

Form 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Units, comprised of common shares ("common shares") and common share purchase warrants ("Warrants") of Baylin Technologies Inc. (the "Issuer").

The Issuer's head office address is –

Suite 503, 4711 Yonge Street
North York, Ontario
M2N 6K8

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The Units were acquired as part of a private placement by the Issuer.

ITEM 2 – IDENTITY OF THE ACQUIROR

2.1 State the name and address of the acquiror.

Jeffrey C. Royer ("Royer")
c/o Baylin Technologies Inc.
Suite 503, 4711 Yonge Street
North York, Ontario
M2N 6K8

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On December 15, 2020, the Issuer completed a private placement of 6,666,700 Units, comprised of one Common Share and one half of a Warrant. Each whole Warrant (of which there are 3,333,350) entitles the holder to acquire one Common Share at an exercise price of \$1.05.

This report does not reflect the issuance of to the selling agents in the private placement of "broker warrants" entitling them to acquire up to 200,001 common shares until December 15, 2022.

2.3 State the names of any joint actors.

Not applicable.

ITEM 3 – INTEREST IN SECURITIES OF THE REPORTING ISSUER

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.

2385796 Ontario Inc. (“238”) acquired 1,333,600 Units, comprised of 1,333,600 common shares and 666,800 Warrants for a total of 2,000,400 common shares, assuming exercise in full its Warrants. The 2,000,400 common shares represent approximately 4.9% of the 40,882,313 common shares of the Issuer outstanding before giving effect to the private placement. As a result of the acquisition, 238 holds 18,438,674 common shares (assuming exercise in full of its Warrants), representing approximately 45.1% of the Issuer’s outstanding common shares before giving effect to the private placement. Mr. Royer exercises control or direction over the common shares and Warrants held by 238.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

Mr. Royer acquired control over the 1,333,600 common shares and 666,800 Warrants that are the subject of this report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Before the giving effect to the private placement, Mr. Royer exercised control or direction over 19,186,724 common shares, representing 46.9% of the common shares outstanding (on an undiluted basis), and \$8,692,000 principal amount of 6.5% Extendible Convertible Unsecured Debentures (“Debentures”) of the Issuer, representing 50.39% of the \$17,250,000 principal amount of Debentures outstanding. The Debentures have an exercise price of \$3.85, resulting in a conversion ratio of approximately 260 common shares for each \$1,000 principal amount of Debentures (subject to adjustment).

After giving effect to the private placement, Mr. Royer exercises control or direction over 20,520,324 common shares, representing 43.2% of the 47,549,013 common shares outstanding (on an undiluted basis), and \$8,692,000 principal amount of the Debentures, representing 50.39% of the principal amount of the Debentures outstanding. Assuming only 238 exercise its Warrants, Mr. Royer will exercise control or direction over 21,187,124 common shares, representing approximately 43.9% of the 48,215,813 common shares outstanding (on a partially diluted basis). The common shares are owned by an associate of Mr. Royer and by 238, a company controlled by the associate. The \$8,692,000 principal amount of Debentures are owned by 238.

For information purposes only, a family trust owns an additional 967,740 common shares.

3.5 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) **the acquiror, either alone or together with any joint actors, has ownership and control,**

Not applicable.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Mr. Royer exercises exclusive control over the common shares and Debentures held by the associate and 238 Inc.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

ITEM 4 – CONSIDERATION PAID

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The total consideration paid for the Units was \$1,000,200 at a subscription price of \$0.75 per Unit.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

The total consideration paid for the Units was \$1,000,200 at a subscription price of \$0.75 per Unit.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

ITEM 5 – PURPOSE OF THE TRANSACTION

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

Mr. Royer directed the purchase of the Units for investment purposes. Mr. Royer may direct the purchase of additional common shares or Warrants or other securities of the Issuer or direct the sale of common shares, Warrants or other securities, in either case, based on market and other conditions or other circumstances.

ITEM 6 – AGREEMENTS, ARRANGEMENTS, COMMITMENTS OR UNDERSTANDINGS WITH RESPECT TO SECURITIES OF THE REPORTING ISSUER

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such

information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

ITEM 7 – CHANGE IN MATERIAL FACT

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

Not applicable.

ITEM 8 – EXEMPTION

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

ITEM 9 – CERTIFICATION

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated: December 15, 2020

“Jeffrey C. Royer”

Jeffrey C. Royer