

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada, but has not yet become final for the purposes of the sale of the securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

This short form prospectus is a base shelf prospectus. This short form prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

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 these 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 have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States or to U.S. persons. See “Plan of Distribution”.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Investor Relations department of Baylin Technologies Inc. at 60 Columbia Way, Suite 205, Markham, Ontario, L3R 0C9, telephone 416-805-9127, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

December 9, 2019



BAYLIN TECHNOLOGIES INC.

\$100,000,000

Common Shares

Preferred Shares

Debt Securities

Warrants

Subscription Receipts

Units

Baylin Technologies Inc. (“**Baylin**”, the “**Corporation**”, “**we**”, “**our**” or “**us**”) may offer and issue common shares (“**Common Shares**”), preferred shares of any series (“**Preferred Shares**”), debt securities (“**Debt Securities**”), warrants to purchase Common Shares or Debt Securities (“**Warrants**”), subscription receipts (“**Subscription Receipts**”) or units (“**Units**”), comprised of one or more of the other securities described in this prospectus (collectively, the “**Securities**” and, individually, a “**Security**”), for aggregate gross proceeds of up to \$100,000,000 (or its equivalent in other currencies) during the 25-month period that this

short form base shelf prospectus, including any amendments (the “**Prospectus**”), remains in effect. Securities may be offered for sale separately or in combination with one or more other Securities, in amounts, at prices and on such terms as we may determine from time to time depending on our financing requirements, prevailing market conditions at the time of sale and other factors.

The specific terms of any offering of Securities, and all shelf information permitted under applicable laws to be omitted from this Prospectus, will be contained in one or more prospectus supplements (each, a “**Prospectus Supplement**”) that will be delivered to prospective purchasers together with this Prospectus. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus. Each Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the offering of Securities to which the Prospectus Supplement pertains.

You should be aware that the purchase of Securities may have tax consequences both in Canada and the United States. This Prospectus does not discuss Canadian or U.S. tax consequences and any such tax consequences may not be fully described in the applicable Prospectus Supplement. You should read the tax discussion (if any) in the applicable Prospectus Supplement and consult with an independent tax advisor with respect to your particular circumstances.

Investing in the Securities involves significant risks. Prospective purchasers of the Securities should carefully consider the risk factors described under the heading “Risk Factors” in the Corporation’s current Annual Information Form and in this Prospectus and in documents incorporated by reference in this Prospectus.

Our outstanding Common Shares are listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “BYL” and our outstanding 6.5% extendible convertible unsecured debentures (the “**Convertible Debentures**”) are also listed on the TSX under the symbol “BYL.DB”. The Convertible Debentures are a separate class of Debt Security, were issued in a fixed principal amount of \$17,250,000 and will not be re-opened. Any offering of Debt Securities, Preferred Shares, Warrants, Subscription Receipts or Units will be a new issue of securities with no established trading market.

Unless otherwise specified in the applicable Prospectus Supplement, the Securities (other than the Common Shares) will not be listed or posted for trading on any securities exchange and there will not be a market through which the Securities (other than the Common Shares) may be sold. Accordingly, purchasers may not be able to resell the Securities (other than the Common Shares) purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of Securities (other than the Common Shares) in the secondary market (if any), the transparency and availability of trading prices, the liquidity of such Securities, and the extent of issuer regulation. See “Risk Factors.”

This Prospectus constitutes a public offering of Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. We may offer and sell Securities (i) through underwriters or dealers, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions or (iii) through agents. Each Prospectus Supplement will identify each underwriter, dealer or agent engaged in connection with the offering and sale of those Securities to which the Prospectus Supplement relates, and will also set forth the terms of the offering of such Securities including, to the extent applicable, any fees, discount or other remuneration payable to the underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the proceeds that we will receive and any other material terms of the plan of distribution. See “Plan of Distribution”.

Subject to applicable securities legislation and except as set out in a Prospectus Supplement relating to a particular offering of Securities, in connection with any offering of Securities under this Prospectus, the underwriters, dealers or agents may over-allot or effect transactions intended to stabilize or maintain the market price of the Securities at a level above that which might otherwise prevail in the open market. These transactions, if commenced, may be interrupted or discontinued at any time. See “Plan of Distribution”.

Our registered office and principal place of business is located at 60 Columbia Way, Suite 205, Markham, Ontario, L3R 0C9.

No underwriter has been involved in the preparation of this Prospectus nor has any underwriter performed any review of the contents of this Prospectus.

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DEFINITIONS AND OTHER MATTERS

In this Prospectus and in any Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are in Canadian dollars. Except as set forth under “Description of Securities”, “Description of Share Capital”, “Description of Common Shares”, “Description of Preferred Shares”, “Description of Debt Securities”, “Description of Warrants”, “Description of Subscription Receipts” and “Description of Units”, and unless the context otherwise requires, all references in this Prospectus and any Prospectus Supplement to “Baylin”, the “Corporation”, “we”, “us” or “our” refer to Baylin Technologies Inc. and its consolidated subsidiary corporations.

FORWARD-LOOKING INFORMATION

This Prospectus includes or incorporates by reference forward-looking information and forward-looking statements within the meaning of applicable securities laws. Forward looking information is not a statement of historical fact. Rather, it is disclosure regarding events, conditions, developments or financial performance that we expect or anticipate may or will occur in the future including, among other things, information or statements concerning our objectives and strategies to achieve those objectives, statements with respect to management’s beliefs, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performances. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as “anticipate”, “believe”, “could” “should”, “would”, “estimate”, “expect”, “forecast”, “indicate”, “intend”, “likely”, “may”, “plan”, “potential”, “project”, “outlook”, “seek”, “target”, “trend”, “will or “would” or the negative or other variations of these words or other comparable words or phrases and is intended to identify forward-looking information or statements, although not all forward-looking information or statements contains these words.

