Company's products, or there may be greater difficulty in receiving payment for the products that these customers purchase from the Company. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the business, operating results, and financial condition.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other companies in the same or related industries which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers.

Risks Related To the Offering and Our Securities

Reliance on Exemptions From Registration

The Offering is being made in reliance upon Section 4(a)(2) of the Securities Act and/or the provisions of Rule 506(b) of Regulation D promulgated thereunder, and the exemptions from registration provided by the laws of certain states in which the Offering is conducted. Reliance on these exemptions does not, however, constitute a representation or guarantee that such exemptions are, indeed, available. If for any reason the Offering is deemed not to qualify as exempt under Section 4(a)(2) or Rule 506(b) of Regulation D, and if no other exemption from registration or qualification is available, and the Offering is not registered or qualified with the applicable federal or state authorities, the offer and sale of the Units would be deemed to have been made in violation of the applicable laws requiring such registration or qualification. As a remedy, in the event of such violation, each investor purchasing the Units in the Offering would have the right to rescind his/her/its purchase of the Units and to have his/her/its purchase price returned. If an investor requests a return of his/her/its purchase price, funds might not be available for that purpose. In that event, liquidation of our company might be required. Any refunds made would reduce funds available for our operations. A significant number of requests for rescission would probably leave us without funds sufficient to respond to such requests or successfully to proceed with our activities.

Illiquid Investment

An investment in the Company requires a long-term commitment, with no certainty of return. Currently there is no liquid market for our Common Stock and we cannot guarantee that such liquid market for our Common Stock would develop in the near future. The lack of an active market may also reduce the fair market value of your Common Stock. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares. Moreover, we do not expect security analysts of brokerage firms to provide coverage of our company in the near future.

Limitation on Sale and Transfer

The Units are being offered and sold pursuant to one or more exemptions from the registration requirement of the Securities Act and without qualification or registration under the securities laws of various states. Consequently, the Units offered hereby may not be sold, transferred or hypothecated without registration under the Securities Act, and applicable state laws or without an exemption from such registration or qualification. The Units, including the Shares, the Warrants and Warrant Shares, will bear a legend restricting their transfer accordingly, and may bear certain legends required by state law where required.

General Venture Company Risks

The Units must be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the Units should only be considered by those persons who can afford a total loss of investment, and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in the Units.

Dividend Policy

The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. The future dividend policy of the Company will be determined by its directors.

Market Price of Common Stock

There can be no assurance that an active market for the Common Stock will be sustained. Securities of small and midcap 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. The price per share of Common Stock is also likely to be affected by change in the Company's financial condition or results of operations as reflected in its quarterly filings. Other factors unrelated to the performance of the Company that may have an effect on the price of Common Stock include the following: the extent of analytical coverage available to subscribers concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect a subscriber's ability to trade significant numbers of shares of Common Stock, the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; a substantial decline in the price of the Common Stock that persists for a significant period of time could cause the Company's securities to be delisted from the exchange, further reducing market liquidity. If an active market for the Common Stock does not continue, the liquidity of a subscriber's investment may be limited and the price of the Common Stock may decline. If such a market does not develop, subscribers may lose their entire investment in the Units.

Management's Broad Discretion in the Use of Proceeds

Management of the Company will have broad discretion in allocating the net proceeds of the Offering, which creates uncertainty for shareholders and could adversely affect the Company's business, prospects, financial condition and results of operations.

No Investor Counsel Retained to Represent the Subscribers

Counsel has not been retained to represent the Subscribers of the Units. Prospective Subscribers of the Units are urged to consult with their own legal counsel, and retain their services as deemed necessary.

Arbitrary Basis of the Offering Price of the Units

The offering price of the Units and the exercise price of the Warrants were determined by us on an arbitrary basis and bear no relationship to earnings, asset values, book value or any other recognized criteria of value. The offering price of the Units and the exercise price of the Warrants should not be viewed as an indication of the value of those securities.

No Escrow

All funds from investors will be delivered directly to the Company, without provision for escrow.

No Minimum Proceeds Required

There is no minimum number of Units that must be sold to close this Offering. If only limited proceeds are raised in the Offering, they may not be enough for the Company to operate and investors could lose their entire investment.

Side Letter Agreement with Certain Subscribers

The Company has agreed to enter into a Side Letter Agreement with two institutional subscribers in this Offering (collectively, "Institutional Subscribers"). Pursuant to the Side Letter Agreement, within the two-year period following the final closing of this Offering the Company shall not conduct any future offerings of its securities at a price lower than USD\$0.106 per share without the prior written consent of the Institutional Subscribers as long as each Institutional Subscriber continues to hold more than 75% of the securities it acquired in this Offering during such two-year period. The terms contained in the Side Letter Agreement are not included in the Subscription Agreement entered into by other Subscribers.

