

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

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

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

SHORT FORM PROSPECTUS

New Issue

September 20, 2019



MARTELLO TECHNOLOGIES GROUP INC.

\$3,999,999.90

13,333,333 Common Shares

This short form prospectus (the “**Prospectus**”) qualifies the distribution of 13,333,333 common shares (“**Initial Shares**” or “**Common Shares**”) of Martello Technologies Group Inc. (“**Martello**”, the “**Company**” “**us**” or “**we**”) at a price of \$0.30 per Initial Share (the “**Offering Price**”) for aggregate gross proceeds of \$3,999,999.90 (the “**Offering**”).

The Common Shares will be sold pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated September 13, 2019 between the Company and Canaccord Genuity Corp., as sole bookrunner and co-lead underwriter (“**Canaccord**”), CIBC World Market Inc., as co-lead underwriter, and PI Financial Corp. (collectively, the “**Underwriters**”). The price of the Initial Shares offered hereunder was determined by negotiation between the Company and the Underwriters. See “*Plan of Distribution*”. Proceeds received from the Offering will be available to the Company for the purposes set out under the heading “*Use of Proceeds*”.

The outstanding Common Shares are listed for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “**MTLO**”. On September 19, 2019, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.31 per Common Share. The TSXV has conditionally approved the listing of the Initial Shares and any Option Shares. Listing is subject to the Company fulfilling all of the requirements of the TSXV.

\$0.30 per Common Share

	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Offered Share	\$0.30	\$0.021	\$0.279
Total ⁽³⁾	\$3,999,999.90	\$279,999.99 ⁽³⁾	\$3,719,999.91

Notes:

- (1) The Company has agreed to pay to the Underwriters a cash commission equal to 7% of the gross proceeds realized from the sale of Initial Shares and Option Shares (the “**Underwriters’ Fee**”).
- (2) After deducting the Underwriters’ Fee, but before deducting the expenses of the Offering, estimated to be \$500,000, which will be paid from the proceeds of the Offering.
- (3) The Company has granted to the Underwriters an option (the “**Over-Allotment Option**”), exercisable, in whole or in part in the sole discretion of the Underwriters, at any time for a period of 30 days from and including the Closing Date (as defined herein), to arrange for purchasers of additional Common Shares (the “**Option Shares**”) at the Offering Price and representing in number up to 15% of the number of Initial Shares sold under the base Offering to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the cumulative gross proceeds of the Offering will be \$4,599,999.60, the total Underwriters’ Fee will be \$321,999.97 and the total net proceeds to the Company will be \$4,277,999.63, after deducting the Underwriters’ Fee but before deducting the expenses of the Offering, estimated to be \$500,000. This Prospectus

qualifies the grant of the Over-Allotment Option and the distribution of the Option Shares issuable upon exercise of the Over-Allotment Option.

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

Subscriptions for the Common Shares offered under this Prospectus will be received by the Underwriters subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about September 27, 2019, or on such other date or dates as the Company and the Underwriters, may agree, in any event, on or before a date not later than 42 days after the date of the receipt for the (final) short form prospectus (the “**Closing Date**”).

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

Underwriters’ Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to arrange for purchasers of up to 1,999,999 Option Shares	30 days from and including the Closing Date	\$0.30 per Option Share

Notes:

(1) Assuming the exercise in full of the Over-Allotment Option.

Subject to applicable laws in connection with the Offering, the Underwriters may effect transactions intended to stabilize or maintain the market price for the Common Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those securities under this short form prospectus, regardless of the fact that the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases.

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

In this Prospectus all dollar amounts are stated in Canadian dollars and all references to “dollars” or “\$” are to Canadian dollars.