Forward-looking information and statements are based on certain assumptions and estimates made by us in light of the experience and perception of historical trends, current conditions, expected future developments, including projected growth in the antenna and related industries, and other factors we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such assumptions and estimates will prove to be correct.

The following discussion identifies certain factors, although not necessarily all factors, which could cause future outcomes to differ materially from those set forth in the forward-looking information or statements. The risks and uncertainties that may affect our operations, performance, development and the results of our businesses include the following factors:

- risks relating to recent significant acquisitions, including the failure to realize expected returns, the difficulties of integration and the assumption of unknown material liabilities;
- risks relating to our dependence on the success of our customers;
- risks relating to receiving a significant portion of our revenue from a limited number of customers;
- risks relating to our dependence on design integration with our customers;
- risks relating to our dependence on maintaining our existing strategic relationships with customers and on forming new strategic relationships;
- risks relating to our ability to attract new customers due to our existing relationships with their

- competitors;
- risks relating to our dependence on our operating subsidiaries;
 - risks relating to our failure to execute on our growth strategy;
 - risks relating to our dependence on key personnel;
 - risks relating to our ability to attract and retain qualified employees;
 - risks relating to doing business in the passive and active radio frequency products industry, including our ability to respond to emerging technologies and evolving consumer trends in a timely and cost- effective manner;
 - risks relating to significant competition in our industry;
 - risks relating to significant competition reducing our revenue and customer base;
 - risks relating to significant competition and rapid technological change in the global markets for our products and services;
 - risks relating to general economic conditions;
 - risks relating to our failure to develop new products;
 - risks relating to the scale of our operation;
 - risks relating to our investment in research and development;
 - risks relating to investment in new business strategies and acquisitions;
 - risks relating to leverage and restrictive covenants;
 - risks relating to access to capital;
 - risks relating to our failure to protect our intellectual property rights;
 - risks relating to intellectual property infringement;
 - risks relating to cyber-security incidents;
 - risks relating to our failure to protect our customers' intellectual property;
 - risks relating to our ability to meet our customers' orders due to the limited number of manufacturing locations;
 - risks relating to the outsourcing of our plating and painting operations to third parties, which may result in reduced quality;
 - risks relating to the likelihood of fluctuating results of operations;
 - risks relating to historically decreasing selling prices of our products;
 - risks relating to variations of our gross margin;
 - risks relating to seasonality of our business;
 - risks relating to environmental liabilities;
 - risks relating to disruption of our business due to potential future acquisitions;
 - risks relating to product liability and warranties;
 - risks posed by negative operating cash flow;
 - risks relating to doing business overseas, including import and export restrictions, anti-corruption laws, trade disputes, increased duties and tariffs, foreign currency and interest rate fluctuations, changes in regulations, economic and political instability and limitations on repatriation of earnings;
 - risks relating to conditions in the People's Republic of China, the Republic of Korea, the Socialist Republic of Vietnam, where our material subsidiaries carry on their business;
 - risks relating to our use of chops in China;
 - risks relating to enforceability of judgments;

- risks relating to bribery or other forms of corruption;
- risks posed by natural disasters;
- risks relating to the Common Shares, including market volatility, unlikelihood of dividends, additional regulatory burden and related expenses of being a public company, dilution from future issuances of equity securities and future sales of Common Shares by insiders; and
- risks relating to influence by 2385796 Ontario Inc.

Additional information on these and other risks, uncertainties and factors that could affect our operations or financial results are provided in our disclosure documents filed from time to time with the securities commission or similar regulatory authority in each of the provinces and territories of Canada, which are incorporated by reference in this Prospectus. In particular, see the risk factors described under the heading “Risk Factors” in this Prospectus and in the AIF (as defined under “Documents Incorporated By Reference”).

We caution investors that the foregoing list of factors and risks is not exhaustive. The effect of any one risk, uncertainty or factor on a particular forward-looking statement is uncertain because these factors may be independent and management’s future course of action would depend on our assessment of all information at that time. Although we believe the expectations conveyed by the forward-looking information are reasonable based on information available to us as of the date of this Prospectus or as of the date specified in the documents incorporated by reference into this Prospectus, including any Prospectus Supplement, as the case may be, we can give no assurances as to future results, levels of activity and achievements. New factors emerge from time to time, and it is not possible for management to predict all of these factors or to assess in advance the impact of each such factor on our 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 information.

You should not place undue reliance on the information contained in this Prospectus or incorporated by reference herein, as actual results achieved will vary from the information provided herein and the variations may be material. We make no representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, the forward-looking statements contained or incorporated by reference herein are made as of the date of this Prospectus or as of the date specified in the documents incorporated by reference into this Prospectus, as the case may be, and, except as required by applicable law, we do not undertake any obligation to update publicly or to revise any forward-looking information, whether as a result of new information, future events or otherwise.

This cautionary statement qualifies all forward-looking information and all forward-looking statements contained in this Prospectus or incorporated by reference herein.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained or incorporated by reference in this Prospectus is based on information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Corporation believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the

voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. The Corporation has not independently verified any of the data from third party sources referred to or incorporated by reference herein, and accordingly the accuracy and completeness of such data is not guaranteed.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar regulatory authority in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Investor Relations department of Baylin at 60 Columbia Way, Suite 205, Markham, Ontario, L3R 0C9, telephone 416-805-9127, and are also available electronically at www.sedar.com.

