

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **January 8, 2020 (December 19, 2019)**

SECURITY DEVICES INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

333-132456
(Commission
File Number)

71-1050654
(IRS Employer
Identification No.)

107 Audubon Road, Suite 201 Wakefield, MA
(Address of principal executive offices)

01880
(Zip Code)

Registrant's telephone number, including area code **(978) 868-5011**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	SDEV	OTC QB
Common Stock, par value \$0.001 per share	SDZ.CN	Canadian Securities Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On April 13, 2018, Security Devices International Inc. (the “Company”) entered into a Purchase and Sale Agreement (the “Agreement”) with André Buys (“Buy”) pursuant to which the Company purchased certain intellectual property from Buys for consideration to consist of a first payment of cash at the closing and a second payment of \$500,000 cash or \$750,000 in Company stock (the “Second Payment”), and engaged him as its Chief Technology Officer (“CTO”). On December 19, 2019 the Company and Buys entered into an Amendment (the “Amendment”) to the Agreement which provided, among other things, that in lieu of the Second Payment the Company would issue to Buys (and/or his designees) shares of restricted common stock of the Company valued at \$630,000 as soon after the effective date of the Amendment as it is approved by the Company’s board of directors and can be effected. The Company also agreed to make a cash payment of \$80,000 to Mr. Buys no later than April 13, 2020. Under the Amendment the number of shares to be issued was to be calculated based on the average closing price of the Company’s stock for the 20 days before the Amendment was signed and approved by the Board, both of which occurred on December 19, 2019. The Amendment also terminates Mr. Buys’ security interest in and reversionary rights to the intellectual property covered by the Agreement, modifies certain terms of the Agreement relating to royalties, raises Mr. Buys’ compensation as CTO to \$12,500 per month and provides that, upon Mr. Buy’s relocation to Boston, he will become a full-time employee of the Company and earn a salary of \$14,000 per month plus certain benefits. Under the Amendment, the Company is prohibited from terminating Mr. Buys without cause prior to April 13, 2021. The foregoing summary of the Agreement and the Amendment is qualified in its entirety by reference to the Agreement and the Amendment, which are filed herewith as Exhibits 10.1 and 10.2 respectively.

Item 3.02 Unregistered Sales of Equity Securities.

On December 31, 2019 the Company granted the following incentive stock options to its directors for their service on the Company’s board of directors as follows:

- To Donald Levantin, 200,000 options for board service from January to June 2019 and 162,500 options for board service from July to December 2019;
- To Karen Bowling, 125,000 options for board service from January to June 2019 and 162,500 options for board service from July to December 2019;
- To Herbert Hughes, 175,000 options for board service from July to December 2019;
- To each of Beatrice Mitchell and Bill Richards, 162,500 options for board service from July to December 2019; and
- To Paul Jensen, 87,500 options for board service from July to December 2019.

The options vested upon issuance and have an expiry term of five years. The exercise price of each of these stock options is \$0.19 (U.S.), and such options were granted in reliance upon exemption from registration pursuant to Section 4(a)(2) under the Securities Act of 1933, as amended (the “Securities Act”).

In addition, in accordance with the terms of the Agreement, as amended on December 19, 2019, and as discussed in Item 1.01 above, on January 7, 2020, the Company issued 3,866,810 shares of restricted stock to Buys and his designee, 2,946,140 of which were issued to Buys and the balance of which were issued to an unrelated entity designated by Buys. Such shares were issued at a price per share of \$0.16 (U.S.), and were issued in reliance upon exemption from registration pursuant to Section 4(a)(2) under the Securities Act.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On December 30, 2019, Stan Baumgartner resigned as Chief Financial Officer of the Company for personal reasons, effective as of January 16, 2020. Mr. Baumgartner will continue to assist the Company with transition matters until the effective date of his resignation.

Effective December 31, 2019, Jim Dunfey, who has been the Company’s Contoller since September 2019, was appointed Chief Accounting Officer of the Company and will serve as the Company’s principal accounting officer. Mr. Dunfey is 56 years old and has served as the Company’s Contoller since September 2019, a position he will also continue to hold. Mr. Dunfey’s accounting and controls experience include experience in costing, analysis, planning and controls for manufacturing enterprises running on SAP. Prior to joining the Company, Mr. Dunfey served as Chief Accountant and Cost Controller at Anika Therapeutics, Inc. (NASDAQ: ANIK), an integrated joint preservation and regenerative therapies company, where he worked for 15 years. Mr. Dunfey has a BA in Finance from the University of Massachusetts Amherst.

The Company previously entered into an offer letter (the “Offer Letter”) with Mr. Dunfey, dated September 4, 2019, in connection with Mr. Dunfey’s employment as the Company’s Contoller. In connection with his appointment to Chief Accounting Officer, Mr. Dunfey’s base compensation will be increased by \$5,000 per annum.

The foregoing summary of the Offer Letter is qualified in its entirety by reference to the Offer Letter, which is filed herewith as Exhibit 10.3 respectively.

Item 8.01 Other Events.

On January 7, 2020, the Company issued a press release, attached hereto as Exhibit 99.1, with respect to the matters discussed herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit	Description	Method of Filing
99.1	Press Release dated January 7, 2020	Attached as Exhibit.
10.1	Purchase and Sale Agreement, dated as of April 13, 2018, between the Company and Andre Buys	Incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed April 16, 2018.
10.2	Amendment to Purchase and Sale Agreement, dated as of December 19, 2019, between the Company and Andre Buys	Attached as Exhibit.
10.3†	Offer Letter to James Dunfey dated September 4, 2019	Attached as Exhibit.

† Management Contract

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date January 8, 2019

Security Devices International Inc.

(Registrant)

/s/ Bryan Ganz

(Signature)

Name: Bryan Ganz

Title: Chief Executive Officer



**Security Devices International (OTCQB: SDEV, CSE: SDZ) makes
management changes and security issuances**

WAKEFIELD, Mass., January 7, 2020 (GLOBE NEWSWIRE) -- Security Devices International Inc. ("SDI") (OTCQB: SDEV)(CSE: SDZ) (the "Company"), an established non-lethal technology company serving the consumer, private security and law enforcement has made some changes in its Finance Department, elevating Controller Jim Dunfey to the position of Chief Accounting Officer, with responsibility to serve as the Company's principal accounting officer effective December 31, 2019. Mr. Dunfey is 56 years old and has served as the Company's Controller since September 2019, a position he will also continue to hold. Mr. Dunfey's accounting and controls experience include experience in costing, analysis, planning and controls for manufacturing enterprises running on SAP. Prior to joining the Company, Mr. Dunfey served as Chief Accountant and Cost Controller at Anika Therapeutics, Inc. (NASDAQ: ANIK), an integrated joint preservation and regenerative therapies company, where he worked for 15 years. Mr. Dunfey has a BA in Finance from the University of Massachusetts Amherst. Stan Baumgartner, who just recently was named Chief Financial Officer effective December 1, 2019 has resigned for personal reasons, effective as of January 16, 2020. Mr. Baumgartner will continue to assist the Company with transition matters until the effective date of his resignation. The Company thanks him for his service and wishes him the best of luck in his future endeavors.

The Company has entered into an amendment (the "Amendment") to the previously announced Purchase and Sale Agreement dated April 13, 2018 (the "Agreement") pursuant to which it purchased certain intellectual property from Andre Buys and engaged him as Chief Technology Officer. Under the Agreement Buys received a first payment of \$100,000 cash at the closing as well as certain expense reimbursement and was to receive a second payment of \$500,000 cash or \$750,000 in Company stock (the "Second Payment") prior to April 13, 2020. Under the Amendment, in lieu of the Second Payment, the Company agreed to issue to Buys (and/or his designees) restricted common stock of the Company valued at \$630,000 as soon after the effective date of the Amendment as it is approved by the Company's board of directors and can be effected. The Company also agreed to make a cash payment of \$80,000 to Mr. Buys no later than April 13, 2020. Pursuant to the Amendment Buys and his designees were issued a total of 3,866,810 restricted shares (calculated in accordance with the terms of the Amendment based on the average closing price of the Company's stock for the 20 days before the Amendment was signed and approved by the Board, both of which occurred on December 19, 2019). Two million, nine hundred and forty six thousand, one hundred and forty (2,946,140) of the shares were issued to Buys, the Company's CTO, and the balance to an unrelated entity.

