

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.

Item 1 -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.

Common shares (“**Common Shares**”) and rights (“**Rights**”) to acquire Common Shares of Baylin Technologies Inc. (the “**Issuer**”).

The Issuer’s head office address is –

Suite 503, 4711 Yonge Street
Toronto, 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.

This report relates to an offering (the “**Rights Offering**”) by the Issuer of rights (the “**Rights**”) to shareholders of record of the Issuer on November 21, 2023 to acquire up to 88,547,717 common shares (the “**Common Shares**”) of the Issuer at a subscription price of \$0.19 per Common Share for gross proceeds of up to \$16,824,066.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

2385796 Ontario Inc.
Suite 500, 4711 Yonge Street
Toronto, 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 November 8, 2023, the Issuer announced that it intended to proceed with an offering of Rights.

On November 10, 2023, the Issuer announced the Right Offering under which holders of Rights would be entitled to acquire Common Shares on the basis of one Common Share for each Right held at a subscription price of \$0.19 for each Common Share.

As part of the Rights Offering, the Issuer's largest shareholder, 2385796 Ontario Inc. (the "**Principal Shareholder**"), and a related party of the Principal Shareholder and an associate (as defined in the *Securities Act* (Ontario)) of Mr. Jeffrey C. Royer, the Issuer's Chairman of the Board of Directors of the Issuer (the "**Associate**"), agreed to exercise their basic subscription privilege under the Rights Offering to acquire an additional 54,626,763 Common Shares for a total subscription of \$10,379,085.

2.3 State the names of any joint actors.

Mr. Jeffrey C. Royer.

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.

Before the Rights Offering, the Principal Shareholder held 51,878,313 Common Shares and the Associate held an additional 2,748,450 Common Shares, representing, together, 54,626,763 Common Shares or approximately 61.7% of the Common Shares then outstanding.

After the Rights Offering, the Principal Shareholder and Associate together hold 109,253,526 Common Shares, representing approximately 72.5% of the 150,777,639 Common Shares currently outstanding.

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.

See item 3.1.

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.

See item 3.1.

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,

Before the Rights Offering, the Principal Shareholder held 51,878,313 Common Shares and the Associate held an additional 2,748,450 Common Shares, representing, together, 54,626,763 Common Shares or approximately 61.7% of the Common Shares then outstanding.

After the Rights Offering, the Principal Shareholder and Associate together hold 109,253,526 Common Shares, representing approximately 72.5% of the 150,777,639 Common Shares currently outstanding.

Mr. Royer exercises exclusive control over the Common Shares held by the Associate and, by virtue of an agreement with the Associate, over the Common Shares held by the Principal Shareholder.

(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.

Not applicable.

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.

See item 2.2.

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.

See item 2.2.

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.

The subscription for Common Shares was made for investment purposes. Mr. Royer may direct the purchase of additional Common Shares or other securities of the Issuer or direct the sale of Common Shares or other securities of the Issuer, 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.

See item 3.5(a).

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 22, 2023

"Jeffrey C. Royer"

Jeffrey C. Royer