The following documents of Baylin have been filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada and are specifically incorporated by reference in and form an integral part of this Prospectus:

- (a) the annual information form of Baylin dated March 13, 2019 for the year ended December 31, 2018 (the “**AIF**”);
- (b) the audited consolidated financial statements of Baylin as at and for the years ended December 31, 2018 and 2017, together with the notes thereto and the independent auditor’s report thereon;
- (c) management’s discussion and analysis (“**MD&A**”) of Baylin’s financial condition and results of operations for the year ended December 31, 2018;
- (d) the management information circular dated April 1, 2019 prepared in connection with the annual meeting of shareholders of Baylin held on May 14, 2019;
- (e) the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2019 and the notes related thereto (the “**Interim Financial Statements**”);
- (f) MD&A of Baylin’s financial condition and results of operations for the three and nine months ended September 30, 2019;
- (g) the business acquisition report dated August 29, 2018 related to Baylin’s acquisition of Alga Microwave Inc.; and
- (h) the material change report dated April 4, 2019 related to Baylin’s credit facilities.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any material change reports (excluding material change reports filed on a confidential basis), interim financial statements (including any exhibits which contain updated earnings coverage calculations), annual financial statements and the auditor’s report thereon, management’s discussion and analysis of financial

condition and results of operations, information circulars, annual information forms and business acquisition reports filed by us with the securities commission or similar regulatory authority in each of the provinces and territories of Canada subsequent to the date of this Prospectus and prior to the termination of any offering of Securities are deemed to be incorporated by reference in this Prospectus.

Upon a new annual information form and audited annual financial statements and related management's discussion and analysis being filed by us with, and where required, accepted by, the securities commission or similar regulatory authority in each of the provinces and territories of Canada during the period this Prospectus remains in effect, the previous annual information form, the previous audited annual financial statements and related management's discussion and analysis, all unaudited interim financial statements and related management's discussion and analysis, material change reports and business acquisition reports filed prior to the commencement of our financial year in which the new annual information form and related audited annual financial statements and management's discussion and analysis are filed will be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. Upon new interim financial statements and related management's discussion and analysis being filed by us with the securities commission or similar regulatory authority in each of the provinces and territories of Canada during the period this Prospectus remains in effect, all interim financial statements and related management's discussion and analysis filed prior to the new interim consolidated financial statements and related management's discussion and analysis will be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. Upon a new information circular relating to an annual meeting of shareholders being filed by us with the securities commission or similar regulatory authority in each of the provinces and territories of Canada during the term of this Prospectus, the information circular for the preceding annual meeting of shareholders will be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific terms of an offering of Securities and other information relating to the Securities will be delivered to prospective purchasers of the Securities together with this Prospectus and will be deemed to be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the offering of the Securities to which the Prospectus Supplement pertains.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for 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 prior 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 is not to 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 in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this

Prospectus.

Prospective investors should rely only on the information contained in or incorporated by reference in this Prospectus or any Prospectus Supplement. We have not authorized anyone to provide prospective investors with different or additional information. We are not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. Prospective investors should not assume that the information contained in or incorporated by reference in this Prospectus or any Prospectus Supplement is accurate as of any date other than the date of the applicable document.

BAYLIN

General

Baylin was incorporated under the *Business Corporations Act* (Ontario) on September 24, 2013. Its head and registered office is located at 60 Columbia Way, Suite 205, Markham, Ontario L3R 0C9.

Businesses of Baylin

Baylin is a leading diversified global wireless technology management company. We focus on research, design, development, manufacturing and sales of passive and active radio frequency (“RF”) products and terrestrial microwave products and services. Our products are marketed and sold principally under the brand names Galtronics, Advantech Wireless and Alga Microwave.

Galtronics

The Galtronics line of business, established in 1978, designs and manufactures innovative wireless antenna solutions for its customers. We strive to meet our customers’ needs by being their trusted partner from initial design to production. Our antennas and shelf products are custom engineered to meet the specifications for our customers’ mobile, embedded and wireless infrastructure needs, including products such as distributed antenna systems (DAS), base station antennas (BAS), small cells and 5G MMU (massive multiple-input, multiple-output unit) antenna modules. Since its establishment, the Galtronics business has grown into an international platform with operations in North America and Asia.

Advantech Wireless

The Advantech Wireless line of business, acquired by Baylin in January 2018, is a leading wireless broadband communications solutions provider for commercial, critical infrastructure, government and military clients. It designs and manufactures customizable radio frequency and microwave products for highly specialized wireless communications markets. Advantech Wireless solutions allow clients to achieve reliable connectivity anywhere in the world. It designs turnkey terrestrial and satellite communications solutions that maximize performance and minimize operational costs. For over 25 years, it has developed significant innovations, including pioneering the use of Gallium Nitride technology to create small lighter and more powerful products.

Alga Microwave

The Alga Microwave line of business, acquired by Baylin in July 2018, is a market leader in the engineering, design and development of RF and microwave components. Since its establishment in

2003, it has become a leading supplier of RF and microwave solid state power amplifiers, pulsed amplifiers for radar applications, transmitter and receiver products, as well as RF passive components and systems.

See the AIF for additional information about the Corporation and its business.

Recent Developments

There have been no material developments in the business of the Corporation since September 30, 2019, the date of the Interim Financial Statements, which have not been disclosed in this Prospectus or the documents incorporated by reference herein.

CONSOLIDATED CAPITALIZATION

There has been no material change in the share and loan capital of the Corporation, on a consolidated basis, since November 5, 2019, the date of the Interim Financial Statements, which have not been disclosed in this Prospectus or the documents incorporated by reference herein.

PRIOR SALES

Prior sales will be provided as required in a Prospectus Supplement with respect to the issuance of Securities under that Prospectus Supplement.