Placement Agent Cannot Guarantee the Completeness and Accuracy of Information in the Reports Filed by the Company

Each Subscriber in this Offering has been provided with the website link to the reports (the "Company Reports") the Company filed with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All of the filings made by the Company in the past 24 months are incorporated by reference in this Agreement. The Company Reports were prepared and filed by the Company without the assistance of the Agent. The Agent has not confirmed that the information contained in the Company Reports is accurate, complete or correct. Each Subscriber is urged to conduct its own due diligence on the accuracy and completeness of the information in the Company Reports and herein before making an investment in this Offering.

Exhibit C
Registration Rights Agreement
(see attached)

C-1



FORM 4C
CORPORATE PLACEE REGISTRATION FORM

This Form will remain on file with the Exchange and must be completed if required under section 4(b) of Part II of Form 4B. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) or, if applicable, Declarations, with the Exchange.

1. Placee Information:
 - (a) Name: _____
 - (b) Complete Address: _____
 - (c) Jurisdiction of Incorporation or Creation: _____
2.
 - (a) Is the Placee purchasing securities as a portfolio manager: (Yes/No)? _____
 - (b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? _____
3. If the answer to 2(b) above was "Yes", the undersigned certifies that:
 - (a) it is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;
 - (b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;
 - (c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

- (d) the total asset value of the investment portfolios it manages on behalf of clients is not less than \$20,000,000; and
- (e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

4. If the answer to 2(a). above was “No”, please provide the names and addresses of Control Persons of the Placee:

Name *	City	Province or State	Country

* If the Control Person is not an individual, provide the name of the individual that makes the investment decisions on behalf of the Control Person.

5. Acknowledgement - Personal Information and Securities Laws

- (a) “Personal Information” means any information about an identifiable individual, and includes information contained in sections 1, 2 and 4, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (i) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Form; and
 - (ii) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.
- (b) The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions.

Dated and certified (if applicable), acknowledged and agreed, at _____ on _____

(Name of Purchaser - please print)

(Authorized Signature)

(Official Capacity - please print)

(Please print name of individual whose signature appears above)

THIS IS NOT A PUBLIC DOCUMENT

LICENSE AND SUPPLY AGREEMENT

This License and Supply Agreement (hereinafter "Agreement") is entered into effective as of this 1st day of May, 2017 (the "Effective Date") by and between **Safariland, LLC** ("Buyer"), a limited liability company organized under the laws of Delaware with offices at 13386 International Parkway, Jacksonville, FL 32218; and **Security Devices International Inc.** ("Supplier"), a Delaware corporation with its principal place of business at 9325 Puckett Road, Perry, FL 32348. (For convenience, Buyer and Supplier are sometimes collectively referred to in this Agreement as the "Parties," and each individually as, a "Party.")

RECITALS

WHEREAS, Supplier desires to license its collapsible head technology ("SDI Technology") as part of an agreement to supply to Buyer certain parts, components and full-assembled bodies for less-lethal blunt impact projectiles ("BIP Standard"); and

WHEREAS, Buyer desires to license SDI technology as part of an agreement to purchase BIP Standard payloads for integration with and production of certain Safariland less-lethal impact munitions branded as Defense Technology, including, but not limited to, OC, CS, ML (Marking Liquid), MP (Marking Powder), MO (Mal-Odorant), DNA Marking and Glass Break rounds ("DTC BIP Munitions"); and

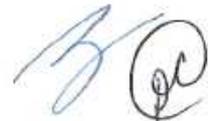
WHEREAS, Supplier believes that granting such a license to Buyer as part of an agreement to sell certain parts, components and full assembled bodies will allow its products and technology to increase its sales and reach more customers in a more efficient and faster manner than it would otherwise be able to achieve on its own;

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the Parties hereto agree as follows:

1. DEFINITIONS

As used herein, the following terms shall have the following respective meanings:

- 1.1. "DTC BIP Munitions" means end-products manufactured, sold and distributed by Buyer produced using or incorporating Products and SDI Technology.
- 1.2. "Products" means those less-lethal blunt impact projectiles known as SDI BIP Standard, which Supplier will sell to Buyer as "body only" without the casing, O-ring or charge, as listed in Exhibit A.
- 1.3. "SDI Patent(s)" means the U.S. Patents, U.S. Patent Applications, and foreign patents and patent applications listed in Exhibit B, which would include but not be limited to any improvements and/or modifications thereon made by SDI no matter the timing thereof. "Patents" also includes any patent applications that are filed after the Effective Date that relate to Products.
- 1.4. "SDI Technology" means certain proprietary rights to collapsible head technology listed in Exhibit B, including the SDI Patents.



