

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of April, 2020.

Commission File Number: **001-38524**

**Titan Medical Inc.**

(Exact Name of Registrant as Specified in Charter)

**155 University Avenue, Suite 750  
Toronto, Ontario M5H 3B7  
Canada**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

**Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3 on this Report on Form 6-K will be deemed to be incorporated by  
reference into the Registrant's Form F-3 registration statement filed on July 30, 2019 (File No. 333-232898).**

---

**SIGNATURE**

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

**TITAN MEDICAL INC.**  
(Registrant)

Date: April 29, 2020

By: /s/ Stephen Randall  
Name: Stephen Randall  
Title: Chief Financial Officer

---

**EXHIBIT INDEX**

<u>99.1</u>	<u>Material Change Report dated April 29, 2020</u>
<u>99.2</u>	<u>Promissory Note</u>
<u>99.3</u>	<u>Security Agreement dated April 28, 2020</u>
<u>99.4</u>	<u>News Release</u>

**MATERIAL CHANGE REPORT**  
**Form 51-102F3**

**Item 1 Name and Address of Company**

Titan Medical Inc. (the “Company” or “Titan”)  
155 University Avenue  
Suite 750  
Toronto, Ontario  
M5H 3B7

**Item 2 Date of Material Change**

April 29, 2020.

**Item 3 News Release**

Attached as Schedule “A” hereto is a copy of the news release relating to the material change, which was disseminated on April 29, 2020 through Business Wire. The news release was subsequently filed on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

**Item 4 Summary of Material Change**

On April 29, 2020, the Company announced that it had closed a US\$1.5 million senior secured loan facility (“**Loan Facility**”) from a leading global medical technology company. The Loan Facility has an interest rate of 8% per annum and is repayable not later than April 29, 2023.

**Item 5 Full Description of Material Change**

Please see the press release attached as Schedule “A” hereto.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

The following executive officer is knowledgeable about the material change and may be contacted about this report:

Stephen Randall  
Chief Financial Officer  
(416) 548-7522 (ext. 152)

Email: [stephen@titanmedicalinc.com](mailto:stephen@titanmedicalinc.com)  
Website: [www.titanmedicalinc.com](http://www.titanmedicalinc.com)

**Item 9 Date of Report**

April 29, 2020

---

**SCHEDULE "A"**

See attached news release.

THIS PROMISSORY NOTE (THIS “NOTE”) HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED) OR THE SECURITIES LAWS OF ANY STATE NOR QUALIFIED BY A PROSPECTUS UNDER THE SECURITIES ACT (ONTARIO) (AS AMENDED) OR ANY OTHER APPLICABLE PROVINCIAL SECURITIES LAWS. THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER APPLICABLE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PROSPECTUS THEREUNDER OR AN EXEMPTION THEREFROM. THE ISSUER OF THIS NOTE MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION COMPLIES WITH ANY APPLICABLE SECURITIES LAWS.

#### PROMISSORY NOTE

In the amount of \$1,500,000.00 USD

April 28, 2020

**FOR VALUE RECEIVED**, Titan Medical Inc., a corporation organized under the Laws of Ontario (“**Borrower**”), subject to the Advance being made pursuant to Section 1(a) below, promises to pay to the order of [Redacted] (“**Lender**”), in lawful money of the United States of America, the principal sum of one million five hundred thousand dollars (\$1,500,000.00) (the “**Original Principal Amount**”), together with interest thereon, as set forth herein. Capitalized terms used but not otherwise defined in this Note have the meanings set forth in Annex A attached hereto.

#### Section 1. Advance.

(a) Lender promises to pay to Borrower, within one (1) Business Day following the issuance of this Note, an advance equal to the Original Principal Amount, in cash in United States Dollars via wire transfer of immediately available funds to an account specified in writing by Borrower (the “**Advance**”). For the avoidance of doubt and notwithstanding anything in this Note to the contrary, in no event will the aggregate principal amount advanced under this Note (but excluding any accrued interest capitalized into the principal amount pursuant hereto) exceed the Original Principal Amount.

(b) As a condition to the funding of the Advance, the following conditions must be satisfied, as determined by Lender in its reasonable discretion, as of the date of this Note:

- (i) no Event of Default exists, and no event has occurred which, with the giving of notice to Borrower or lapse of time, or both, would constitute an Event of Default;
- (ii) the representations and warranties of Borrower in this Note are true and correct;
- (iii) Borrower has executed the Security Agreement; and
- (iv) Borrower has entered into a Letter Agreement with each of [Redacted] and [Redacted], each in form and substance acceptable to Lender (the “**Creditor Agreements**”).