TRADING PRICE AND VOLUME

Trading prices and volume of Securities (if applicable) will be provided as required in a Prospectus Supplement with respect to the issuance of Securities under that Prospectus Supplement.

USE OF PROCEEDS

The Corporation intends to use the net proceeds from any offering of Securities for one or a combination of (i) capital expenditures, including to support ongoing research and development activities, (ii) working capital, (iii) debt reduction, (iv) acquisitions and (v) general corporate purposes.

The Corporation had negative cash flow from operating activities for the nine months ended September 30, 2019. If the Corporation incurs negative cash flow from operating activities for future financial periods, it may need to deploy a portion of its working capital or bank credit facility to fund those negative cash flows or seek additional sources of funding. The Corporation expects its currently available resources will allow it to continue operations well beyond the 12-month period from the date of this Prospectus.

The Corporation continues to review the market for accretive acquisition opportunities but does not have any planned at the date of this Prospectus.

Specific information about our use of the net proceeds from an offering of Securities will depend on the size and type of offering and will be disclosed in the Prospectus Supplement for that offering.

EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the applicable Prospectus Supplement with respect to the issuance of Debt Securities or Preferred Shares pursuant to this Prospectus.

DESCRIPTION OF SECURITIES

This Prospectus contains summary descriptions of the Common Shares, Preferred Shares, Debt Securities, Warrants, Subscription Receipts and Units that the Corporation may issue from time to time. These summary descriptions are not meant to be complete descriptions of each type of Security. Additional terms and provisions of Securities offered by any Prospectus Supplement will be described in the Prospectus Supplement filed in respect of the Securities. In these sections, “we”, “us”, “our”, “Baylin” or “the Corporation” refers only to Baylin Technologies Inc. and not any of our subsidiary corporations or partnerships or jointly held businesses.

DESCRIPTION OF SHARE CAPITAL

The Corporation’s authorized capital consists of an unlimited number of Common Shares (of which 40,231,090 were outstanding as at December 1, 2019) and an unlimited number of preferred shares issuable in series (of which there were none outstanding as at December 1, 2019).

DESCRIPTION OF COMMON SHARES

Holder of Common Shares are entitled to receive notice of and to attend and vote at meetings of shareholders of the Corporation (other than meetings at which only holders of another class or series of shares are entitled to vote separately as a class or series) and to one vote for each Common Share held. Holders of Common Shares are entitled to receive any dividends declared by the board of directors of the Corporation on the Common Shares, subject to the rights of the holders of the Preferred Shares and any other shares ranking senior to the Common Shares with respect to the payment of dividends. On the liquidation, dissolution or winding-up of the Corporation, subject to the rights of the holders of Preferred Shares and any other shares ranking senior to the Common Shares, holders of Common Shares are entitled to receive the remaining property and assets of the Corporation equally and without preference or distinction.

The Common Shares may be offered separately or in combination with one or more other Securities.

DESCRIPTION OF PREFERRED SHARES

Preferred Shares are issuable in series and the board of directors of the Corporation has the right, from time to time, to fix the number of shares in, and to determine the designation, rights, privileges, restrictions and conditions attaching to, the Preferred Shares of each series. Holders of Preferred Shares are entitled to receive any dividends declared by the board of directors of the Corporation in priority to the Common Shares and any other class of shares ranking subordinate to the Preferred Shares. Holders of Preferred Shares, except as otherwise provided in the terms specific to a series of Preferred Shares or as required by law, will not be entitled to vote at meetings of shareholders

of the Corporation. On the liquidation, dissolution or winding-up of the Corporation, the holders of Preferred Shares will be entitled to receive all amounts to which they may then be entitled before any amount is paid or assets distributed to the holders of Common Shares or the shares of any other class ranking subordinate to the Preferred Shares.

The Preferred Shares may be offered separately or in combination with one or more other Securities.

The following sets forth certain general terms and provisions of the Preferred Shares. The particular terms and provisions of a series of Preferred Shares offered pursuant to a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement. The following description and any description of Preferred Shares in the applicable Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to the articles of the Corporation.

The terms of the Preferred Shares may include one or more of the following:

- (a) the offering price of the Preferred Shares;
- (b) the title and designation of and number of shares of the series of Preferred Shares;
- (c) the dividend rate or method of calculation, the payment dates for dividends and the place or places where the dividends will be paid, whether dividends will be cumulative or non-cumulative, and, if cumulative, the dates from which dividends will begin to accumulate;
- (d) any conversion or exchange features or rights;
- (e) whether the Preferred Shares will be subject to redemption and the redemption price and other terms and conditions relative to the redemption rights;
- (f) any liquidation rights;
- (g) any sinking fund provisions;
- (h) any voting rights;
- (i) whether the Preferred Shares will be issued in fully registered or “book-entry only” form;
- (j) any other rights, privileges, restrictions and conditions attaching to the Preferred Shares; and
- (k) any other specific terms.

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered by any Prospectus Supplement, and the

extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

Debt Securities may be offered separately or in combination with one or more other Securities. Baylin may issue debt securities and incur additional indebtedness other than through the issuance of Debt Securities pursuant to this Prospectus.

The Debt Securities will be issued under one or more indentures (each, a “**Trust Indenture**”), in each case between Baylin and a financial institution or trust company organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee (each, a “**Trustee**”).

The following description sets forth certain general terms and provisions of the Debt Securities and does not purport to be complete. The following description is subject to the detailed provisions of the applicable Trust Indenture. Accordingly, reference should also be made to the applicable Trust Indenture, a copy of which will be filed by us with the securities commission or similar regulatory authority in each of the provinces and territories of Canada and will be available electronically at www.sedar.com.