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

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

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

Michael Galvin, director of the Company, resides outside of Canada. He has appointed Martello Technologies Group Inc. at 390 March Road, Suite 110, Ottawa, ON K2K 0G7 as agent for service of process in Canada. Purchasers are advised that it may not

be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

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DOCUMENTS INCORPORATED BY REFERENCE

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

The following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the revised annual information form (the “**AIF**”) of the Company dated July 16, 2019 and refiled on September 20, 2019 for the year ended March 31, 2019;
- (b) the audited financial statements of the Company as at and for the year ended March 31, 2019 and the related notes thereto and the auditor’s report thereon;
- (c) the management’s discussion and analysis of the Company for the year ended March 31, 2019 (“**Annual MD&A**”);
- (d) the unaudited interim consolidated financial statements of the Company and the related notes thereto for the three months ended June 30, 2019 and for the three months ended June 30, 2018 (the “**Interim Financial Statements**”);
- (e) the management’s discussion and analysis of the Company for the three months ended June 30, 2019 (the “**Interim MD&A**”);
- (f) the management proxy statement and information circular dated August 20, 2019 for the annual and special meeting of the shareholders of the Company held on September 20, 2019;
- (g) the material change report dated April 29, 2019 announcing Martello’s engagement of INFOR Financial Inc. to provide market making services. The market making services will be undertaken by INFOR Financial in compliance with the policies and guidelines of the TSX Venture Exchange”;
- (h) the material change report dated April 15, 2019 announcing the extension of an agreement originally announced on December 19, 2018, with Toronto-based Oak Hill Financial for investor relations activities;
- (i) the material change report dated September 13, 2019 announcing pricing of the Offering and the filing of the amended and restated preliminary short form prospectus;
- (j) the “template versions” (as defined in applicable Canadian securities laws) of the term sheets for the Offering dated September 12, 2019 and September 13, 2019.

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

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

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

MARKETING MATERIALS

The Term Sheet is specifically incorporated by reference into this prospectus as of the date of this short form prospectus. See “Documents Incorporated by Reference”. Any “template version” of “marketing materials” (as such terms are defined under applicable Canadian securities laws) filed with the securities commissions or similar regulatory authority in each of the provinces of Ontario, Alberta, and British Columbia in connection with this offering after the date of this short form prospectus and before the termination of the distribution of securities under this short form prospectus will be deemed to be incorporated by reference into this short form prospectus. However, any “template version” of “marketing materials” will not form part of this short form prospectus to the extent that the contents of the template version of marketing materials are modified or superseded by a statement contained in this short form prospectus.

NON-IFRS MEASURES

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

- industry competition and customer adoption of Martello's services and products;
- any changes to the Company's relationship with Mitel, which may significantly affect its business;
- rapid technological changes, which may render the Company's current product offerings obsolete;
- the ability of the Company to attract and retain qualified management to grow its business;
- failure to identify and complete future acquisitions;
- future financial needs and availability of adequate financing;
- international operations, which will result in increased operational, regulatory, tax and other risks;
- data and privacy breaches;
- currency fluctuations; and
- the Company's reliance on patents and trademarks and its ability to enforce same.

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

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

BUSINESS OF MARTELLO

Name, Address and Incorporation

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

General Description of the Business

Martello develops products and solutions that optimize the performance of real-time applications on cloud and enterprise networks, while giving IT teams and service providers control and visibility of their entire IT infrastructure from a single pane of glass. Martello's products include Software-Defined Wide-Area Network ("SD-WAN") technology, unified communications ("UC") performance analytics software, and IT Operations analytics software.

Martello's product portfolio includes subscription-based offerings (software/hardware as a service), hardware product offerings (network appliances) and software license sales. Martello's sales are both indirect, via distributors and value-added resellers, and direct to enterprises. End users enter into an end-user licensing agreement with Martello before using Martello software or services.

Martello is the provider of UC performance analytics software to Mitel's channel. Martello and Mitel have entered into agreements regarding the use and resale of Martello software and services. Martello's end customers are Mitel's channel partners, service providers and enterprise users. Martello's software is called Mitel Performance Analytics ("MPA") when sold in the Mitel channel.