1.5. "Territory" means North America.

2. SCOPE OF AGREEMENT

- 2.1 General. This Agreement specifies the terms and conditions under which Supplier will sell to Buyer the Products (as listed in Exhibit A) and licenses the SDI Technology (as detailed in Exhibit A) for Buyer to manufacture, sell and distribute certain DTC BIP Munitions.
- 2.2 Products. Subject to the terms and conditions of this Agreement, Supplier agrees to supply Products (as listed in Exhibit A) to Buyer. In supply of these Products, Supplier will modify the length of the body of the projectiles so that Products will fit into Buyer's aluminum bases.
- 2.3 Product Enhancements. In the event that Supplier enhances the Products in any way, Supplier shall notify Buyer of the enhancement and shall offer to Buyer such new or enhanced Products for purchase at prices as negotiated in good faith and mutually agreed by the Parties.
- 2.4 Exclusivity. During the Term of this Agreement, Supplier agrees that Buyer shall have the exclusive right to Products in the Territory, and that Supplier will not supply BIP Standard products or payload bodies to any third party for sale in the Territory nor license SDI Technology to any third party for manufacture, sale or distribution of BIP Standard and/or payload rounds in the Territory.
- 2.5 Manufacture. Buyer agrees that its manufacture of DTC BIP Munitions incorporating the Products or SDI Technology will be performed in the United States only.
- 2.6 No Alteration. Unless agreed by Supplier in writing, Buyer agrees that it will not alter any Products supplied by Supplier, except as required for the manufacture of DTC BIP Munitions.
- 2.7 No Reverse Engineering. Supplier agrees that it will not reverse engineer, reverse compile or otherwise attempt to derive methods or designs in which DTC BIP Munitions are created, or engage or allow a third party to do so, including Buyer's aluminum casing. Buyer agrees that it will not reverse engineer, reverse compile or otherwise attempt to derive methods or designs in which the Products supplied by Supplier are created, or engage or allow a third party to do so.
- 2.8 Specifications. In the event that Buyer modifies or changes the performance specifications (e.g., velocity, engagement distance, etc.) for DTC BIP Munitions, Supplier agrees that it will not modify or change its BIP Standard product specifications to equal or exceed Buyer's specifications. Notwithstanding the forgoing, Supplier may improve its products and these improvements relate generally to accuracy and minimum standoff distances and, as such, this section does not preclude Supplier from continuing this



research and development work or from implementing improvements to the rounds that result from this work.

3. LICENSE GRANT

- 3.1. License. Supplier hereby grants to Buyer, and Buyer hereby accepts, a limited, exclusive, paid-up royalty, worldwide license to utilize SDI Technology for the manufacture, production, marketing, sale and distribution of the DTC BIP Munitions (the "License") using parts, components and Products supplied by the Supplier.
- 3.2. Patent Maintenance. Supplier shall prosecute, at its sole expense, and pay all maintenance fees required to maintain the SDI Patents in force during the Term. Supplier shall prosecute and/or maintain the SDI Patents in the US Patent and Trademark Office either as a pending patent application or as an issued patent, and shall be responsible for all costs incurred. If Supplier during the License Term chooses not to prosecute or maintain the Patent either as a pending patent application or as an issued patent, Supplier shall give timely notice to Buyer to enable Buyer to assume prosecution or maintenance of the Patent without lapse at Buyer's expense in which case the Patent will be assigned to Buyer.
- 3.3. Cooperation in Infringement Actions or Actions Before the Patent and Trademark Office. In the event either Party becomes aware of infringing activity, it shall notify the other Party in writing. If any suit is to be commenced, Supplier and Buyer will endeavor to reach mutual agreement as to how best to: (i) prosecute, manage, and fund such suit, and (ii) allocate equitably any net recovery resulting from such suit. Buyer shall have the first right to institute suit, but is not obliged to pursue in its name and at its expense any legal actions to enjoin or to seek damages for infringement of the Patent. If Buyer decides to institute suit, it will notify Supplier in writing; and Buyer shall confer with Supplier and give due consideration to Supplier's input concerning any such suit. Supplier shall cooperate with Buyer in all such legal actions. Such cooperation shall include without limitation the naming of Supplier as a party in interest and the submission of affidavits and testimony (subject to Supplier's having reasonable input on all counsel selected to represent Supplier's interests). Buyer shall bear, and indemnify Supplier for all out of pocket (at cost) costs and liabilities in such legal action commenced by Buyer related to (a) any cooperation requested by Buyer in all such legal actions, (b) Supplier being named a party plaintiff in such suit (in which case Buyer shall pay reasonable attorney fees and costs for counsel to represent Supplier, such counsel to be designated by Buyer and reasonably acceptable to Supplier), and (c) submission of affidavits and testimony. In the event Buyer refuses to take action within sixty (60) days of its receipt of actual notice of the existence of such infringing activity, or sooner if the failure to take timely action shall prejudice the substantive rights of Supplier, Supplier shall be authorized, but in no way obligated, to take such action. Absent a mutual agreement to the contrary, any recovery of damages in any action shall be retained by the Party financing the litigation, and in the event the Parties jointly finance such litigation, any recovery of damages in excess of the actual