General

The Debt Securities may be issued in one or more series with different terms. We may specify a maximum aggregate principal amount for the Debt Securities of any series and, unless otherwise provided in the applicable Prospectus Supplement, a series of Debt Securities may be reopened for issuance of additional Debt Securities of such series. We may issue Debt Securities in fully registered form, in bearer form or in “book-entry only” form. See “Book-Entry Only Securities”.

The terms of the Debt Securities may include one or more of the following:

- (a) the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- (b) any limit upon the aggregate principal amount of such Debt Securities;
- (c) the currency or currency units for which such Debt Securities may be purchased and the currency or currency units in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- (d) the issue price (at par, at a discount or at a premium) of such Debt Securities;
- (e) the date or dates on which such Debt Securities will be issued and delivered;
- (f) the date or dates on which such Debt Securities will mature, including any provision for the extension of a maturity date, or the method of determination of such date;
- (g) the rate or rates per annum (either fixed or floating) at which such Debt Securities will bear interest (if any) and, if floating, the method of determination of such rate;
- (h) the date or dates from which any such interest will accrue and on which such interest will be payable and the record date or dates for the payment of such interest, or the

method of determination of such date(s);

- (i) if applicable, the provisions for subordination of such Debt Securities to other indebtedness of Baylin;
- (j) the Trustee under the Trust Indenture pursuant to which such Debt Securities are to be issued;
- (k) any redemption term or terms under which such Debt Securities may be terminated whether at or prior to maturity;
- (l) any repayment or sinking fund provisions;
- (m) any events of default applicable to such Debt Securities;
- (n) whether such Debt Securities are to be issued in registered form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (o) any exchange or conversion terms, including terms relating to the conversion of the Debt Securities into Common Shares or other securities of the Corporation, and any provisions for the adjustment thereof;
- (p) if applicable, the ability of Baylin to satisfy all or a portion of any redemption of such Debt Securities, any payment of any interest on such Debt Securities or any repayment of the principal owing upon the maturity of such Debt Securities through the issuance of securities of Baylin or of any other entity, and any restrictions on the persons to whom such securities may be issued;
- (q) the provisions applicable to the modification of the terms of the Trust Indenture; and
- (r) any other material terms or covenants applicable to such Debt Securities.

A Prospectus Supplement may include other terms pertaining to the Debt Securities that are not within the alternatives and parameters described in this Prospectus.

To the extent any Debt Securities are convertible into other securities, prior to such conversion, the holders of such Debt Securities will not have any of the rights of holders of the securities into which the Debt Securities are convertible, including the right to receive payments of dividends or the right to vote such underlying securities.

Ranking

The Debt Securities may be secured or unsecured obligations of Baylin. The Debt Securities will be senior or subordinated indebtedness of Baylin as described in the applicable Prospectus Supplement. If the Debt Securities are senior unsecured indebtedness, they will rank equally and rateably with all other unsecured indebtedness of Baylin from time to time issued and outstanding which is not subordinated. If the Debt Securities are subordinated indebtedness, they will be subordinated to senior indebtedness of Baylin, as described in the applicable Prospectus Supplement,

and they will rank equally and rateably with other subordinated indebtedness of Baylin from time to time issued and outstanding, as described in the applicable Prospectus Supplement. We reserve the right to specify in a Prospectus Supplement whether a particular series of subordinated Debt Securities is subordinated to any other series of subordinated Debt Securities.

We conduct a substantial portion of our operations through subsidiary corporations. The Debt Securities will be exclusively obligations of Baylin Technologies Inc. Such subsidiary corporations will not guarantee the payment of amounts owing on the Debt Securities. The Debt Securities will therefore effectively be structurally subordinated to all existing and future liabilities (including trade payables and other indebtedness) of our subsidiary corporations.

DESCRIPTION OF WARRANTS

The following sets forth certain general terms and provisions of the Warrants. The particular terms and provisions of Warrants offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

The Warrants may be offered separately or in combination with one or more other Securities.

The Warrants will be issued under a separate indenture or other agreement (each, a “**Warrant Indenture**”).

The following description sets forth certain general terms and provisions of the Warrants and does not purport to be complete. The following description is subject to the detailed provisions of the applicable Warrant Indenture. Accordingly, reference should also be made to the applicable Warrant Indenture, a copy of which will be filed by us with the securities commission or similar regulatory authority in each of the provinces and territories of Canada and will be available electronically at www.sedar.com.

The terms of the Warrants may include one or more of the following:

- (a) the number of Warrants offered;
- (b) the price or prices, if any, at which the Warrants will be issued;
- (c) the manner of determining the offering price(s) (if the offering is not a fixed price distribution);
- (a) the currency in which the Warrants will be offered and in which the exercise price under the Warrants may be payable;
- (d) the securities for which the Warrants are exercisable;
- (e) conditions to the exercise of Warrants into securities, and the consequences of such conditions not being satisfied;
- (f) the number of securities that may be issued upon the exercise of each Warrant and the price per security or the aggregate principal amount, denominations and terms of the

series of debt securities that may be issued upon exercise of the Warrant, and the events or conditions under which the amount of securities may be subject to adjustment;

- (g) the date on which the right to exercise such Warrants will commence and the date on which such right will expire;
- (h) the circumstances, if any, which will cause the Warrants to be deemed to be automatically exercised;
- (i) if applicable, the identity of the Warrant agent;
- (j) whether the Warrants will be listed on any securities exchange;
- (k) whether the Warrants will be issued with any other securities and, if so, the amount and terms of these securities;
- (l) any minimum or maximum subscription amount;
- (m) whether the Warrants are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (n) any material risk factors relating to such Warrants and the securities to be issued upon exercise of the Warrants;
- (o) Any material Canadian federal income tax consequences of owning the Warrants and the securities to be issued upon exercise of the Warrants;
- (p) any other rights, privileges, restrictions and conditions attaching to the Warrants and the securities to be issued upon exercise of the Warrants; and
- (q) any other material terms or conditions of the Warrants and the securities to be issued upon exercise of the Warrants.