On December 15, 2017, Martello acquired Canadian Link Balancing / SD-WAN player and industry pioneer Elfiq Inc. ("**Elfiq Networks**" or "**Elfiq**"). Elfiq is a Montreal-based company carrying on business as a provider of SD-WAN solutions that deliver business continuity, bandwidth optimization and network performance. Elfiq has been in the business of link-balancing and SD-WAN since 2003.

On November 1, 2018, Martello acquired Savision B.V. and its wholly owned subsidiaries ("**Savision**"). Savision is Netherlands-based and was founded in 2006. Savision provides enterprise software for the visualization of IT systems management data and analytics such as performance metrics, outage information and incidents. Savision's software is an IT Operations Analytics 'Manager of Managers' solution that integrates and controls an organization's monitoring, cloud, and service management tools from a single platform.

Martello has several products and technologies deployed in the field (i.e.: MarWatch, MPA, Elfiq OS, Elfiq Central, LiveMaps and iQ) and maintains an active product development and enhancement program for these technologies. In addition, having acquired and integrated both Elfiq and Savision, Martello is investing in the development and growth of new solutions that leverage its expanding technology stack to address the market's evolving need for clarity and control of complex IT environments. These include solutions that provide insight into network, application and UC performance management, SD-WAN solutions that optimize the performance of unified communications deployments on cloud and enterprise networks, and solutions that will address the application performance management and networking challenges of leading enterprise applications.

Martello follows industry best practices in its development methodology as appropriate, to ensure scalability, security and standards compliance of its products and services. Martello has 101 employees: 54 at its main offices in Ottawa, ON; 22 in Montreal, Quebec; four in the United States, 17 in the Netherlands, and four in France. Martello's operations are not dependent on foreign operations. Martello's products are developed internally and are not subject to material regulatory approval.

CONSOLIDATED CAPITALIZATION

The authorized capital of the Company consists of an unlimited number of Common Shares. As of September 11, 2019, there are 192,632,614 outstanding Common Shares are issued and outstanding. Since June 30, 2019, there have been no material changes in the share or loan capital of the Company other than what is included in this Prospectus.

USE OF PROCEEDS

The net proceeds of the Offering, after deducting the Commission and the estimated expenses of the Offering payable by Martello, will be approximately \$3,219,999.91.

Martello had negative cash flow from its operating activities in the most recently completed financial year ended March 31, 2019. See "*Risk Factors*".

Principal Purposes

The business operations of the Company are capital intensive and as such the primary application of the net proceeds of this Offering will be as follows:

<u>Principal Purpose</u>	<u>Amount</u>
Research & Development	\$500,000
Scale sales capacity	\$500,000
Identifying and acquiring potential acquisition targets	\$2,000,000
General corporate purposes and working capital	\$219,999.91

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

Business Objectives and Milestones

With the net proceeds of the Offering, Martello intends to:

- Accelerate its efforts to identify and acquire potential acquisition targets.
- Provide more capacity to R&D, increasing our speed to market for new capabilities and products.
- Increase sales capacity, specific to partner and channel distribution.

Martello's goal is to complete one or more acquisitions in the next 6-12 months. Martello seeks acquisition targets that are companies whose technology and products would be accretive to Martello's mission to bring clarity to complex network environments, and to the increasingly complex information and communications technology environment. While Martello has identified some potential acquisition targets, as of the date of this Prospectus, no potential acquisition has advanced to a point where they may be considered "probable acquisitions" under applicable securities laws. No definitive agreement has been executed; no agreements in principle have been reached; no letters of intent have been executed; and no terms of any acquisition been settled with any potential target approached by Martello.

Martello plans to increase its research & development capacity in order to accelerate the development of new capabilities and products. These include new integrations for our IT Operations (ITOps), improved Machine Learning and user interface for our UC analytics, and development of new features for our SD-WAN appliances. In addition, we will increase our capacity to integrate these products into a combined offering to customers, for further acquired product sets. These capabilities will be added in the next 6 to 18 months.