costs and expenses of such action shall be split equally, provided, however, that any damages assessed as lost profits of Buyer shall be paid to Buyer after recoupment of the actual costs and expenses of such legal action, if the Buyer was the initiating or responding Party to any such claim.

- 3.4. Improvements. "Improvement" means any and all new and useful process, manufacture, device, composition of matter or method of use first conceived, reduced to practice or developed after the Effective Date and during the Term of this Agreement which (a) improve or increase the performance, efficacy or safety of Products, (b) reduce the cost of manufacture of Products, or (c) otherwise relate to the manufacture or use of Products.
- a. In the event of any Improvements made to Products by Supplier, Supplier shall own all right, title and interest in and to such improvements, and if a patent application is filed thereon, within the SDI Patents. However, in accordance with the terms of this Agreement, Buyer shall be granted License thereof to such Improvement(s) as per Section 3.1.
 - b. In the event of any Improvements made to Products by Buyer, Buyer shall own all right, title and interest in and to such Improvements, and to any patent application filed thereon. However, Buyer will grant a license thereto upon terms and conditions as agreed upon by the Parties.
 - c. In the event of any Improvements made jointly by Supplier and Buyer, both Parties shall own the rights to such Improvements jointly, provided, however, that Buyer shall have the limited, exclusive License rights to the Improvement(s).
- 3.5. Right of First Refusal. In the event that Supplier becomes insolvent or otherwise decides to sell or assign the SDI Technology or SDI Patents, Buyer shall have a right of first refusal to purchase all right, title and interest in and to the SDI Technology or SDI Patents upon terms and conditions as mutually agreed by the Parties. Supplier shall not offer the SDI Technology or SDI Patents to any third party without Buyer's prior written consent or without offering Buyer a right of first refusal in the manner set forth herein. In the event that Buyer may be offered the right to acquire the SDI Technology or SDI Patents, Buyer shall have sixty (60) days from its receipt of such offer to consider the offer, after which the Parties shall have an additional thirty (30) days (extendible upon mutual written consent) to negotiate the terms of Buyer's acceptance of such offer. During the pendency of this right of first refusal, Supplier shall neither disclose nor offer the SDI Technology or SDI Patents to any unrelated third party. Such purchase by Buyer will result in termination of this Agreement (except for those provisions intended to survive) and any outstanding obligations of the Parties at that time will be treated in accordance with the other provisions of this Agreement. If Buyer decides not to purchase the SDI Technology or SDI Patents, Supplier is free to assign the SDI Technology or SDI Patents to a third party on terms no more favorable to the third party than the terms that were offered to Buyer. All



assignments of the SDI Technology or SDI Patents shall be made subject to the terms of this Agreement.

4. TERM AND TERMINATION

- 4.1. Term of Agreement. This Agreement will commence as of the Effective Date and continue for a period of four years (the "Term"), unless terminated earlier pursuant to the terms of this Agreement. This Agreement shall renew automatically for one year periods unless Buyer provides written notice of non-renewal at least ninety (90) days prior to the expiration of the Term, provided that Buyer is not in material breach of this Agreement at such time; provided, however, Buyer and Supplier agree to negotiate in good faith a reasonable minimum annual quantity (the "Minimum Annual Quantity") for such renewal term. Any renewal term shall be identified as the "Term".
- 4.2. Minimum Annual Quantity. Prior to the beginning of year four (4), and for each subsequent renewal year of this Agreement, the Parties will negotiate in a good faith a reasonable "Minimum Annual Quantity" to be purchased by Buyer over the following renewal term.
- 4.3. Termination of Agreement. The Agreement may be terminated (a) by operation of law; (b) under the Termination section of the Agreement; or (c) without cause by Buyer upon ninety (90) days prior written notice of termination to Supplier. In the event of the expiration or earlier termination of this Agreement, each Party shall promptly and at its own expense deliver to the other Party all Confidential Information of the other Party in its possession.
- 4.4. Right to Immediate Termination. Either Party shall have the right to immediately terminate this Agreement by giving written notice to the other Party in the event that:
- a. a material breach of any of the terms and conditions of this Agreement has been discovered;
 - b. fraud or misrepresentation with respect to entering into and/or the performance of this Agreement by either Party;
 - c. either Party files a petition for bankruptcy or is adjudicated bankrupt or insolvent, or makes an assignment for the benefit of creditors, or an arrangement pursuant to any bankruptcy law, or if either Party discontinues its business or a receiver is appointed for the either Party; or,
 - d. circumstances constituting reason to believe that a Party has engaged in illegal conduct or unethical business practices in connection with performance of this Agreement.