A Prospectus Supplement may include other terms pertaining to the Warrants that are not within the alternatives and parameters described in this Prospectus.

Prior to the exercise of any Warrants, holders of such Warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including the right to receive payments of dividends or the right to vote such underlying securities.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following sets forth certain general terms and provisions of the Subscription Receipts. The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

Subscription Receipts may be offered separately or in combination with one or more other

Securities.

The Warrants will be issued under a separate indenture or other agreement (each, a **“Subscription Receipt Agreement”**).

The following description sets forth certain general terms and provisions of the Subscription Receipts and does not purport to be complete. The following description is subject to the detailed provisions of the applicable Subscription Receipt Agreement. Accordingly, reference should also be made to the applicable Subscription Receipt Agreement, a copy of which will be filed by us with the securities commission or similar regulatory authority in each of the provinces and territories of Canada and will be available electronically at www.sedar.com.

The terms of the Subscription Receipts may include one or more of the following:

- (a) the number of Subscription Receipts offered;
- (b) the price or prices, if any, at which the Subscription Receipts will be issued;
- (c) the manner of determining the offering price(s) (in the event that the offering is not a fixed price distribution);
- (d) the currency at which the Subscription Receipts will be offered and whether the price is payable in installments;
- (e) the securities into which the Subscription Receipts may be exchanged;
- (f) conditions to the exchange of Subscription Receipts into securities and the consequences of such conditions not being satisfied;
- (g) the number of securities that may be issued upon the exchange of each Subscription Receipt and the price per security or the aggregate principal amount, denominations and terms of the series of debt securities that may be issued upon exchange of the Subscription Receipts, and the events or conditions under which the amount of securities may be subject to adjustment;
- (h) the dates or periods during which the Subscription Receipts may be exchanged;
- (i) the circumstances, if any, which will cause the Subscription Receipts to be deemed to be automatically exchanged;
- (j) provisions applicable to any escrow of the gross or net proceeds from the sale of the Subscription Receipts plus any interest or income earned thereon, and for the release of such proceeds from such escrow;
- (k) if applicable, the identity of the Subscription Receipt agent;
- (l) whether the Subscription Receipts will be listed on any securities exchange;
- (m) whether the Subscription Receipts will be issued with any other securities and, if so,

the amount and terms of these securities;

- (n) any minimum or maximum subscription amount;
- (o) whether the Subscription Receipts are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- (p) any material risk factors relating to such Subscription Receipts and the securities to be issued upon exchange of the Subscription Receipts;
- (q) any material Canadian federal income tax consequences of owning the Subscription Receipts and the securities to be issued upon exchange of the Subscription Receipts;
- (r) any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts and the securities to be issued upon exchange of the Subscription Receipts; and
- (s) any other material terms or conditions of the Subscription Receipts and the securities to be issued upon exchange of the Subscription Receipts.

A Prospectus Supplement may include other terms pertaining to the Subscription Receipts that are not within the alternatives and parameters set forth in this Prospectus.

Prior to the exchange of any Subscription Receipts, holders of such Subscription Receipts will not have any of the rights of holders of the securities for which the Subscription Receipts may be exchanged, including the right to receive payments of dividends or the right to vote such underlying securities.

DESCRIPTION OF UNITS

The following sets forth certain general terms and provisions of the Units. The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

Subscription Receipts may be offered separately or in combination with one or more other Securities. Each Unit will be issued so that the holder of the Unit is also the holder of each Security comprising the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each Security.

The terms of the Units may include one or more of the following:

- (a) the number of Units offered;
- (b) the price or prices, if any, at which the Units will be issued;
- (c) the manner of determining the offering price(s) (in the event that the offering is not a

- fixed price distribution);
- (d) the currency at which the Units will be offered;
 - (e) the securities comprising the Units;
 - (f) whether the Units will be issued with any other securities and, if so, the amount and terms of these securities;
 - (g) any minimum or maximum subscription amount;
 - (h) whether the Units and the Securities comprising the Units are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
 - (i) any material risk factors relating to such Units or the Securities comprising the Units;
 - (j) material Canadian federal income tax consequences of owning the Securities comprising the Units;
 - (k) any other rights, privileges, restrictions and conditions attaching to the Units or the Securities comprising the Units; and
 - (l) any other material terms or conditions of the Units or the Securities comprising the Units, including whether and under what circumstances the Securities comprising the Units may be held or transferred separately.

A Prospectus Supplement may include other terms pertaining to the Units that are not within the alternatives and parameters described in this Prospectus.

BOOK-ENTRY ONLY SECURITIES

Securities issued in “book-entry only” form must be purchased, transferred or redeemed through participants (“**CDS Participants**”) in the depository service of CDS Clearing and Depository Services Inc. or a successor (collectively, “**CDS**”). Each of the underwriters, dealers or agents, as the case may be, named in a Prospectus Supplement will be a CDS Participant or will have arrangements with a CDS Participant. On the closing of a book-entry only offering, the Corporation may cause a global certificate or certificates representing the aggregate number of Securities subscribed for under such offering to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Securities issued in book-entry-only form or non-certificated form will be entitled to a certificate or other instrument from the Corporation or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such purchaser. Each purchaser of Securities will receive a customer confirmation of purchase from the registered dealer from which the Securities are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued

promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in the Securities. Reference in this Prospectus to a holder of Securities means, unless the context otherwise requires, the owner of the beneficial interest in the Securities.