In addition to the foregoing, the Amendment terminates Mr. Buys' security interest in and reversionary rights to the intellectual property covered by the Agreement, modifies certain terms of the Agreement relating to royalties, raises Mr. Buys' compensation as CTO to \$12,500 per month and provides that, upon Mr. Buy's relocation to Boston, he will become a full-time employee of the Company and earn a salary of \$14,000 per month plus certain benefits. Under the Amendment, the Company is prohibited from terminating Mr. Buys without cause prior to April 13, 2021.

On December 31, 2019, in conjunction with the year end the Company granted a total of 1,237,500 incentive stock options to non-employee members of the Board of Directors. The options have a 5 year expiry term and are exercisable at \$0.19 (U.S.)

About Security Devices International

Security Devices International, Inc. (CSE: SDZ) (OTCQB: SDEV) is a technology company specializing in the areas of Personal Security Devices, Military, Law Enforcement, Corrections, and Private Security. The Company develops and manufactures innovative, less lethal equipment and munitions. For more information on SDI, please visit the corporate website [here](#) or the company's investor relations site [here](#).

About the Byrna™ HD Personal Security Device

The Byrna™ HD is a disruptive new non-lethal device aimed at the home defense and personal security markets. Its small size (similar to popular lethal handguns on the market today), ease of obtaining, ease of carry, effectiveness in deterring or stopping an intruder, and accessible price point should be appealing to individuals who want protection, but either don't want the hassle of obtaining a gun license or don't want the risk of having a hand gun in their home, as well as to gun enthusiasts who appreciate a precision piece of equipment and want something in their collection that is both effective and non-lethal.

The original Byrna™ HD kit comes with multiple easily reloadable magazines that can hold five .68 caliber highly effective payload rounds designed to burn an assailant's eyes and respiratory system upon contact, kinetic rounds that can be used for personal security and training, and inert rounds for training. The new Byrna HD K Version only comes with kinetic rounds. Accurate up to 60 feet, all Byrna™ HD personal security devices are fitted with a picatinny rail that allows owners to mount either a laser sight or flashlight making it easy for novices to fire it accurately. The Byrna™ HD provides homeowners, women, retirees, and others whose work or daily activities may put them at risk of being a victim with easy access to an effective, non-lethal way to protect themselves and their loved ones from threats to their person or property. It also is ideal for boaters, truckers, RV owners, campers and gun enthusiasts around the world.

For more information on the Byrna™, please click [here](#).

The Byrna HD is not a "firearm" under federal law and does not require a federal gun license. State laws and local ordinances may regulate its possession, use, and carry in certain localities.

Forward Looking Statements

This news release includes certain "forward looking statements" reflecting management's current expectations of future events including, without limitation, those about the anticipated Company name change, ticker change, share and option issuances, the effectiveness, regulation, legality, performance, sales, and marketing of the Byrna™ HD and Byrna projectiles, and the anticipated market response. These statements involve risks and uncertainties, and actual results may differ from current expectations. Risks and uncertainties include without limitation: design flaws; implementation of design changes, production problems or changes that cause manufacturing or shipping delays, quality problems, cost overruns; development of additional assembly and distribution facilities, the effectiveness of quality control protocols and testing, issues related to the formulation or effectiveness of the Company's rounds, the Company's dependence in part or in whole on the performance of third parties including those located outside the United States in connection with sourcing of components, distribution and resale, and logistic and assembly services; the dependency of the Company on proprietary and other intellectual property, which may not be available to the Company on commercially reasonable terms or at all; the impact of unfavorable legal proceedings, including intellectual property disputes; the impact of state and local laws and regulation or changes to laws and regulations including licensing, registration, and certification laws related to sale, possession or use of Byrna products or pepper-based projectiles or launchers; the ability of the Company to manage risks associated with its activities at a manageable cost, including complying with applicable laws and regulations, and renewing and maintaining adequate insurance; and competition from less expensive or superior products that may be developed. Except as required by law, SDI disclaims any intention and assumes no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.

Investor Relations
Bryan S. Ganz
President and CEO
781-420-1428
bryan@byrna.com

AMENDMENT TO PURCHASE AND SALE AGREEMENT

WHEREAS a Purchase and Sale Agreement (“**Agreement**”), effective as of April 13, 2018 (the “**Effective Date**”) and attached hereto as Exhibit A, was made and entered into by and between Security Devices International Inc., a Delaware corporation, having its principal place of business at 107 Audubon Road, Wakefield, Massachusetts 01880 (“**SDI**” or “the **Company**”) and Andre Buys of South Africa (“**AB**”) (collectively the “**Parties**” and individually a “**Party**” when convenient); and

WHEREAS the Parties wish to amend the Agreement to specify the royalties to be paid in connection with the Byrna HD personal security device that the Company began selling in April 2019 and other products which may be sold in the future, and to change the terms of the remaining payments to be made under the Agreement and of the royalties to be paid by the Company to AB, it is hereby agreed by the Parties that the Agreement is amended as follows:

1) 1.8 is deleted in its entirety and replaced with the following:

1.8. “**Stipulated Net Price**” is the average net sales price of a product after expenses to be agreed to by the parties in good faith upon the first commercial sale. Royalties will be paid on sales of products as a percentage of a Stipulated Net Price to be agreed to by the parties in good faith upon the first commercial sale of new products. The Stipulated Net Price of each product will be adjusted annually (up or down) in accordance with the percentage change (up or down) in the MSRP of the product.

2) Paragraphs 1.11, 1.12 and 1.13 are deleted in their entirety and replaced with the following:

1.11 “**Revised Stock Payment**” has the meaning set forth in the new Paragraph 2.3 of the Agreement as provided in Amendment Item 4 below.

1.12 “**Final Cash Payment**” has the meaning set forth in the new Paragraph 2.3 of the Agreement as provided in Amendment Item 4 below.

3) The last sentence of Paragraph 2.1 is deleted in its entirety.

4) Paragraph 2.3 is deleted in its entirety and replaced with the following:

2.3 Purchase Price. In consideration of the assignment of the Assigned Intellectual Property and in addition to the Closing Payment that was made on the Effective Date of Agreement, the Company will make additional payments to AB as follows (i) issuance of common stock of the Company having a value at the time of issuance of Six Hundred and Thirty Thousand and 00/100 United States Dollars (\$630,000.00) (the “**Revised Stock Payment**”), such Revised Stock Payment to be made by the issuance of stock certificates in the names and proportions designated by AB as set forth in Exhibit B hereto, and (ii) a cash payment of Eighty Thousand and 00/100 United States Dollars (\$80,000.00) (the “**Final Cash Payment**”). The Revised Stock Payment will be made as soon after the effective date of this Amendment as it is approved by the Board and can be effected. The Final Cash Payment may be made any time within two (2) years from the Effective Date of the

Agreement at the sole discretion of the Company. The number of shares to be issued pursuant to the Revised Stock Payment shall be based on the average closing price for the twenty (20) trading days preceding the execution of this amendment.