- 4.5. Cure for Breach. In the event of termination for breach of a material provision of this Agreement, the breaching Party shall have sixty (60) day period, or such other period as mutually agreed by the Parties in writing, to cure such breach.
- 4.6. Post Termination Rights. Upon the expiration or termination of this Agreement, Buyer shall have the license right to manufacture and sell through its inventory of DTC BIP Munitions incorporating Products. Notwithstanding the termination, Supplier also agrees that all orders issued prior to the expiration or termination of this Agreement will be fulfilled pursuant to the terms of this Agreement, even if the delivery dates are after expiration or termination, and Buyer shall have the right to utilize the license granted under this Agreement and incorporate Products for production and sale of DTC BIP Munitions. Upon termination of this Agreement for Supplier's breach, Buyer may, at its sole option, cancel any outstanding order for Products.

5. TERMS OF SALE

- 5.1. Prices. Supplier's prices for the Products are listed in Exhibit A for any purchase order of Products, payable in U.S. currency (the "Prices"). Beginning the first anniversary of this Agreement, and thereafter for each such annual anniversary, Supplier may increase the Prices once per year at each such annual anniversary by an amount not to exceed 3.75% of the immediate prior year's Prices.
- 5.2. Volume Discounts. Buyer shall be eligible for certain discounts from Prices for orders that are sufficiently large as to allow SDI to purchase equipment to automate the assembly process. The volume discounts are set forth on Exhibit A and shall be based on firm annual commitments.
- 5.3. Orders. Products may be ordered by Buyer from time to time in the form of a written purchase order signed by an authorized Buyer representative. Buyer shall have no obligation to purchase any Products other than those Products ordered by Buyer pursuant to a written purchase order signed by an authorized Buyer representative. Supplier shall have no obligation to supply Buyer any Products other than those Products ordered pursuant to Buyer's written and signed purchase order accepted by the Supplier. Except as otherwise provided for under this Agreement, all sales are final.
- 5.4. Not for Re-Sale. Buyer agrees that it will not resell the Products supplied by Supplier to any third party.
- 5.5. Delivery. Any delivery dates shall be as set forth in Buyer's purchase order or such other written sales order confirmed by Supplier. Supplier shall deliver Products on or before the delivery dates, provided that the Parties may agree to a revised delivery date upon written confirmation.



- 5.6. INCOTERMS. Delivery of Products shall be EX-WORKS (Supplier's Dock – Micron Products Inc., 25 Sawyer Passway, Fitchburg MA) in accordance with Incoterms 2010; provided that the Parties may upon mutual agreement specify alternative freight terms for any given Purchase Order. Each shipment will be packaged by Supplier and accompanied by packing slip detailing the unit count and/or weight.
- 5.7. Competent Authority. Supplier shall also provide Buyer with an approved Competent Authority Classification of Explosives (EX-number) with proper shipping and packaging instructions from the U.S. Department of Transportation for use in the transportation of the DTC DIB Munitions finished product.
- 5.8. Title and Risk of Loss. Title to, liability and risk of loss for all Products sold hereunder shall pass to Buyer in accordance with the specified INCOTERMS applicable to the delivery.
- 5.9. Payment Terms. The Parties agree that Buyer will pay a 50% deposit with all purchase orders. The balance shall be due and payable by Buyer in full within thirty (30) days of the date of Supplier's invoice. All payments shall be made in U.S. dollars via electronic funds transfer or by check.
- 5.10. Force Majeure. Supplier shall not be liable for failure to perform any of their obligations hereunder when such failure is caused by or resulting from:
- a. strike, blacklisting, boycott or sanctions however incurred; or
 - b. an Act of God, public enemies, authority of law (including the withdrawal of any government authorization required by either of the parties to carry out the terms of this Agreement), embargo, quarantine, riot, insurrection, a declared or undeclared war, state of war or belligerency or hazard or danger incident thereto.