If the Corporation determines, or CDS notifies the Corporation in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Securities and the Corporation is unable to locate a qualified successor, or if the Corporation at its option elects, or is required by law, to terminate the book-entry system, then the Securities will be issued in fully registered form to holders or their nominees.

Transfer, Conversion or Redemption of Securities

Transfer of ownership, conversion or redemption of Securities will be effected through records maintained by CDS or its nominee for such Securities with respect to interests of CDS Participants, and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Holders who desire to purchase, sell or otherwise transfer ownership of or other interests in the Securities may do so only through CDS Participants.

The ability of a holder to pledge a Security or otherwise take action with respect to such holder's interest in a Security (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Payments and Notices

Payments of principal, redemption price, if any, dividends and interest, as applicable, on each Security will be made by the Corporation to CDS or its nominee, as the case may be, as the registered holder of the Security and the Corporation understands that such payments will be credited by CDS or its nominee in the appropriate amounts to the relevant CDS Participants. Payments to holders of Securities of amounts so credited will be the responsibility of the CDS Participants.

As long as CDS or its nominee is the registered holder of the Securities, CDS or its nominee, as the case may be, will be considered the sole owner of the Securities for the purposes of receiving notices or payments on the Securities. In such circumstances, the responsibility and liability of the Corporation in respect of notices or payments on the Securities is limited to giving or making payment of any principal, redemption price, if any, dividends and interest due on the Securities to CDS or its nominee.

Each holder must rely on the procedures of CDS and, if such holder is not a CDS Participant, on the procedures of the CDS Participant through which such holder owns its interest, to exercise any rights with respect to the Securities. The Corporation understands that under existing policies of CDS and industry practices, if the Corporation requests any action of holders or if a holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect to the Securities, CDS would authorize the CDS Participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by CDS or agreed to from time to time by the Corporation, any Trustee and CDS. Any holder that is not a CDS Participant must rely on the contractual arrangement it has directly, or indirectly through its financial intermediary, with its

CDS Participant to give such notice or take such action.

The Corporation, the underwriters, dealers or agents and any Trustee or other person identified in a Prospectus Supplement, as applicable, will not have any liability or responsibility for: (i) records maintained by CDS relating to beneficial ownership interest in the Securities held by CDS or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership interest; or (iii) any advice or representation made by or with respect to CDS and contained herein or in any indenture or agreement with respect to the rules and regulations of CDS or at the directions of the CDS Participants.

DIVIDEND POLICY

The Corporation has not paid any dividends to its shareholders to date and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Corporation's current policy is to retain its cash to finance the development and enhancement of its products and to otherwise invest in the Corporation's business.

INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences which may be applicable to a purchaser of Securities and may also include a discussion of certain United States federal income tax consequences to the extent applicable.

PLAN OF DISTRIBUTION

We may offer and sell Securities (i) through underwriters or dealers, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions or (iii) through agents.

Each Prospectus Supplement will identify each underwriter, dealer or agent engaged in connection with the offering and sale of those Securities to which the Prospectus Supplement relates, and will also set forth the terms of the offering of the Securities including, to the extent applicable, any fees, discounts or other remuneration payable to the underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the proceeds that we will receive and any other material terms of the plan of distribution.

Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution of the Securities. Without limiting the generality of the foregoing, we may also issue some or all of the Securities offered by this Prospectus in exchange for securities or assets of other entities which we may acquire in the future.

If indicated in the applicable Prospectus Supplement, we may authorize underwriters, dealers or agents to solicit offers by certain institutions to purchase the Securities directly from us pursuant to contracts providing for payment and delivery on a future date. These contracts will be subject only to the conditions set forth in the applicable Prospectus Supplement or Supplements, which will also set forth the commission payable for solicitation of these contracts.

Any offering of Debt Securities, Preferred Shares, Warrants or Subscription Receipts will be a new issue of securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Preferred Shares, Warrants or Subscription Receipts will not be listed or posted for trading on any securities exchange and there will not be a market through which the Securities (other than the Common Shares) may be sold. Accordingly, purchasers may not be able to resell the Securities (other than the Common Shares) purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of Securities (other than the Common Shares) in the secondary market (if any), the transparency and availability of trading prices, the liquidity of such Securities, and the extent of issuer regulation. Certain underwriters, dealers or agents may make a market in the Debt Securities, Preferred Shares, Warrants or Subscription Receipts, as applicable, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any underwriter, dealer or agent will make a market in the Debt Securities, Preferred Shares, Warrants or Subscription Receipts or as to the liquidity of the trading market (if any) for the Debt Securities, Preferred Shares, Warrants or Subscription Receipts.

Underwriters, dealers or agents who participate in the distribution of Securities under this Prospectus may be entitled under agreements to be entered into with us to indemnification by us against certain liabilities, including liabilities under securities legislation, or contribution with respect to payments which the underwriters, dealers or agents may be required to make in respect thereof. The underwriters, dealers or agents with whom we enter into agreements may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

Subject to applicable securities legislation and except as set out in a Prospectus Supplement relating to a particular offering of Securities, in connection with any offering of Securities under this Prospectus, the underwriters, dealers or agents may over-allot or effect transactions intended to stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. These transactions, if commenced, may be discontinued at any time.

Unless otherwise specified in the applicable Prospectus Supplement, the Securities have not been and will not be registered under the *United States Securities Act of 1933*, as amended, or any state securities laws and may not be offered, sold or delivered in the United States or to or for the account or benefit of a “U.S. person” (as defined in the regulations thereunder). Each underwriter, dealer and agent will agree, if required, that it will not offer, sell or deliver Securities within the United States or to or for the account or benefit of U.S. persons.