The Company intends to scale its resources in sales related roles. The focus is to recruit and train key staff to further execute the Company's expected commercial operations both in Canada and in international markets. The focus for growth will be partner and channel distribution and cross selling our new integrated technologies. These hires will be made in the next 6 to 18 months.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Underwriters have agreed to purchase, as principals, and the Company has agreed to sell, subject to compliance with all necessary legal requirements and pursuant to the terms and conditions of the Underwriting Agreement, on the Closing Date, not less than all of the Initial Shares at a price of \$0.30 per Initial Share, payable in cash to the Company against delivery of the Initial Shares.

The Company has granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, at any time for a period of 30 days from and including the Closing Date, to arrange for purchasers of Option Shares representing, in number, up to 15% of the number of Initial Shares sold under the base Offering, to cover over-allotments, if any, and for market stabilization purposes. The grant of the Over-Allotment Option and the distribution of the Option Shares issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Prospectus. A purchaser who acquires Option Shares forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Fee and the net proceeds to the Company (before the deduction of the expenses of the Offering, estimated to be approximately \$500,000) will be \$4,599,999.60, \$321,999.97 and \$4,277,999.63 respectively.

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

Underwriters' Fee equal to 7% of the gross proceeds of the Offering.

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

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

The obligations of the Underwriters to purchase the Common Shares under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated upon written notice to Martello upon the occurrence of certain stated events including: (i) the commencement of any inquiry, investigation or other proceeding in relation to the Company and its material subsidiaries, the issuance of any order under applicable laws, or otherwise, or the occurrence of any change of law, which may prevent, suspend or materially restrict the trading in the Common Shares; (ii) any material change or change in any material fact in relation to the Company which could be expected to have a material adverse effect on the market price or value of the Common Shares; (iii) certain events affecting the state of the financial markets in Canada or the United States or the condition (financial or otherwise), business, operations or affairs of the Company (on a consolidated basis); or (iv) any breach by Martello of any material term of the Underwriting Agreement. The Underwriters are, however, obligated to take up and pay for all the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement.

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

From the date of the Underwriting Agreement until a date that is 90 days from the Closing Date, the Company has agreed not to, without the prior written consent of Canaccord on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, authorize, sell or issue or announce its intention to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of the Company (including those that are convertible or exchangeable into securities of the Company) other than (i) pursuant to the Offering; (ii) the issuance of non-convertible debt securities; (iii) upon the exercise of convertible securities, options or warrants of the Company outstanding as of the date of the Underwriting Agreement; (iv) pursuant to the Company Stock Option Plan or any other securities compensation arrangement of the Company; (v) pursuant to any acquisition of shares or assets of arm's length persons, or (vi) in connection with any investments in the Company by a strategic third party at or above the issue price of the Common Shares.

As a condition of closing of the Offering, the Company will cause each of the directors, senior officers, and shareholders holding 5% or more of the Company's common shares to execute a lock-up agreement to be delivered at the closing of the Offering, setting out that for a period of 90 days from the Closing Date, without the consent of Canaccord on behalf of the Underwriters, each director and officer will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Common Shares, whether then owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise other than pursuant to a take-over bid or any other similar transaction made generally to all of the shareholders of the Company.

The TSXV has conditionally approved the listing of the Initial Shares and any Option Shares. Listing is subject to the Company fulfilling all of the requirements of the TSXV.

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

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

order was solicited, where the solicitation did not occur during the period of distribution.