- 5) Paragraph 2.4 is deleted in its entirety.
- 6) The first Paragraph of 2.5 (missing the (a) designation), 2.5 (b), (c), (d) and (g) are deleted in their entirety and replaced with the following:
 - (a) Royalties on CO2 pistols shall be paid for so long as patents remain effective beginning at 2 ½% of the agreed upon Stipulated Net Price for the first year following the first commercial sale and reduced by .1% each year thereafter until it reaches 1%.
 - i) For each substantially new product in this category the rate will begin again at 2 ½%.
 - ii) The Stipulated Net Price of the Byrna HD launcher agreed to be \$167.60 for the first year it is sold.
 - (b) Royalties on the fintail projectiles (and any improved versions thereof) will be paid so long as patents remain effective at a rate of 4% of the agreed upon Stipulated Net Price for fintail projectile products.
 - i) For purposes of calculating the Stipulated Net Price of fintail projectiles subject to this 4% royalty, only the price of the finned projectile itself is relevant. For example and clarification, a .68 caliber finned projectile shall not yield a higher royalty because it is in a 12gauge casing than if the finned projectile were sold alone for use in a .68 caliber launcher.
 - (c) Royalty streams payable to AB pursuant to Amended Paragraphs 2.5 (a) and (b) of the Agreement may be directed by AB in his discretion, to be paid, in whole or in part, to one or more third party or member of the R&D team.
 - (d) Royalties are to be paid based on all sales of products in a product line regardless of whether IP has been registered or protected in the country of sale.
- 7) A new Paragraph 5.1.1 is to be inserted after paragraph 5.1 of the Agreement to provide as follows:

5.1.1 Effective March 1, 2020 AB's total remuneration from Byrna SA and SDI will be raised to \$12,500/month, exclusive of royalties. Upon AB's relocation to Boston he will become a full time employee of SDI and earn a salary of \$14,000 per month together with such benefits, including health insurance for AB and his family, as are generally provided to senior executives of the Company on the terms such benefits are generally provided.
- 8) Paragraph 5.2(b) is deleted in its entirety and replaced with the following:
 - (b) Royalties on all commercialized products other than CO2 pistols and fintail projectiles that are developed by AB in his capacity as CTO will be paid for a period of up to 7 years following the first commercial sale beginning at 2 ½% of the agreed upon Stipulated Net Price for the product for the first year following the first commercial sale, and reduced by .1% each year thereafter, subject to an annual % adjustment (up or down) of the Stipulated Net Price for the product based on the % change (up or down) in MSRP.
 - i) For each substantially new product in this category the rate will begin again at 2 ½%.

DS
AS

DS
BG

- ii) Royalty streams payable to AB pursuant to Amended Paragraphs 5.2 (b) of the Agreement may be directed by AB in his discretion, to be paid, in whole or in part to one or more third party or member of the R&D team.
- iii) Royalties are to be paid based on all sales of products in a product line regardless of whether IP has been registered or protected in the country of sale.

9) Paragraph 5.3 is deleted in its entirety and replaced with the following:

5.3 Options In order to align AB's interest as CTO with that of the Company, the Company has issued incentive stock options (the "ISO's") to AB to purchase 1,500,000 common shares of the Company's stock with a strike price of .15 US, equal to the Company's stock price on the Effective Date. The ISO's have a seven (7) year life from the date of grant. The number of options, strike price, and trigger price are subject to adjustment for any split or reverse split that occurs before the exercise of any of the ISO's.

a. The vesting of the options will be triggered by the stock price as shown below:

1/3 of the options	Trigger price: USD \$0.30
1/3 of the options	Trigger price: USD \$0.50
1/3 of the options	Trigger price: USD \$1.00

- (i) The Company's stock price must close above the trigger price for twenty (20) trading days in order for the options to be triggered.
 - b. No options will vest fully before April 13, 2021 and AB must remain employed by the Company through that date for any options to vest.
 - (i) The Company shall not terminate AB except for cause prior to the end of the three year vesting period for the options granted under the Agreement.
- 10) Paragraph 8.13 is amended to replace Dean Thrasher with Bryan Ganz as the individual to whom notices to the Company are to be provided.

IN WITNESS WHEREOF, the Parties hereto by their fully authorized representatives have executed this Agreement as of the Effective Date indicated above.

AB:



André Buys

Date: December 19, 2019

Republic of South Africa
Gauteng Province
Pretoria

DS
BG


On this 19th day of December, 2019, before me personally came André Buys to me known to be the individual described in and who executed the foregoing instrument, and acknowledged execution of the same.



Notary Public

THE COMPANY:

SECURITY DEVICES INTERNATIONAL INC.

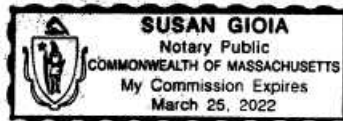
By: 
Name: Bryan Ganz
Title: Chief Executive Officer

Date: December , 2019 _____

Wakefield, MA)

On this 19th day of December, 2019, before me personally came Bryan Ganz, Chief Executive Officer of Security Devices International Inc., to me known to be the individual described in and who executed the foregoing instrument, and acknowledged execution of the same.



Notary Public

DS
BG



PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("**Agreement**"), effective as of April 13, 2018 (the "**Effective Date**"), is made and entered into by and between Security Devices International Inc., a Delaware corporation, having its principal place of business at 107 Audubon Road, Wakefield, Massachusetts 01880 ("**the Company**") and Andre Buys of South Africa ("**AB**"). The Company and AB may hereinafter be referred to collectively as the "**Parties**" and individually as a "**Party**" when convenient.

RECITALS

WHEREAS, the Company develops, manufactures and sells solutions for security situations that require the use of less lethal force;

WHEREAS, AB has developed registered patents and designs, provisional patents and designs, drawings, testing results, moulds, prototype products and other intellectual property for less lethal security devices and related products; and

WHEREAS, the Company wishes to acquire from AB, and AB wishes to sell to the Company, certain registered patents and designs, provisional patents and designs, drawings, testing results, moulds, prototype products and other intellectual property in exchange for cash and/or stock in the Company, as well as a stream of royalty payments to AB.

NOW, THEREFORE, in consideration of the foregoing and the terms and provisions contained herein and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. DEFINITIONS

For the purpose of this Agreement, the following terms, whether in singular or in plural form, when used with a capital initial letter shall have the respective meanings as follows:

1.1 "**Affiliate**" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under the common control of the Person in question; provided, however, that in any country where the local law or regulation does not permit foreign equity participation of more than fifty percent (50%), an "**Affiliate**" shall include any Person in which the Person in question owns or controls, directly or indirectly, the maximum percentage of such outstanding stock or voting rights permitted by such local law or regulation. For purposes of the foregoing, "**control**," including the terms "**controlling**," "**controlled by**" and "**under common control with**," means the possession, direct or indirect, 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.

1.2 “**Assigned Intellectual Property**” has the meaning set forth in Section 2.2.

1.3 “**Cash Payment**” has the meaning set forth in Section 2.3.

1.4 “**Closing**” has the meaning set forth in Section 3.1.

1.5 “**Closing Payment**” has the meaning set forth in Section 2.3.

1.6 “**Intellectual Property Assignment**” has the meaning set forth in Section 2.1.

1.7 “**Inventions**” has the meaning set forth in Section 2.2.

1.8 “**Net Sales Price**” means the total gross amount of monies or cash equivalent or other consideration paid by unaffiliated third parties to and collected by the Company and/or any of its Affiliates for the sale of a product, less the sum of the following: (a) discounts and deductions; (b) tariff duties, sales and use taxes and any other taxes directly associated with sales of the product; (c) outbound transportation prepaid or allowed; (d) commissions, finder’s fees or facilitation fees; and (d) amounts allowed or credited on returns.

1.9 “**Person**” means any natural person, corporation, company, partnership, association, sole proprietorship, trust, joint venture, non-profit entity, institute, governmental authority, trust association or other form of entity not specifically listed herein including, without limitation, AB or the Company or any of their Affiliates.

1.10 “**Registered Intellectual Property**” means the patents, patent applications, registered designs and registered design applications listed in Exhibit A hereto; and (a) all extensions, renewals, reissues, and reexaminations of the issued patents or registered designs of the Registered Intellectual Property and (b) all applications claiming any right of priority to or through the patent applications or design applications of the Registered Intellectual Property (and all patents and designs issuing on such applications), filed or applied for by the Company, by any of the Company’s Affiliates or by any subsequent successors to, or assigns of, any of the same in any country after the Effective Date.

1.11 “**Second Payment**” has the meaning set forth in Section 2.3.

1.12 “**Second Payment Date**” has the meaning set forth in Section 2.3.

1.13 “**Stock Payment**” has the meaning set forth in Section 2.3.