6. PRODUCT WARRANTY; QUALITY

- 6.1. Product Warranty. Supplier represents and warrants that, for a period of five (5) years from the date of delivery and acceptance by the end-user purchaser, all Products delivered by Supplier shall be (i) free from defects in material and workmanship; (ii) new condition of good and merchantable quality; and, (iii) meet and conform to the Product's design specifications as specified in Supplier's SDI Technology. All warranties specified above shall survive termination of this Agreement.
- 6.2. Quality. Supplier agrees to maintain a quality system that meets and is certified in accordance with ISO 9001:2008 for production of all Products.
- 6.3. Inspection. Supplier agrees that acceptance of delivery of Products shall be subject to inspection of the Products by the Buyer or any authorized third party to determine whether any item or items included in the shipment are in short supply, defective or damaged.



- 6.4. Defects. Buyer shall notify Supplier of any damages, defects and shortages detected in the Products or of any Product that does not conform to the foregoing Supplier's warranty in Section 6.1 or otherwise is non-conforming (any of which, collectively or individually, will be referred to as "Defective"), and Supplier shall, within ten (10) days after the receipt of such notice, investigate the claim of shortages, defects or damage, and inform Buyer of its findings.
- 6.5. Replacement of Defective Products. Supplier shall replace such Defective Products. For any return of Defective Products that is not replaced, Supplier will issue a refund to Buyer for the purchase price of the Defective Products upon the return of the Defective Products to the Supplier's factory and reimburse Buyer for all reasonable costs and expenses associated with the recall, return and/or replacement of Defective Product, all shipping charges associated with the recall and the purchase price of the Defective Products to cover administrative costs related to the recall.
- 6.6. Storage. Buyer agrees to store Products in a safe and commercially reasonable manner, as to not void the Products Warranty.

7. PRODUCT PACKAGING; LABELING; TRADEMARKS; SALES

- 7.1. Product Packaging. Supplier shall be responsible for packaging the Product in accordance with applicable laws, regulations and commercially acceptable standards, but in no case less than the requirements as set forth by Buyer.
- 7.2. Product Labeling. All product identifying marking are on the Products casing, and as such the Buyer shall be responsible for labeling all DTC BIP Munitions.
- 7.3. Sales Initiatives. Buyer and Supplier will meet or confer on sales and marketing initiatives for DTC BIP Munitions products, including the following:
- Create a Defense Technology-branded (or, other Buyer Trademark) specification sheet for DTC BIP Munitions;
 - Create a sell sheets for DTC BIP Munitions;
 - Feature DTC BIP Munitions products on Buyer's website;
 - Market or advertise DTC BIP Munitions as covered by SDI Technology;
 - Perform demonstrations or training of DTC BIP Munitions; and,
 - Display DTC BIP Munitions at trade shows attended by Buyer.

8. REPRESENTATIONS, WARRANTIES AND COVENANTS

- 8.1. Supplier represents, warrants and covenants that:
- a. it has good title, free and clear of all liens, encumbrances, restrictions, and other claims against title or ownership, to the SDI Technology licensed to Buyer; and,



- b. it has good title, free and clear of all liens, encumbrances, restrictions, and other claims against title or ownership, to the Products supplied to the Buyer; and,
 - c. the SDI Technology and Products do not, and will not, infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country and is free and clear of all liens, licenses, claims, and encumbrances; and,
 - d. it has the right and power to grant the licenses granted herein and that there are no other agreements with any other party in conflict herewith; and,
 - e. there is no product liability complaint or infringement claim pending or threatened relating to Products or SDI Technology.
- 8.2. Independent Contractors. Neither Party shall enter into or have authority to enter into any contracts, agreements or engagements or make any representation or warranty or incur any liabilities on behalf of the other or pledge the credit of or otherwise bind or obligate the other Party hereto.
- 8.3. Fair Dealing. Parties shall, at all times during the Terms of this Agreement, conduct its respective businesses in a manner that will not reflect negatively on the Parties or its products and will not engage in any deceptive, misleading, illegal or unethical business practice. In performing its obligations hereunder, the Parties agree not to make any representations or give any warranties or guarantees to any person with respect to the Products, other than those representations, warranties or guarantees set forth in this Agreement.
- 8.4. Compliance with Laws. Supplier represents and warrants that it shall comply with all applicable laws, including Truth in Advertising. Supplier certifies and represents that it has not made or solicited and will not make or solicit any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any governmental official or any political party, party official or candidate, either directly or through an intermediary, corruptly for the purpose of influencing any official act, omission, or exercise of influence by the recipient, to assist such party in obtaining or retaining business.
- 9. EXPORT CONTROL LAWS**
- 9.1. Each Party shall: (i) comply with all applicable export laws and regulations; (ii) cooperate with the other party in connection with any export compliance activities; and (iii) indemnify and hold harmless the other Party for any actual or alleged violation of applicable export laws and regulations.