The foregoing conditions are referred to collectively herein as the “**Advance Conditions**.” Upon the issuance of this Note, Borrower shall deliver to Lender a certificate duly executed by the Chief Executive Officer of Borrower certifying that the Advance Conditions have been satisfied.

---

**Section 2. Payment of Interest and Principal**

(a) Interest shall accrue daily on the unpaid principal balance under this Note at an interest rate of eight percent (8%) per annum (the **Interest Rate**), commencing on the date of funding of the Advance and continuing until repaid in full, and shall be compounded annually. Upon the occurrence and during the continuation of an Event of Default, interest shall accrue on the unpaid principal balance at an interest rate equal to the Interest Rate plus two percent (2%) per annum. All interest accruing hereunder shall be computed on the basis of a 365-day year for the actual number of days elapsed.

(b) Notwithstanding anything to the contrary contained in this Note, if during any period for which interest is computed hereunder, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable Law, as provided for herein or in any other document executed in connection herewith, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate, Borrower shall not be obligated to pay, and Lender shall not be entitled to charge, collect, receive, reserve or take interest together with all fees, charges and other payments which are treated as interest under applicable Law in excess of the Highest Lawful Rate, and during any such period the interest payable hereunder, together with all fees, charges and other payments which are treated as interest under applicable Law, shall be computed on the basis of the lower of the Interest Rate and the Highest Lawful Rate.

(c) The unpaid principal balance owing hereunder, together with any accrued and unpaid interest and all other unpaid obligations hereunder (the sum of such amounts, at the applicable time, the **"Balance"**), shall be due and payable in full on the earliest to occur of: (i) the three (3)-year anniversary of the issuance of this Note, (ii) a Change of Control, or (iii) a Qualified Financing. Borrower may prepay this Note at any time in whole or in part without fee or penalty. Borrower may not reborrow previously repaid amounts hereunder.

(d) Any and all payments by Borrower under this Note shall be made without deduction or withholding for any Taxes except as required by applicable Laws, in which case the sum payable by Borrower shall be increased as necessary so that after all such deductions or withholdings for Taxes have been made Lender receives an amount equal to the sum it would have received had no such deductions or withholdings had been made.

(e) For purposes of the *Interest Act* (Canada), (i) whenever any interest is calculated using a rate based on a period that is less than a calendar year, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on the period that is less than a calendar year, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest is payable (or compounded) ends, and (z) divided by the period that is less than a calendar year, (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement, and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

**Section 3. Manner of Payments**

Payments of principal of, and interest on, this Note, and all fees, expenses and other obligations hereunder, shall be made without set-off or counterclaim in immediately available funds not later than 2:00 p.m., Central Standard Time, on the date(s) due, via wire transfer of immediately available funds to an account of Lender in cash in United States Dollars pursuant to instructions to be provided to Borrower prior to the payment date. Funds received on any day after such time shall be deemed to have been received on the next Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of any interest or fees.

**Section 4. Application of Payments.**

Any payment hereunder shall be applied first to any unpaid fees and expenses due hereunder, then to unpaid and accrued interest under this Note and then to the reduction of principal balance of this Note.

**Section 5. Use of Proceeds.**

Subject to the other terms, conditions and limitations set forth in this Note, the proceeds of this Note shall be used by Borrower to fund the continued development of its robotics system, to make payments to suppliers, vendors and consultants in the ordinary course of business (including payments to **[Redacted]** and **[Redacted]** as contemplated by their Creditor Agreements), to pay transaction expenses related to, and to **[Redacted]** and for the ongoing general corporate and working capital purposes of the Borrower. Borrower shall not use the proceeds of this Note to pay dividends or make other distributions with respect to its shares to its stockholders, to repay indebtedness for borrowed money, to make capital expenditures outside of the ordinary course of business, to settle or compromise claims by third parties or for any purpose prohibited by applicable Law.

**Section 6. Representations and Warranties of Borrower.**

To induce Lender to accept this Note and to advance the proceeds hereof to Borrower, Borrower hereby represents and warrants to Lender as follows:

( a ) Organization and Power. Borrower is a corporation duly organized and validly existing under the Laws of Ontario. Borrower has all requisite corporate power and authority to carry on its businesses as now conducted, to issue and deliver the Note Documents and to perform its obligations thereunder.

( b ) Authorization and Validity. The execution, delivery and performance by Borrower of the Note Documents have been duly authorized by all necessary corporate action of Borrower, and each Note Document constitutes the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with its terms, subject to limitations on (i) enforceability which might result from bankruptcy, insolvency, moratorium and other similar Laws affecting creditors' rights generally, and (ii) the availability of equitable remedies.