2. PURCHASE AND SALE OF INTELLECTUAL PROPERTY

2.1 Registered Intellectual Property. As of the Effective Date and subject to the fulfillment of the Parties’ obligations set forth in Section 3.2 below, AB hereby sells, assigns, transfers, and sets over unto the Company his entire right, title and interest in and to all of the Registered Intellectual Property, for the Company’s own use and for the use of its assigns, successors, and legal representatives, to the full end of the term of each of the Registered

Intellectual Property. To evidence the assignment of the Registered Intellectual Property, AB shall execute a confirmatory intellectual property assignment document for each item of Registered Intellectual Property in substantially the form as set forth in Exhibit B hereto (the "**Intellectual Property Assignment**"). If there is any inconsistency between such Intellectual Property Assignment and the terms and conditions of this Agreement, the terms and conditions of this Agreement shall prevail. For the avoidance of doubt, Intellectual Property relating to CO2 pistols, and which is in the process of being registered, shall for the purpose of this Agreement be deemed to form part of the Registered Intellectual Property, and shall be subject to the same royalty payment regime as mentioned in Section 2.5.

2.2 **Inventions.** As of the Effective Date and subject to the fulfillment of the Parties' obligations set forth in Section 3.2 below, AB hereby sells, assigns, transfers, and sets over unto the Company, for the Company's own use and for the use of its assigns, successors, and legal representatives, its entire right, title and interest in and to any invention, modification, discovery, design, drawing, development, improvement, process, software program, work of authorship, documentation, formula, data, technique, know-how, trade secret, testing results, molds, prototype produces or intellectual property right or physical property whatsoever or any interest therein (whether or not patentable or registerable under copyright, trademark or similar statutes or subject to analogous protection) in any way related to security devices and related products which fall within the product focus and portfolio of the Company, including but not limited to air and/or CO2 fired long guns or pistols, including pump action launchers as well as the munitions used with these pistols and long guns including the self-stabilizing shaped or "finned" rounds, including rounds for the application of insecticides and other medication to animals, as well as the application of herbicides and fungicides to plants, trees and shrubs, including without limitation, any derivative or evolutionary patents or Inventions, whether realized or not at the time of this Agreement, as well as during the term of AB's employment pursuant to Section 5, and all logs, records, notes and other work papers related thereto (herein called "**Inventions**," and together with the Registered Intellectual Property, the "**Assigned Intellectual Property**"). For the avoidance of doubt, the assignment of Assigned Intellectual Property under this Agreement includes the assignment of all patents, intellectual property and Inventions used in connection with "Simunition" products, such as rounds to be used with air-fired replica guns for training purposes as well as "wads" designed to allow the shaped rounds to be fired from a 12g shotgun.

2.3 **Purchase Price.** In consideration of the assignment of the Assigned Intellectual Property, the Company hereby agrees to pay to AB pursuant to the terms set forth in Section 3.2.2, the non-refundable sum of One Hundred Thousand and 00/100 United States Dollars (\$100,000.00) (the "**Closing Payment**"). The Company will also pay AB, at AB's discretion, either (a) an additional Five Hundred Thousand and 00/100 United States Dollars (\$500,000.00) (the "**Cash Payment**") or (b) stock of the Company having a value at the time of issuance of Seven Hundred Fifty Thousand and 00/100 United States Dollars (\$750,000.00) (the "**Stock Payment**,"; the Stock Payment or the Cash Payment, as applicable, is referred to hereinafter as the "**Second Payment**"). The Second Payment may be made any time within two (2) years from the Effective Date (the "**Second Payment Date**"), at the sole discretion of the Company. In the event that AB elects to receive the Stock Payment and not the Cash Payment, the Company shall issue to AB the applicable number of Company shares based on the average closing price for the twenty (20) trading days preceding the Second Payment Date.

2.4 Failure to Make the Second Payment. In the event that the Company fails to make the Second Payment by the Second Payment Date, AB's sole remedy and recourse shall be that ownership of the Assigned Intellectual Property shall revert to AB; provided, however, that the Company shall (a) have and retain a perpetual, irrevocable, exclusive license to use the "tailfin" technology for 40mm rounds, and (b) have and retain a perpetual, irrevocable, non-exclusive license to use the Assigned Intellectual Property related to any and all products that AB or the Company has developed within two (2) years of the Effective Date. In such event, the Company (i) shall continue to pay the royalty fees for products using the exclusively licensed "tailfin" technology for 40mm rounds under the terms set forth in Section 2.5(b)-(d), and (ii) shall pay AB a royalty fee equal to ten percent (10%) of the Net Sales Price for products that incorporate the non-exclusively licensed Assigned Intellectual Property for as long as the applicable patent is in force and which shall be payable in accordance with Section 2.5(d) hereto. The exclusivity of the license in the 40mm rounds as per Section 2.4(a) is dependent on the Company commercializing the 40mm rounds within 3 (three) years of the Effective Date, failing which, the license shall become non-exclusive at the expiry of said 3 (three) year period.

2.5 Royalty Fees. Until the earlier of (1) the second anniversary of the Effective Date or (2) the date on which the Second Payment is made, the Company will pay AB a royalty fee of ten percent (10%) of the Net Sales Price of any products sold that incorporate the Registered Intellectual Property.

(b) After the date on which the Second Payment is made, the Company shall pay AB a royalty fee based on the following percentages of Net Sales Price of any products sold that incorporate the Registered Intellectual Property during the following time periods:

- i) Four percent (4%) between the date of the Second Payment and the sixth anniversary of the Effective Date;
- ii) Three percent (3%) between the sixth anniversary of the Effective Date and the eighth anniversary of the Effective Date;
- iii) Two percent (2%) between the eighth anniversary of the Effective Date and the last expiration date of any of the Registered Intellectual Property.

(c) The royalty fee payments paid pursuant to this Section 2.5 shall cease on the last expiration date of any of the Registered Intellectual Property.

(d) Royalty fees shall be payable for all sales of products incorporating the Registered Intellectual Property, irrespective of whether any intellectual property is registered in respect of the products in the countries where the products are sold.

(e) Royalty fees due and payable under this Agreement shall be paid within thirty (30) days of the end of each financial quarter in which applicable product sales are made by the Company. Upon written request by AB, the Company shall provide records showing the calculation of the applicable royalty fee payment and Net Sales Price used to determine the royalty fee payment.

(f) Over and above all payments provided for herein, and effective one (1) year from Closing, or alternatively, upon AB's relocation to Boston, whichever is earlier, the Company guarantees that a minimum payment of Twenty Five Thousand and 00/100 United States Dollars (\$25,000.00) shall be paid to AB every year until such time that the annual Royalty Fees accruing to AB exceeds Twenty Five Thousand and 00/100 United States Dollars (\$25,000.00) per year, which minimum payment shall be payable at a rate of Two Thousand and Eighty Three and 33/100 United States Dollars (\$2,083.33) per month. If the total annual Royalty Fees payable to AB during any year falls below Twenty Five Thousand and 00/100 United States Dollars (\$25,000.00), the Company guarantees to further pay AB the difference between Twenty Five Thousand and 00/100 United States Dollars (\$25,000.00) and the actual Royalty Fees paid to AB during such year. The payments provided for in this Section shall not be affected should AB not be able to move to Boston within twelve (12) months, or at any stage, following the Effective Date. The guaranteed minimum payment set forth in this Section 2(f) shall apply for so long as AB is employed by the Company.

(g) As security for the Company's obligations to pay and perform under Sections 2.3, 2.4 and 2.5, the Company hereby grants to AB a continuing security interest in and to the Assigned Intellectual Property. The Company covenants to execute and deliver to AB such documents, instruments and agreements as may be necessary or desirable to evidence and perfect such security interest. AB agrees to, upon Company request from time to time, subordinate the foregoing security interest to a provider of debt financing to the Company.

3. CLOSING AND DELIVERABLES

3.1 Closing. The transactions described under this Agreement shall be consummated on the Effective Date at the offices of the Company or any other alternate location mutually agreed upon by the Parties (the "Closing").

3.2 Closing Deliverables. At the Closing, the Parties shall execute and/or deliver the following documents:

3.2.1 Intellectual Property Assignments. AB shall obtain Exchange Control approval from the South African Reserve Bank for the assignment of each item of Registered Intellectual Property, whereafter, within five (5) days of obtaining such exchange control approval, AB shall execute and deliver to the Company an Intellectual Property Assignment for each item of Registered Intellectual Property in substantially the form as that set forth in Exhibit B hereto.

3.2.2 Delivery of Closing Payment. At the Closing, the Company shall deliver or cause to be delivered to AB the Closing Payment by wire transfer of immediately available funds to such bank account or accounts as AB may specify in writing.