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

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

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

Offering in the United States

The Offered Shares offered hereby have not been and will not be registered under the 1933 Act, or any state securities laws, and accordingly may not be offered or sold within the United States (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters, through their U.S. registered broker-dealer affiliates, to offer and resell the Offered Shares in the United States to "qualified institutional buyers" (as defined in Rule 144A under the 1933 Act) in reliance on Rule 144A under the 1933 Act and exemptions from applicable state securities laws.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the 1933 Act.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

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

PRIOR SALES

Common Shares

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

Date of Issue	Number of Common Shares Issued	Issuance Price Per Share
August 2, 2019	493,715	\$0.11
July 26, 2019 ⁽²⁾	20,000	\$0.11
July 25, 2019 ⁽²⁾	20,000	\$0.11
July 24, 2019 ⁽²⁾	53,332	\$0.13
July 24, 2019 ⁽²⁾	146,667	\$0.11
July 23, 2019 ⁽²⁾	512,000	\$0.11
July 23, 2019 ⁽²⁾	63,999	\$0.13
July 22, 2019 ⁽²⁾	64,000	\$0.13
July 10, 2019 ⁽²⁾	21,333	\$0.13
March 5, 2019 ⁽²⁾	32,000	\$0.13
November 1, 2018 ⁽³⁾	18,709,090	\$0.375
September 24, 2018 ⁽²⁾	64,000	\$0.11
September 21, 2018 ⁽²⁾	52,500	\$0.11
September 19, 2018 ⁽²⁾	240,002	\$0.11
September 18, 2018 ⁽²⁾	256,000	\$0.11

Notes:

- (1) On August 22, 2019, 493,715 warrants were exercised at an exercise price of \$0.11 per Common Share.
- (2) Each of these issuances was made upon the exercise of options by Martello employees.
- (3) On November 1, 2018, 18,709,090 Common Shares were issued to the shareholders of Savision as part of the purchase price for Martello's acquisition of Savision.

Options

The Company granted 18,072,000 options to purchase Common Shares as part of the Reverse Acquisition, wherein former option holders of Martello Technologies Corporation received 3.2 options purchase Common Shares of the Company for each option of Martello Technologies Corporation held.

The Company granted the following options in the 12 months preceding this Offering:

Date of Grant	Number of Options Granted	Option price per Common Share
September 3, 2019	90,000	\$0.375
February 28, 2019	424,000	\$0.38
January 18, 2019	1,281,500	\$0.335

Warrants

The Company issued 1,028,576 warrants as part of the Reverse Acquisition. Each warrant can be exercised to purchase one Common Share of the Company at a price of \$0.11 per Common Share. On August 22, 2019, 493,715 warrants were exercised at an exercise price of \$0.11. The balance of the outstanding warrants expire on September 12, 2020.

TRADING PRICE AND VOLUME

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

Price Range (\$) ⁽¹⁾

	Month	High	Low	Trading Volume ⁽²⁾
2019	September 1-19	\$0.38	\$0.31	5,336,482
	August	0.49	0.30	21,422,539
	July	1.00	0.18	178,826,672
	June	0.245	0.18	2,966,848
	May	0.29	0.225	2,382,497
	April	0.31	0.235	2,638,160
	March	0.375	0.27	5,253,224
	February	0.395	0.33	3,528,613
	January	0.42	0.25	5,483,836
2018	December	0.35	0.22	4,186,132
	November	0.51	0.33	7,397,024
	October	0.65	0.33	15,663,445

Notes:

- (1) Includes intra-day high and low prices
- (2) Total volume traded in the relevant month

INTERESTS OF EXPERTS

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

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

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

ELIGIBILITY FOR INVESTMENT

In the opinion of Perley-Robertson, Hill & McDougall LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, on the date of issue, provided that the Offered Shares or the Common Shares are listed at that time on a designated stock exchange, which currently includes the TSXV, the Offered Shares will be qualified investments under the Income Tax Act (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts (individually a “**Registered Plan**” and collectively “**Registered Plans**”) and deferred profit sharing plans and, in the case of a holder that is a Registered Plan, provided the annuitant, holder or subscriber, as the case may be, of the Registered Plan, deals at arm’s length with the Company and does not have a “significant interest” (within the meaning of the Tax Act) in the Company or provided the Offered Shares are “excluded property” (as defined in the Tax Act) for purposes of the “prohibited investment” rules under Tax Act, the Offered Shares will not be a “prohibited investment” under the Tax Act for such Registered Plan. Prospective purchasers who are annuitants, holders or subscribers, as the case may be, of a Registered Plan and who intend to hold Offered Shares in such a Registered Plan should consult their own tax advisor as to whether the Offered Shares will be a prohibited investment in their particular circumstances.