( c ) No Conflicts; No Defaults. The execution, delivery and performance by Borrower of the Note Documents, including Borrower's receipt and use of the proceeds of the borrowing evidenced by this Note, do not and will not (i) violate any provision of, or require any consent or giving of notice under, any Law or any order, writ, judgment, injunction, decree, determination or award of any Governmental Entity or arbitrator presently in effect having applicability to Borrower, (ii) violate or contravene any provisions of Borrower's organizational or governing documents, or (iii) result in a breach of or constitute a default under, or require any consent or giving of notice under, any indenture, loan, credit or other agreement to which Borrower is a party or by which Borrower or any of its properties may be bound, or (iv) result in the creation of any Lien on any of assets of Borrower other than in favour of the Lender. Borrower is not in breach of or default under any indenture, loan, credit or other material agreement, or in violation of any Law, order, writ, judgment, injunction, decree, determination or award to which Borrower or any of its assets is subject.



( d ) Litigation. Except as publicly disclosed in Borrower's Public Disclosure Record, there are no pending or, to Borrower's knowledge, threatened, claims, lawsuits, actions or other similar proceedings against Borrower or involving its assets before any Governmental Entity or arbitrator that would reasonably be expected to impair Borrower's ability to perform its obligations under the Note Documents.

( e ) Disclosure Record. Borrower is a "reporting issuer" in the Provinces of British Columbia, Alberta and Ontario and is not on the list of reporting issuers in default under applicable Canadian Securities Laws. Borrower is required to file periodic reports pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (as amended) and pursuant to applicable Canadian Securities Laws. The items in Borrower's Public Disclosure Record do not, and, as of their respective dates did not, include any untrue statement of a material fact or omit to state any material fact required to be stated therein, or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Borrower is current with its filing obligations under applicable Securities Laws. Borrower has not filed any confidential material change report with any Securities Authority which remains confidential as of the date of this Note.

( f ) Financial Statements; Undisclosed Liabilities. The audited financial statements (including the notes thereto) of Borrower included in Borrower's Public Disclosure Record were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and fairly present in all material respects the financial position and results of operation of Borrower as of the dates and for the periods referenced therein. Except as reflected or reserved against on the most recent (as of the date of this Note) balance sheet of Borrower included in its Public Disclosure Record, Borrower does not have any material liability or obligation of any kind of nature (whether accrued, absolute, contingent or otherwise), other than liabilities or obligations incurred in the ordinary course of business consistent with past practice since the date of such balance sheet or as otherwise publicly disclosed in Borrower's Public Disclosure Record. Borrower is able to pay its debts and liabilities prior to delinquency and to pay or perform other material obligations when due.

( g ) Compliance with Laws. Since January 1, 2019, Borrower has complied in all material respects with applicable Law, except as publicly disclosed in its Public Disclosure Record.

( h ) Subsidiaries. Borrower does not have any subsidiaries.

( i ) Taxes. Borrower has filed all Canadian and other Tax returns required to be filed by Borrower and has paid or made provision for the payment of all Taxes whether shown thereon or otherwise. No Liens for Taxes with respect to the property of Borrower have been filed by a Governmental Entity in connection with any failure or alleged failure to pay any Tax, and no claims are being asserted by any Governmental Entity with respect to any such Taxes.

( j ) No Brokers, Finders, etc. Other than fees due to **[Redacted]** ("**[Redacted]**") under the engagement letter dated January 7, 2020 entered into between the Borrower and **[Redacted]**, Borrower has not employed any broker, financial advisor or finder, or incurred any liability for any brokerage fees, commissions, finder's or other similar fees or expenses, in connection with the transactions contemplated by this Note.

( k ) Survival of Representations. All of the representations and warranties set forth above shall survive the execution and delivery of this Note.

**Section 7. Representations, Warranties and Covenants of Lender.**

Lender hereby represents and warrants to Borrower that (i) by reason of Lender's business and financial experience it has the capacity to protect its own interests in the transactions contemplated by this Note and is acquiring this Note for its own account and not with a view to its resale or distribution, (ii) it is as an accredited investor as defined by Rule 501(a) of Regulation D under the Securities Act of 1933 (as amended), and (iii) it has not entered into this Note as a result of any form of "general solicitation" or "general advertising" (as such terms are used in Regulation D under the Securities Act of 1933 (as amended)), including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising. Lender further represents and warrants to Borrower that the office of Lender in which its investment decision in respect of this Note was made is located at the address of Lender set forth in Section 14 hereof. Without in any way limiting the foregoing representations and warranties, Lender agrees not to make any disposition of this Note except pursuant to an effective registration statement or prospectus under, or pursuant to an applicable exemption from registration or prospectus requirements under, applicable Securities Laws.