10. CONFIDENTIAL INFORMATION

- 10.1. Definition. The term "Confidential Information" as used in this Agreement means secret, confidential or proprietary information of either Party, including without limitation, lists of buyer(s), customers, business methods, and products and supplies. The term "Confidential Information" does not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right of the disclosing party. The term "Confidential Information" does not include information which is known to the receiving party prior to its disclosure to the receiving party, as evidenced by the receiving party's written records, or which is independently developed without using the confidential information.
- 10.2. Ownership. Ownership of all trade secrets of receiving party and the Confidential Information furnished or disclosed by disclosing party and shall remain the property of the same. Any reproductions, notes, specifications, manuals, summaries or similar documents relating to the trade secrets and Confidential Information shall become and remain the property of disclosing party immediately upon creation.
- 10.3. Nondisclosure. The receiving party agrees that it will not, during or after the term of this Agreement for so long as any such information remains trade secrets, use or permit the duplication or disclosure of any trade secrets (other than to an employee of receiving party who must have such information for the sole purpose of supplying the Products contemplated under this Agreement), unless such use, duplication, or disclosure is specifically authorized in advance and in writing by the disclosing party. The receiving party agrees that it will not, for a period commencing with the date of this Agreement and for so long thereafter, up to a maximum of three (3) years after termination of this Agreement, as any such information remains competitively sensitive, use or permit the duplication or disclosure of any Confidential Information of disclosing party to any person (other than to an employee of receiving party who must have such information for the sole purpose of supplying the Products, SDI Technology and SDI Patents contemplated under this Agreement), unless such use, duplication, or disclosure is specifically authorized in advance and in writing by the disclosing party.
- 10.4. Test Results. The Parties agree that they will share with one another any test results that relate to Products only to the extent that such tests are for the purposes of human effects testing or to determine the accuracy and effectiveness of the rounds. For avoidance of doubt, test data will not include purely internal testing as the exchange of test results shall cover only testing that is used as a basis for any publicly released information. The test results will be shared by the parties for internal purposes only and will not be disseminated to the public or any non-affiliated third party.



11. INDEMNIFICATION; INSURANCE

- 11.1. Indemnification of Supplier. Supplier shall indemnify and hold harmless Buyer from and against any and all liabilities, damages, claims, deficiencies, costs and expenses, including, without limitation, reasonable fees and disbursements of counsel (collectively, a "Loss") with respect to or arising out of: (a) breach or violation by Supplier of any of his material representations, warranties, covenants or agreements contained in this Agreement; (b) any negligent act or omission of Supplier, or its officers, employees or agents, in the supply of Products; and (c) any claim of infringement of third-party intellectual property rights.
- 11.2. Indemnification of Buyer. Buyer shall indemnify and hold harmless Supplier from and against any and all liabilities, damages, claims, deficiencies, costs and expenses, including, without limitation, reasonable fees and disbursements of counsel (collectively, a "Loss") with respect to or arising out of: (a) breach or violation by Buyer of any of his material representations, warranties, covenants or agreements contained in this Agreement; (b) any negligent act or omission of Buyer, or its officers, employees or agents, in the manufacture or sale of DTC BIP Munitions; and (c) any third-party claim resulting from misrepresentations made by the Buyer as to the safety, efficacy, accuracy or any other performance metric of the DTC BIP Munitions.
- 11.3. Insurance. Supplier shall, throughout the Term of the Agreement, obtain and maintain at its own cost and expense from a reputable and qualified insurance company licensed to do business in the United States, comprehensive Commercial General Liability (including Product Liability insurance) with limits of no less than \$5,000,000.00, combined single limit bodily injury and property damage, per occurrence and in the aggregate. Such policy shall provide protection in accordance with the terms of the insurance policy provided to the Buyer by the Supplier. Further, Supplier shall provide Buyer with 30 days prior notice of cancellation of any of the insurance required under this section.

12. NOTICES

- 12.1. All notices, certificates, acknowledgments and other reports shall be in writing and shall be properly delivered when duly mailed, e-mailed or faxed to the address set forth below.

If as to Supplier:

Security Devices International, Inc.
107 Audubon Rd., Suite 201
Wakefield, MA 01880
Attn: Bryan Ganz, President



and, as to Buyer:

Safariland, LLC
1855 South Loop
Casper, WY 82601
Attn: Dave DuBay, Vice President, Less Lethal

with a copy to:

Safariland, LLC
13386 International Parkway
Jacksonville, FL 32218
Attn: Julio Salvador, Vice President, Legal