RISK FACTORS

An investment in the Securities involves risk. Before making an investments decision, prospective investors should carefully consider the information in this Prospectus and the documents incorporated by reference herein, including the applicable Prospectus Supplement. In particular, prospective investors should consider the risks described in this Prospectus and in the Corporation’s then-current AIF and then-current annual MD&A and interim MD&A. Those risks could materially adversely affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we currently deem not to be material may also

materially adversely affect our business, financial condition or results of operations.

No Market for the Securities

There is currently no trading market for any Securities (other than the Common Shares) that may be offered. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which these securities trade may be adversely affected. Whether or not these securities will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, general economic conditions and the Corporation's financial condition, historic financial performance and future prospects.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Janice Davis and David Saska, directors of Baylin, reside outside Canada. They have each appointed Baylin at 60 Columbia Way, Suite 205, Markham, Ontario L3R 0C9 as agent for service of process. Investors are advised that it may not be possible to enforce judgments obtained in Canada against any person resident outside Canada, even if that person has appointed an agent for service of process.

EXEMPTIVE RELIEF

Pursuant to section 58(5) of the *Securities Act* (Ontario) (the "**Act**") and Part 19 of National Instrument 41-101, the Corporation has applied for relief from the requirements under section 58(5) of the Act and section 5.11 of National Instrument 41-101, which require a promoter of the Corporation to sign a certificate in this Prospectus, as such requirements may apply to Mr. Jeffrey C. Royer. The Corporation has applied for such relief on the basis that, among other things: (i) the business of the Corporation was founded in 1978 and, under the management and strategic direction of its directors and officers over 38 years, it has gradually developed into its current state through organic growth and business maturation; (ii) Mr. Royer's involvement with the business has always been in his capacity as a director of Galtronics Corporation Ltd. ("**Galtronics**") (since 1993), as co-chairman or chairman of the board of directors of Galtronics (since 2001) and as chairman of the board of directors of the Corporation since 2013; (iii) the Corporation's strategic directions, business plans and pursuit of the offering are the result of the collective efforts of the Corporation's directors and officers; and (iv) Mr. Royer's control and direction over 2385796 Ontario Inc. (the "**Principal Shareholder**"), and his ability to exercise control and direction over the Common Shares held by the Principal Shareholder are not germane to the determination of whether he is a promoter. The Corporation has been advised by the Ontario Securities Commission (the "**OSC**") that the issuance of a receipt by or on behalf of the applicable Canadian Securities Administrators by the OSC for this Prospectus will evidence the granting of this relief. In applying for and receiving such relief, neither the Corporation nor Mr. Royer admit that Mr. Royer is a promoter of the Corporation. The Corporation and Mr. Royer have provided an undertaking to each of the securities regulatory authorities of the jurisdictions in which the Corporation is a reporting issuer that: (i) Mr. Royer will sign all Prospectus Supplements to the Prospectus in his capacity as a director of the Corporation; and (ii) other than dividends received as a

shareholder of the Corporation or salary, fees and expenses received as an officer or director of the Corporation, Mr. Royer will not receive any proceeds from the offerings (either directly or indirectly through the Principal Shareholder) under any supplement to the Prospectus, unless such supplement is pre-cleared by the OSC.

LEGAL MATTERS

Unless otherwise specified in a Prospectus Supplement, certain legal matters in connection with an offering of Securities will be passed upon by Aird & Berlis LLP on behalf of the Corporation. At the date of this Prospectus, Aird & Berlis LLP and its partners, employees and consultant beneficially own, directly or indirectly, less than 1% of the Common Shares.

AUDITOR

The Corporation's auditor is RSM Canada LLP ("**RSM**") located at Suite 700, 11 King Street West, Toronto, Ontario, M5H 4C7. RSM has advised it is independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. RSM has prepared an independent auditor's report dated March 13, 2019 in respect of the consolidated financial statements of the Corporation for the year ended December 31, 2018, which are incorporated by reference in this Prospectus.

The Corporation's previous auditor was PricewaterhouseCoopers LLP ("**PWC**"). PWC has prepared an independent auditor's report dated February 28, 2018 in respect of the consolidated financial statements of the Corporation for the year ended December 31, 2017, which are incorporated by reference in this Prospectus. As at the date of such report, PWC confirmed that it was independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. located at its principal office in Toronto, Ontario.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the 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, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the 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 adviser.

Original Canadian purchasers of Securities which are convertible, exchangeable or exercisable

into other securities of Baylin will have a contractual right of rescission against Baylin in respect of the conversion, exchange or exercise of such Securities. The contractual right of rescission will entitle such original Canadian purchasers to receive the amount paid for the applicable Security upon surrender of the underlying securities issued on conversion, exchange or exercise, if this Prospectus contains a misrepresentation, provided that (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the Securities that are convertible, exchangeable or exercisable under this Prospectus and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the Securities that are convertible, exchangeable or exercisable under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law.

In an offering of Securities that are convertible, exchangeable or exercisable securities into other securities of Baylin, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial and territorial securities legislation, to the price at which such Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts on conversion, exchange or exercise, as applicable, of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF BAYLIN TECHNOLOGIES INC.

Dated: December 9, 2019

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

“Randy L. Dewey”
RANDY L. DEWEY
President and Chief Executive Officer

“Michael Wolfe”
MICHAEL WOLFE
Chief Financial Officer

On behalf of the Board of Directors

“Jeffrey C. Royer”
JEFFERY C. ROYER
Director

“Barry J. Reiter”
BARRY J. REITER
Director