3.3 Survival. In addition to those provisions which are by their nature intended by the Parties to survive the Closing, the following provisions shall survive the Closing: Sections 1, 2 and 4 - 8.

4. COVENANTS, REPRESENTATIONS AND WARRANTIES

4.1 Intellectual Property Registration Fees. AB is responsible for the payment of all filing, maintenance and annuity fees relating to the Registered Intellectual Property due on or before the Effective Date, and the Company shall be responsible for the payment of all such fees due after the Effective Date (unless and until the ownership of the Assigned Intellectual Property reverts to AB pursuant to Section 2.4), including approximately Forty Six Thousand Seven Hundred and 00/100 United States Dollars (\$46,700.00) to be used solely in connection with the certain filing fees for European registrations, and further including all fees relating to the registration of Intellectual Property in the CO2 pistols.

4.2 No Licenses. AB warrants and represents that, as of the Effective Date, there are no agreement(s) between AB and any Person pursuant to which AB has licensed or granted any rights whatsoever, or is obligated to license or grant any rights in, the Assigned Intellectual Property to the Person.

4.3 Assigned Intellectual Property. AB represents and warrants that, as of the Effective Date, (a) AB is the sole and lawful owner of the entire right, title and interest in and to the Assigned Intellectual Property, (b) all such Assigned Intellectual Property is free from all liens and security interests, (c) subject to obtaining Exchange Control approval from the South African Reserve Bank, AB has good and full right and lawful authority to sell and convey the Assigned Intellectual Property in the manner herein set forth, (d) to the best of AB's knowledge, the Assigned Intellectual Property does not infringe upon any third party's intellectual property rights anywhere in the world, and (e) to the best of AB's knowledge, there is nothing that will materially affect the validity and enforceability of the Registered Intellectual Property.

4.4 Litigation. With the exception of the possible claim that GI Sportz may have on the patent for the "pump action launcher", and subject to obtaining exchange control approval from the South African Reserve Bank, AB represents and warrants that, as of the Effective Date, there is no litigation, claim or governmental or administrative proceeding or investigation pending or, to the knowledge of AB, threatened, involving the Assigned Intellectual Property or which could prevent or hinder the consummation of the transactions contemplated by this Agreement.

4.5 Authority. AB represents and warrants that, as of the Effective Date, AB has all requisite authority, right, power and capacity to enter into this Agreement and each agreement, document and instrument to be executed and delivered by AB pursuant to or as contemplated by this Agreement and to carry out the transactions contemplated hereby and thereby. This Agreement and each agreement, document and instrument to be executed and delivered by AB pursuant to or as contemplated by this Agreement constitute, or when executed and delivered will constitute, valid and binding obligations of AB enforceable in accordance with their respective terms. The execution, delivery and performance by AB of this Agreement and each such agreement, document and instrument:

(a) does not and will not violate any laws of the United States, or any state or other jurisdiction applicable to AB or require AB to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made; and

(b) does not and will not result in a breach of, constitute a default under, accelerate any obligation under or give rise to a right of termination of any agreement, instrument, permit, authorization, order, writ, judgment, decree, determination or arbitration award to which AB is a party or by which the property of AB is bound or affected.

4.6 Full Disclosure. The representations, warranties and statements contained in this Agreement and in the certificates, exhibits and schedules delivered by AB or the Company pursuant to this Agreement do not contain any untrue statement of a material fact and do not omit to state a material fact required to be stated therein or necessary in order to make such representations, warranties or statements not misleading in light of the circumstances under which they were made.

5. EMPLOYMENT

5.1 Employment Position. In consideration of the assignment of the Assigned Intellectual Property, the Company agrees to hire AB as its Chief Technology Officer and Head of Product Development, commencing on the first business day after the day of the Closing. This position will report directly to the Chief Executive Officer of the Company. In this position, AB shall dedicate his full working time to the Company and will be responsible for the design, development and commercialization of all new products for the Company. The starting salary shall be Ten Thousand and 00/100 United States Dollars (\$10,000.00) per month. In the event that AB is employed for only a portion of a given month, AB's salary for such month shall be prorated for the number of days employed in such month. AB shall be entitled to participate in the Company's medical insurance plan once he relocates to the United States. The Company shall reimburse AB for all ordinary and reasonable costs of relocation, including the cost of immigration counsel; provided, however, that such reimbursement shall not exceed Fifteen Thousand and 00/100 United States Dollars (\$15,000.00) not including the cost of immigration counsel. Within twelve (12) months of the Effective Date, and subject to AB's continued employment with the Company, it is expected that AB shall move to the greater Boston area.

5.2 New Product Development; Commercialization of New Products by the Company.

a. As an employee of the Company, AB will be encouraged to develop new security related products (with the approval of senior management of the Company). AB acknowledges and agrees that all writings, works of authorship, technology, inventions, discoveries, ideas and other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived, or reduced to practice by AB individually or jointly with others during the period of his employment by the Company and relating in any way to the business or contemplated business, research, or development of the Company (regardless of when or where the Work Product is prepared or whose equipment or other resources is used in preparing the same) and all printed, physical, and electronic copies, all improvements, rights, and claims related to the foregoing, and other tangible embodiments thereof (collectively, "**Work Product**"), as well as any and all rights in and to copyrights, trade secrets, trademarks (and related goodwill), patents, and other intellectual property rights therein arising in any jurisdiction throughout the world and all related rights of priority under international conventions with respect thereto, including all pending and future applications and registrations therefor, and continuations, divisions, continuations-in-part, reissues, extensions, and renewals thereof, shall be the sole and exclusive property of the Company. AB agrees to and hereby irrevocably does assign to Company, for no additional consideration, AB's

entire right, title, and interest in and to all Work Product and intellectual property rights therein, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world.

b. If the Company decides to pursue patent protection, and obtains a patent, for Work Product developed primarily by AB, AB will be entitled to a royalty fee of two and one half percent (2.5%) of the Net Sales Price of such products for seven (7) years from the date of first sale, which shall be payable in accordance with Section 2.5(d) hereto. Where AB develops a new product which the Company successfully commercializes and in terms of which a patent or other intellectual property is not registered, AB will be entitled to a royalty fee of one and one half percent (1.5%) of the Net Sales Price of such products for seven (7) years from the date of first sale, which shall be payable in accordance with Section 2.5(d) hereto. The Company agrees to actively pursue patents and other registered intellectual property rights for all patentable or otherwise protectable inventions that AB develops during his employment with the Company if such inventions (a) are in the Company's product focus and (b) are, in the Company's reasonable good faith belief, commercially exploitable.

c. Any writings, works of authorship, technology, inventions, discoveries, ideas and other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived, or reduced to practice by AB individually or jointly with others which do not relate to the business or contemplated business, research, or development of the Company, and all printed, physical, and electronic copies, all improvements, rights, and claims related to the foregoing, and other tangible embodiments thereof shall, provided that AB did not utilize any resources of the Company in the development or preparation of the foregoing, be owned-by, and belong to AB.

5.3 Warrants. In order to more closely align AB's interest with that of the Company, within one hundred twenty (120) days of the Effective Date, the Company will issue options or warrants with a strike price equal to the Company's stock price on the Effective Date. The vesting of the options or warrants will be triggered by the stock price as shown below:

500,000 options/warrants	Trigger price: USD \$0.30	Strike Price (est): USD \$0.16
500,000 options/warrants	Trigger price: USD \$0.50	Strike Price (est): USD \$0.16
500,000 options/warrants	Trigger price: USD \$1.00	Strike Price (est): USD \$0.16

The Company's stock price must close above the trigger price for twenty (20) trading days in order for the options/warrants to be triggered. The options/warrants shall have a seven-year (7) life from the date of grant and AB must remain employed by the Company for a period of three (3) years in order for the options/warrants to vest. The Company agrees that it will not terminate AB except for cause prior to the end of the three year vesting period for the options or warrants granted under this agreement.

6. ADDITIONAL OBLIGATIONS

6.1 After Closing. The Company shall, at its expense, apply for the recordation and other perfection of the Registered Intellectual Property with all relevant government agencies. AB shall use commercially reasonable efforts to assist the Company with respect to such recordation and perfection and transferring ownership of the Registered Intellectual Property.