RISK FACTORS

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

An investment in the Common Shares offered by the Company hereby involves a high degree of risk and must be considered speculative due to the nature of the Company’s business and present stage of development. A prospective investor should carefully consider the information included or incorporated by reference in this short form Prospectus and the Company’s historical consolidated financial statements and related notes before making an investment decision regarding the Common Shares. The risk factors contained in the Annual MD&A and under the heading “*Risk Factors*” in the AIF (copies of which may be accessed at www.sedar.com) are incorporated herein by reference. The information set out below is presented as of the date hereof and is subject to change, completion or amendment without notice.

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

Risks Related to the Offering and the Company’s Equity

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

Giving effect to the issuance of Offered Shares in this Offering, the receipt of the expected net proceeds, and the use of those proceeds, this Offering may have a dilutive effect on our expected net income/loss available to our shareholders per share and funds from operations per share. Furthermore, other than in accordance with the terms of the Underwriting Agreement, we are not

restricted from issuing additional securities in the future, including Common Shares, securities that are convertible into or exchangeable for, or that represent the right to receive Common Shares or substantially similar securities. To the extent that we raise additional funds through the sale of equity or convertible debt securities, the issuance of such securities will result in dilution to our shareholders. We may sell Common Shares or other securities in any other offering at a price per share that is less than the price per share paid by investors in this Offering, and investors purchasing Common Shares or other securities in the future could have rights superior to existing shareholders. The price per share at which we sell additional Common Shares or securities convertible or exchangeable into Common Shares, in future transactions may be higher or lower than the price per share paid by investors in this Offering.

Use Proceeds of the Offering

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

The Company may have difficulties identifying, successfully completing or integrating acquisitions, or maintaining or growing its acquired businesses.

There can be no assurances that the Company will be able to identify suitable acquisition candidates available for sale at reasonable valuations, consummate any acquisition or successfully integrate any acquired business into its operations. There can be no assurance that it will be able to access further financial resources for other suitable acquisition opportunities that may become available to it. The Company will have and will likely continue to have competition for acquisition opportunities from other parties including those that have greater financial resources or are willing to pay higher valuation multiples.

Acquisitions involve significant risks and uncertainties, including:

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

Loss of Entire Investment

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

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

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

The Company's Securities may experience price volatility

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

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

The Company's management, directors and employees own a substantial number of the outstanding Common Shares (on a non-diluted and partially-diluted basis). Wesley Clover International Corporation owns 40,172,845 Common Shares (representing approximately 20.85% of the issued and outstanding Common Shares of the Company). Dr. Terence Matthews, Co-Chairman of Martello, is the controlling shareholder of Wesley Clover. As such, the Company's management, directors and employees, as a group, are in a position to exercise influence over matters requiring shareholder approval, including the election of directors and the determination of corporate actions. As well, these shareholders could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company's shareholders.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

CERTIFICATE OF MARTELLO TECHNOLOGIES GROUP INC.

Dated: September 20, 2019

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

“John Proctor”

John Proctor
President & CEO

“Erin Crowe”

Erin Crowe
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Colley Clarke”

Colley Clarke
Director

“Mike Michalyshyn”

Mike Michalyshyn
Director

CERTIFICATE OF THE UNDERWRITER

Dated: September 20, 2019

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

Canaccord Genuity Corp.

“Mike Lauzon”

By: Mike Lauzon
Managing Director, Investment
Banking

CIBC World Markets Inc.

“Amit Monga”

By: Amit Monga
Managing Director, Investment
Banking

PI Financial Corp.

“Blake Corbet”

By: Blake Corbet
Managing Director, Investment
Banking