13. MISCELLANEOUS

- 13.1. Publicity. The Parties agree to jointly author a press release or other public announcement concerning this Agreement as mutually agreeable to both Parties. Without limitation, no press release or public announcement will be made without the mutual written consent of both Parties. Also, the Parties agree to not publicize or disclose the existence or terms of this Agreement to any third party without the prior written consent of the other except as required by law.
- 13.2. Governing Law and Venue. This Agreement shall be governed, construed and interpreted in accordance with the laws of the state of New York, without giving effect to the conflicts of laws provisions thereof, and shall be subject to the exclusive jurisdiction of the federal or state courts located in New York County, New York.
- 13.3. No Joint Venture. Nothing contained herein shall constitute this arrangement to be employment, a joint venture or a partnership.
- 13.4. Third-Party Beneficiaries. Nothing in this Agreement shall confer any benefit on any person who is not a party to this Agreement.
- 13.5. Assignment. This Agreement may not be assigned by either Party without the prior written agreement of the other Party, which shall not be unreasonably withheld, conditioned, or delayed.
- 13.6. Entire Agreement. This Agreement, together with the attachments specifically referenced in this Agreement and properly executed pursuant to the terms of this Agreement,

Handwritten signature and initials in blue ink, consisting of a stylized 'J' and 'S' followed by a circled 'DS'.

constitutes the entire agreement between the Parties with respect to the matters contained herein and supersedes all prior oral or written representations or agreements.

- 13.7. Agreement Binding on Successors. The provisions of this Agreement shall be binding on and shall inure to the benefit of the parties hereto, and their heirs, administrators and successors.
- 13.8. Severability. If any article, provision, or term of this Agreement becomes or is deemed invalid or unenforceable under any statute, regulation, ordinance, executive order, or other rule of law, such article, provision, or term shall be deemed reformed or deleted, but only to the extent necessary to comply with any statute, regulation, ordinance, executive order, or other rule of law, and all other articles, provisions, and terms of this Agreement shall remain in full force and effect.
- 13.9. Waiver. No waiver by either Party of any default shall be deemed as a waiver of prior or subsequent default of the same or other provisions of this Agreement.
- 13.10. Amendment. This Agreement can be modified or amended only by the written agreement of the Parties.

[signature page follows]

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EXHIBIT B

SDI Technology

1. Technical Data Package

- Competent Authority
- Technical Drawings
- Packaging
- Instructions

2. Patents

Name	Description	Application No.; Filing Date; Patent No.	Abstract
Non-Lethal Projectile	Issued Patent	12/952,335; November 23, 2010; 8,061,276	A projectile is provided for use in a non-lethal weapon system. The projectile includes a first body with a longitudinal axis. The projectile having kinetic energy is launched substantially along the longitudinal axis in the direction of a target. The projectile preferably includes a second body with the same longitudinal axis and a hollow. A portion of the first body fits marginally within the hollow. The elastic mechanism includes an elastic deformation of the first body and/or second body while the first body is forced into the hollow during the impact.
Payload Carrying Arrangement for a Non-Lethal Projectile	Pending Application	15/209,428; July 13, 2016	A payload dispersion system for a non-lethal projectile including a resilient layer and a marker packet having a hollow body including a lower surface, at least a partial opening centrally disposed, an upper surface, a volume formed by the lower surface, the at least a partial opening and the upper surface and a payload contained within the volume. The upper surface of the marker packet includes a wall and at least one weakened portion within the wall. The lower surface of the marker packet contacts an upper surface of the resilient layer.



3. Trademarks

- BIP™

Reference - U.S. Trademark Application Serial No. 87427037 filed by Security Devices International Inc.

4. Marketing

Safariland may market the Products as "with SDI Technology" or other reference to license from Security Devices International, Inc.

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**CERTIFICATION
OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a)/15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Dean Thrasher, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Security Devices International, Inc. (the "registrant") for the year ended November 30, 2017;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2018

/s/ Dean Thrasher

Dean Thrasher,
Principal Executive Officer
Security Devices International, Inc.

**CERTIFICATION
OF CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a)/15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Rakesh Malhotra, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Security Devices International, Inc. (the “registrant”) for the year ended November 30, 2017;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2018

/s/ Rakesh Malhotra
Rakesh Malhotra
Chief Financial Officer
Security Devices International, Inc.

**CERTIFICATION
PURSUANT TO 18 U.S.C SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Security Devices International Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended November 30, 2017, as amended by Amendment No. 1 to Form 10-K filed on March 28, 2018 (the "Form 10-K") of the Company fully complies with the requirement of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2018

/s/ Dean Thrasher

Dean Thrasher,
Principal Executive Officer
Security Devices International Inc.

Dated: March 28, 2018

/s/ Rakesh Malhotra

Rakesh Malhotra
Chief Financial Officer
Security Devices International Inc.

A signed original of this written statement required by Section 906 has been provided to Security Devices International Inc. and will be retained by Security Devices International Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