6.2 Further Assurances. Each of the Parties agrees to use commercially reasonable efforts to assist and cooperate with the other Parties in doing all things necessary to consummate the transactions contemplated by this Agreement. At any time and from time to time after the Closing, AB, at the request of the Company, and without further consideration, shall execute and deliver such further instruments or documents and take all such further action as the Company may reasonably request in order to evidence or otherwise facilitate and implement the consummation of the transactions contemplated by this Agreement.

6.3 Costs incidental to this Agreement: The Company shall be liable to reimburse AB for all reasonable costs incurred towards the conclusion of this Agreement, which costs shall include: attorney fees, filing fees and other expenses relating to the obtaining of Exchange Control Approval from the South African Reserve Bank, costs incurred in the negotiation and conclusion of this Agreement, and any other agreements specifically occasioned by the conclusion of this Agreement; provided that the Company shall have no obligation to reimburse AB for costs in excess of Ten Thousand and 00/100 United States Dollars (\$10,000.00) pursuant to this Section 6.3.

7. CONFIDENTIALITY.

None of the Parties shall itself, or shall permit any of their respective Affiliates to, disclose the terms and conditions of this Agreement to any third party at any time without obtaining the prior written consent of all other Parties, except that a Party may disclose this Agreement: (a) in response to a subpoena issued by any governmental body or judicial entity or as otherwise may be required by law; (b) as may be necessary for the enforcement of the terms and conditions of this Agreement; (c) as may be necessary for the enforcement of the Assigned Intellectual Property in a court of law or other official proceeding; (d) as may be necessary under the rules of any stock exchange listing of the Company's securities; and (e) to legal counsel, auditors or accountants for the Parties having a need to review such information. In the case of disclosure, the disclosing Party shall require each recipient to receive and hold the information on a confidential basis. In the event of disclosure pursuant to subsection (a), (b) or (c) above where this Agreement is required to be disclosed to a court of law or other official proceeding, the disclosing Party shall promptly notify the other Parties of such disclosure and requirement, and the Parties shall cooperate with each other and use commercially reasonable efforts to obtain a protective order. Notwithstanding the above, the assignment of the Assigned Intellectual Property may be disclosed by any of the Parties to any Person.

8. GENERAL PROVISIONS

8.1 Assignability of This Agreement. The Company shall have the right to assign this Agreement or any Assigned Intellectual Property with the Company's respective rights and

obligations under this Agreement relating to each such Assigned Intellectual Property to any third-party that agrees to assume the Company's rights and obligations under this Agreement or those respective rights and obligations under this Agreement relating to the applicable Assigned Intellectual Property. AB shall not be entitled to assign this Agreement to any Person without the prior written consent of the Company.

8.2 Onsale of Assigned Intellectual Property. In the event that the Company elects to sell all or any part of the Assigned Intellectual Property to a third party, prior to the last expiration date as per section 2.5 above, such a sale shall be subject to either the Royalty Fees dispensation provided for in this Agreement continuing and forming part of the terms of such a sale, or AB's election to waive any future royalties, in which case AB shall be entitled to fifty percent (50%) of the gross selling price, which gross selling price shall be market related and confirmed by an independent valuation, should AB not be satisfied with the gross selling price.

8.3 Retention of Royalty Fees. It is agreed that AB's entitlement to Royalty fees as provided for herein shall not be affected by any factor, including his employment by the Company. In the event that AB's employment with the Company ceases for whatsoever reason, his entitlement to Royalty fees shall remain unaffected. Should AB not be able to collect his Royalty Fees due to death or disablement, the Company shall pay Royalty fees and all other payments due to AB to his estate for as long as such Royalties shall be due.

8.4 Sublicensing of the Assigned Intellectual Property. In the event that the Company elects to sublicense all or any part of the assigned Intellectual Property to a third party, prior to the last expiration date as per section 2.5 above, AB's royalty income as provided for in this agreement shall not be prejudiced by such sublicensing.

8.5 Entire Agreement. This Agreement, together with each Registered Intellectual Property Assignment and all its exhibits thereto, constitutes the entire agreement between the Parties relating to the subject matter hereof, and supersedes all prior agreements, proposals, discussions, agreements, representations, and other communications between the Parties with respect to the subject matter hereof.

8.6 Amendment and Waiver. No change in the terms, conditions, or provisions of this Agreement shall be binding on any Party unless in writing and signed by all Parties hereto. The failure or delay of any Party in exercising any of its rights hereunder, including any rights with respect to a breach or default by the other Party, shall in no way operate as a waiver of such rights or prevent the assertion of such rights with respect to any later breach or default by the other Party.

8.7 Binding Nature & No Third Party Beneficiaries. This Agreement is binding upon and shall inure to the benefit of the Parties, and their respective, permitted legal successors and assigns of this Agreement, and this Agreement is made solely for such Persons' benefit. Other than as expressly provided in this Section 8.4, no other Person shall have any rights, interest or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third-party beneficiary or otherwise.

8.8 Severability. Should any term, condition, or provision of this Agreement be held unenforceable by an authority of competent jurisdiction, such ruling shall not affect the validity and enforceability of the remaining terms, conditions, and provisions of this Agreement. To the extent that any such provision is found to be invalid, illegal or unenforceable, the Parties shall act in good faith to substitute for such provision, to the extent possible and as necessary, a new provision with content and purpose as close as possible to the provision so determined to be invalid, illegal or unenforceable.

8.9 Governing Law. This Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts without reference to its conflict of laws or choice of law principles. The Parties hereby submit to the jurisdiction of the Middlesex County in the Commonwealth of Massachusetts in any litigation arising under this Agreement.

8.10 Expenses. If any action or other proceeding relating to the enforcement or interpretation of any provision of this Agreement is brought by a Party, the prevailing Party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).

8.11 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. A facsimile or an electronic copy of such originals or counterparts transmitted to the other Party is effective as if the actual originals or counterparts were sent to the other Party.

8.12 Construction. The Parties acknowledge that their respective legal counsel have reviewed this Agreement and that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement. The headings used herein are for reference and convenience only, and shall not be used in the interpretation of this Agreement.

8.13 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of: (a) in the case of personal delivery, when actually delivered, (b) in the case of delivery by prepaid overnight courier with guaranteed next day delivery, the day designated for delivery by such courier, or (c) in the case of delivery by registered or certified mail, postage prepaid, return receipt requested, five (5) days after deposit in the mails, and in each case shall be addressed as follows:

If to AB (and/or his Affiliate), to:

André Buys
27 Helderkruin Crescent
Woodhill Estate
Pretorius Park, Pretoria, South Africa, 0181

Final: 4/13/18

With a copy (which shall not constitute notice to AB), to:

KISCH IP
Third Floor, Menlyn Corner Building
87 Frikkie de Beer Street, Menlyn, Pretoria, South Africa, 0181
Attention: Jaco Theunissen
Email: jacot@kisch-ip.com

If to the Company, to:

Security Devices International Inc.
107 Audubon Road
Wakefield, Massachusetts 01880
Attn: Dean Thrasher, CEO

With a copy (which shall not constitute notice to the Company), to:

Hinckley, Allen & Snyder, LLP
50 Kennedy Plaza, Suite 1500
Providence, Rhode Island 02903
Attention: David Hirsch, Esq.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, the Parties hereto by their fully authorized representatives have executed this Agreement as of the Effective Date indicated above.

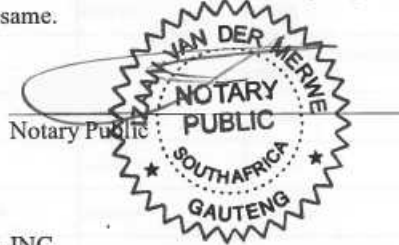
AB:

André Buys

Date: 13 April 2018

Republic of South Africa
Gauteng Province
Pretoria

On this 13th day of April, 2018, before me personally came André Buys to me known to be the individual described in and who executed the foregoing instrument, and acknowledged execution of the same.



THE COMPANY:

SECURITY DEVICES INTERNATIONAL INC.

By: _____
Name: Dean Thrasher
Title: Chief Executive Officer

Date: _____

United State of America)
State of)
County of)

On this _____ day of _____, 2018, before me personally came Dean Thrasher, Chief Executive Officer of Security Devices International Inc., to me known to be the individual described in and who executed the foregoing instrument, and acknowledged execution of the same.

Notary Public

Exhibit A

REGISTERED INTELLECTUAL PROPERTY

KISCH^{IP}

IP PORTFOLIO REPORT: ANDRE BUYS

(IP RELATING TO VARIOUS PROJECTILE INVENTIONS)

MATTER	COUNTRY	APPLICATION TYPE	PATENT / DESIGN / APPLICATION No.	DATE OF FILING	STATUS
--------	---------	------------------	-----------------------------------	----------------	--------

PATENTS

<u>A PROJECTILE</u>					
P48583AU00	Australia	PCT BASED WITH PRIORITY	2014356119	21/11/2014	GRANTED
P48583CA00	Canada	PCT BASED WITH PRIORITY	2,951,951	21/11/2014	PENDING - Examination due 21/11/2019
P48583CN00	China	PCT BASED WITH PRIORITY	201480071253.6	21/11/2014	PENDING
P48583EP00	Europe	PCT BASED WITH PRIORITY	14865611.9	21/11/2014	PENDING, WE BELIEVE ACCEPTANCE IS IMMINENT
P48583HK00	Hong Kong	PCT BASED WITH PRIORITY	17102814.1	20/03/2017	PENDING
P48583IL00	Israel	PCT BASED WITH PRIORITY	245887	21/11/2014	PENDING
P48583PC00	PCT	PCT APPLICATION	PCT/IB2014/3662356	21/11/2014	COMPLETED
P48583US00	USA	PCT BASED WITH PRIORITY	14/552,830	25/11/2014	GRANTED
P48583ZA00	South Africa	PCT BASED WITH PRIORITY	2016/03657	21/11/2014	ACCEPTED, AWAITING PUBLICATION
P48583ZAPO	South Africa	SOUTH AFRICAN PROVISIONAL	2013/08514	27/11/2013	COMPLETED

<u>WINDOW PIERCING PROJECTILE</u>					
P54610ZAPO	South Africa	SOUTH AFRICAN PROVISIONAL	2018/01896	22/09/2018	PENDING - PCT/ Complete SA application to be filed by 22 March 2019

<u>DART CONTAINER</u>					
P51778PC00	PCT	PCT APPLICATION	PCT/IB2016/056791	11/11/2016	PENDING - National phase applications due before 11 May 2018
P51778ZAPO	South Africa	SOUTH AFRICAN PROVISIONAL	2015/08331	11/11/2015	COMPLETED

REGISTERED DESIGNS

A PROJECTILE					
D6953ZA00	South Africa	AESTHETIC DESIGN	A2016/01562	13/10/2016	ACCEPTED - AWAITING PUBLICATION
A PROJECTILE					
D6954ZA00	South Africa	FUNCTIONAL DESIGN	F2016/01564	13/10/2016	PENDING
A PROJECTILE					
D6955AE00	United Arab Emirates	WITH PRIORITY	D6000235/17	13/04/2017	PENDING
D6955AU00	Australia	WITH PRIORITY	201712180	13/04/2017	GRANTED
D6955EU00	European Community	WITH PRIORITY	008855873	13/04/2017	GRANTED
D6955IL00	Israel	WITH PRIORITY	60068	18/04/2017	GRANTED
D6955SA00	Saudi Arabia	WITH PRIORITY	417380578	13/04/2017	PENDING
D6955US00	USA	WITH PRIORITY	29/600,389	12/04/2017	PENDING
D6955ZA00	South Africa	FUNCTIONAL DESIGN	A2016/01563	13/10/2016	ACCEPTED - AWAITING PUBLICATION
A PROJECTILE					
D6956ZA00	South Africa	FUNCTIONAL DESIGN	F2016/01561	13/10/2016	ACCEPTED - AWAITING PUBLICATION
A CAP FOR A WINDOW PIERCING PROJECTILE					
D7157ZA00	South Africa	FUNCTIONAL DESIGN	F2017/01261	10/08/2017	PENDING
PROJECTILE					
D6313ZA00	South Africa	FUNCTIONAL DESIGN	F2013/02138	28/11/2013	GRANTED
PROJECTILE INSERT					
D6804ZA00	South Africa	FUNCTIONAL DESIGN	F2015/01779	19/11/2015	ACCEPTED - AWAITING PUBLICATION

AG

KNIFE RETAINER					
D6805ZA00	South Africa	FUNCTIONAL DESIGN	F2015/01745	11/11/2015	ACCEPTED - AWAITING PUBLICATION
D6806ZA00	South Africa	FUNCTIONAL DESIGN	F2015/01746	11/11/2015	ACCEPTED - AWAITING PUBLICATION

PROJECTILE INSERT					
D6815ZA00	South Africa	FUNCTIONAL DESIGN	F2015/01778	19/11/2015	ACCEPTED - AWAITING PUBLICATION

PROJECTILE COMPONENT					
D6816ZA00	South Africa	FUNCTIONAL DESIGN	F2015/01796	19/11/2015	ACCEPTED - AWAITING PUBLICATION

J

INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This Intellectual Property Assignment Agreement (this "**Agreement**"), dated as of _____, 2018 (the "**Effective Date**"), is entered into between Andre Buys, an individual ("**Assignor**"), and Security Devices International Inc., a Delaware corporation (the "**Assignee**"). Assignor and Assignee are referred to herein individually as a "**Party**" and together, as the "**Parties**." Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Purchase Agreement (as defined below).

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement, dated as of April 13, 2018 (the "**Purchase Agreement**"), pursuant to which Assignee is acquiring all of the Assigned Intellectual Property, from AB upon the terms and subject to the conditions of the Purchase Agreement; and

B. Pursuant to the Purchase Agreement, Assignor is selling and assigning to Assignee all right title and interest in and to the Assigned Intellectual Property.

NOW, THEREFORE, in consideration of the foregoing premises and mutual promises contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Assignment. Assignor hereby irrevocably sells, assigns, transfers, conveys and delivers to Assignee, and Assignee hereby accepts from Assignor, all of Assignor's right, title and interest, in and to the following (the "**Assigned IP**") (a) the patents, patent applications, registered designs and/or registered design applications set forth in Schedule 1, and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations, and renewals thereof; (b) all rights of any kind whatsoever of Assignor accruing under any of the foregoing provided by applicable law of any jurisdiction, by international treaties and conventions, and otherwise throughout the world; (c) any and all royalties, fees, income, payments, and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and (d) any and all claims and causes of action with respect to any of the foregoing, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

2. Further Assurances. From time to time after the date of this Agreement, Assignor agrees to reasonably assist Assignee and its successors and assigns, upon Assignee's written request, to evidence, record, and perfect the assignment in Section 1 hereof and to provide such other reasonable assistance as might be required in connection with Assignee's efforts to secure, enforce, maintain, and defend the assigned rights. Assignor agrees that Assignor will not be entitled to any additional compensation for providing any of the services in this Section 2, but Assignee shall reimburse Assignor for any actual expenses in connection with Assignor's performance of such services.

3. Terms of Purchase Agreement. The Parties hereto acknowledge and agree that this Intellectual Property Assignment Agreement is entered into pursuant to the Purchase Agreement, to which reference is made for a further statement of the rights and obligations of Assignor and Assignee with respect to the Assigned IP. The representations, warranties, covenants, agreements, and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and

effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

4. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement (or the application of such provision to any Person or circumstance) shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

5. Governing Law; Venue. All issues and questions concerning the construction, validity, interpretation and enforceability of this Agreement, and all claims, controversies and disputes arising hereunder or thereunder or in connection herewith or therewith, whether purporting to be sound in contract or tort, or at law or in equity, shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts including its statutes of limitations, without regard to any conflicts-of-law principles that would cause the application of the laws of any jurisdiction other than the Commonwealth of Massachusetts. In furtherance of the foregoing, each of the parties hereto (a) agrees the foregoing courts are the appropriate, exclusive, and convenient forum for, and will have exclusive jurisdiction over any claim, controversy, or dispute arising from or in connection with this Agreement, (b) waives the defense of inconvenient forum, (c) agrees not to commence any suit, action or other proceeding arising out of this Agreement or any transactions contemplated hereby other than in such foregoing courts, and (d) agrees that a final judgment in any such suit, action or other proceeding shall be conclusive and may be enforced in any other jurisdiction by suit or judgment or in any other manner provided by Law.

6. Counterparts; Delivery by Facsimile or Electronic PDF. This Agreement may be executed simultaneously in two counterparts (including facsimile and electronic copies (e.g., PDF)) each of which shall be deemed an original and all of which together shall constitute but one and the same instrument. This Agreement or any related agreement, certificate or other instrument, to the extent signed and delivered by means of a facsimile machine or by electronic pdf, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

[Signature Pages Follow]



IN WITNESS WHEREOF, the Parties have duly caused the execution of this Agreement to be effective as of the date written in the first paragraph above.

ASSIGNOR:

ANDRE BUYS

STATE OF)
) SS:
COUNTY OF)

On this ___ day of _____, 2018, before me personally came Andre Buys to me known to be the individual described in and who executed the foregoing instrument, and acknowledged execution of the same.

Notary Public:
My commission expires:

[Signature Page to Buys – SDI IP Assignment]




**ASSIGNEE:
SECURITY DEVICES INTERNATIONAL,
INC.**

By: _____
Name: _____
Title: _____

STATE OF)
) SS:
COUNTY OF)

On this ____ day of _____, 2018, before me personally came _____, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged execution of the same.

Notary Public:
My commission expires:



SCHEDULE 1

ASSIGNED IP

[All patents, patent applications, registered designs and registered design applications as set forth on the attached Exhibit A to the Agreement.]

NOTARIAL CERTIFICATE

... I, [Name], Notary Public, duly qualified and authorized to act as such, do hereby certify that the foregoing is a true and correct copy of the original instrument as presented to me on the 12th day of April, 2018, and that said instrument is in conformity with the provisions of Article 12, Chapter 10, Laws of the State of South Africa, and that I have duly certified the same in accordance with the provisions of the said Chapter 10, Laws of the State of South Africa, and that I have duly certified the same in accordance with the provisions of the said Chapter 10, Laws of the State of South Africa, and that I have duly certified the same in accordance with the provisions of the said Chapter 10, Laws of the State of South Africa.

NOTARY PUBLIC



[Handwritten signature]

Exhibit B to Amendment to Purchase and Sale Agreement

Andre Buys, being duly sworn, hereby directs the issuance of the Stock Payment to which he is entitled under the annexed Exhibit A to the Amendment to the Purchase and Sale Agreement as follows:

Value of Shares	Price of Shares	Nominee and Address
\$75,000.00 US	20 day average closing price from Amendment's Execution Text	Seymour Place Solutions LTD (reg nr: 11664839) Address: 20—22 Wenlock Road, London, N1 7GU
\$75,000.00 US	20 day average closing price from Amendment's Execution	Seymour Place Solutions LTD (reg nr: 11664839) Address: 20—22 Wenlock Road, London, N1 7GU
\$480,000.00 US	20 day average closing price from Amendment's Execution	André Johann Buys, 6D Rockwood Road, Woodlands Lifestyle Estate, Pretoria, Gauteng, South Africa, 0072

 DS







Security Devices International Inc.

OFFICE
107 Audubon Rd.
Bldg 2, Suite 201
Wakefield, MA 01880
(978) 868-5011
info@securitydii.com

FACTORY / SHIPPING
25 Sawyer Passway
Fitchburg, MA 01420
(978) 868-5011
orders@securitydii.com

September 4, 2019

James Dunfey
2 Bradford Rd.,
Wilmington, MA 01887

jamesdunfey@comcast.net

Dear Jim,

It is with great pleasure that I present to you this offer of employment with Security Devices International, Inc. (the "Company") dba Byrna on the following terms and conditions:

1. **Position:** Controller
2. **Start Date:** Your employment with the Company will commence on or about September 30, allowing time to complete reference checking and you giving notice to your current employer.
3. **Base Compensation:** You will be compensated at \$133,000 annually, payable semi-monthly in accordance with the Company's standard payroll policies (subject to normal required withholding.) It is understood that during the quarterly and annual audits and at other times throughout the year there will be additional hours required from you and your staff, and that those hours are included in your annual salary.
4. **Annual Bonus:** Upon the conclusion of the fiscal year following the first anniversary of your employment, you will be eligible for a discretionary bonus of 10% to 30% of your base compensation in accordance with the company's bonus plan, based upon (1) the profitability and cash position of the Company, as well as (2) your personal performance.
5. **Stock Options:** Upon the conclusion of the fiscal year following the first anniversary of your employment, you will also be eligible for a discretionary award of 133,000 incentive stock options to purchase shares in Security Devices International in accordance with the company's stock option plan in effect at that time. In each of the following two years, so long as you continue to be an employee with the company, you will be eligible for additional incentive stock options equal to or greater than your initial award. These options will vest immediately upon issuance. The precise terms of such option grants will be in accordance with the company's stock option then in effect.
6. **Classification:** This position is considered exempt for purposes of federal wage-hour law.

7. **Benefits:** You will be eligible to participate in the group health plans and other benefits the Company provides to comparable employees including Company-approved paid time off (PTO), in accordance with Company practices. If elected, health insurance benefits are effective 30 days following your date of employment. The Company will cover 80% of the cost of health insurance. Paid time off will be comprised of two weeks of vacation, ½ personal day which accrue over the course of the calendar year.
8. **Standard Employee Agreements:** You will also be required to read and sign the Company's Code of Business Conduct & Ethics and to read and certify your agreement to comply with the Company's Insider Trading Policy (attached hereto).
9. **At-Will Employment:** As an at-will employer, the Company cannot guarantee employment for any specific duration. You are free to quit, and the Company is entitled to terminate your employment at any time, with or without cause or prior warning. This provision can only be changed or revoked in a formal written contract signed by the CEO and cannot be changed by any express or implied agreement based on statements or actions by any employee or supervisor. Even though your job duties, title, compensation, and benefits, as well as the Company's personnel policies and procedures, may change from time to time during your tenure, the "at-will" nature of your employment is one aspect which may not be changed, except in an express writing signed by the CEO of the Company.
10. **Miscellaneous:** It will be necessary for you to provide proof of your identity and authorization to work in the United States as required by federal immigration laws. In addition, you will be required to complete the necessary tax and benefit enrollment forms upon starting employment.
11. **Entire Agreement:** This letter constitutes the entire agreement between the parties and supersedes all other agreements or understandings. By signing this letter, you acknowledge that you are not relying on any promises or representations that are not contained in this letter. This agreement can only be modified or amended by a subsequent written agreement signed by you and an authorized officer of the Company.
12. **Severability:** If any provision of this agreement is declared by a court of competent jurisdiction to be invalid for any reason, such invalidity shall not affect the remaining provisions, which shall be fully severable and the agreement shall be construed and enforced as if such invalid portion had never been included.
13. **Notices:** All notices required to be given pursuant to this agreement shall be made in writing either by personal delivery to the party requiring notice, or by mailing such notice by certified mail, return receipt requested, to the last known address of the party requiring notice as evidenced by the records of the Company. The effective date of the notice, if mailed, shall be the third day after the date of the postmark, whether the receipt of delivery is received for or not by the recipient of the notice.

Please indicate your acceptance of our offer by signing below and returning to me no later than September 6, 2019. If you have any questions about this offer, please contact me at 781-420-1428.

Jim, we look forward to having you as part of our team and believe you will find this opportunity both challenging and rewarding.

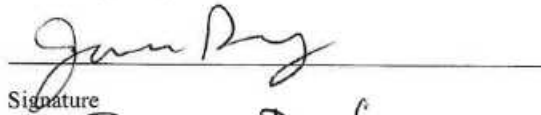
Sincerely,



Bryan S. Ganz
Chief Executive Officer

ACKNOWLEDGEMENT:

I acknowledge and agree to the terms stated in this letter.


Signature

James Dunfee
Name Printed

9/6/19
Date