**Section 8. Covenants of Borrower.**

Borrower hereby agrees that, for so long as any Balance remains outstanding, unless Lender shall otherwise expressly consent in writing:

(a) Corporate Existence. Borrower will maintain its existence in good standing under the Laws of the jurisdiction of its incorporation and its qualification and authorization to transact business in each jurisdiction in which the character of the properties owned, leased or operated by it, or the business conducted by it, makes such qualification necessary.

(b) Books and Records. Borrower will maintain books and records that are accurate and complete in all material respects. Promptly upon request (but no later than (i) thirty (30) days after the end of a month, or (ii) forty-five (45) days after the end of a financial quarter, in which a request by Lender is made), Borrower shall deliver to Lender unaudited financial information in sufficient detail to determine Borrower's general financial and cash position in a form of presentation reasonably acceptable to Lender. Lender shall treat any confidential information of Borrower provided pursuant to this Section 8(b) as Confidential Information under Section 11.

(c) Compliance. Borrower will comply in all material respects with the requirements of all applicable Laws, and of all orders, writs, judgments, injunctions, decrees or awards to which it may be subject.

(d) Notice of Default. Borrower will promptly provide written notice to Lender of any actual or anticipated Event of Default, or any action, event, fact, change occurrence or circumstance that would reasonably be expected to cause an Event of Default, describing the nature thereof and what action Borrower proposes to take with respect thereto.

(e) Other Agreements. Borrower (i) will comply with all of its liabilities and obligations under the Creditor Agreements in accordance with their respective terms as and when due, and (ii) will not amend, modify or supplement any provisions of the Creditor Agreements in any material respect, agree or consent to any such material amendment, modification or supplement, terminate any of the Creditor Agreements, agree or consent to any such termination, fail to promptly enforce any material right of Borrower under any of the Creditor Agreements or waive any material obligation of any third party under the Creditor Agreements, in each case without the prior written consent of Lender, such consent not to be unreasonably withheld. Borrower will not enter into any agreement, bond, note or other instrument with or for the benefit of any Person (other than Lender) which would be violated or breached by Borrower's receipt or use of the proceeds of this Note or by Borrower's performance of its obligations hereunder.

(f) Government Regulation. Borrower will not (i) be or become subject at any time to any Law or list of any Governmental Entity (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower, or (ii) fail to provide documentary and other evidence of Borrower's identity as may be reasonably requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable Law, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

(g) **[Redacted]**

(h) Payment of Taxes. Borrower will file all Tax returns which are required by Law to be filed by it and pay before they become delinquent all Taxes shown to be due on such Tax returns and all other Taxes imposed upon it or its property which would reasonably be expected to result in the creation of a Lien for Taxes upon its property, in which case Borrower will or has paid all such Taxes that would reasonably be expected to create a Lien for Taxes; provided that the foregoing items need not be paid if they are being contested in good faith by appropriate proceedings, and as long as its title to its property is not materially adversely affected.

**Section 9. Events of Default.**

The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) Borrower shall fail to make when due, whether by acceleration or otherwise, any payment of principal of, or interest on, this Note;

(b) Borrower shall fail to pay when due any fee or other amount required to be paid to Lender pursuant to this Note within ten (10) Business Days following Lender's delivery of an invoice therefor;

(c) A breach by Borrower of any representation, warranty covenant or other obligation not otherwise contemplated in this Section 9 of Borrower in this Note which is not cured within ten (10) Business Days following Lender's delivery of written notice to Borrower;

(d) An Act of Bankruptcy shall occur with respect to Borrower;

(e) Borrower or its board of directors or stockholders shall take any action or adopt any plan to effect an Act of Bankruptcy; or

(f) A Material Adverse Effect shall have occurred.

**Section 10. Remedies.**

If any Event of Default described in Section 9(d) or Section 9(e) occurs, the entire Balance shall automatically become immediately due and payable without further demand or notice of any kind. If any other Event of Default shall occur and be continuing, then Lender may declare by written notice to Borrower the entire Balance to be forthwith due and payable, whereupon the principal of this Note, all accrued and unpaid interest thereon and all other obligations of Borrower to Lender hereunder shall immediately become due and payable without further demand or notice of any kind, and Lender may exercise all rights and remedies available to Lender under this Note or at law or equity. Borrower hereby waives presentment, dishonor, notice of dishonor and protest.

**Section 11. Confidentiality; Public Announcements**

As the issuance of this Note is considered by Borrower to be a material event, Lender hereby consents to Borrower's publication of a press release in the form previously approved by Lender. In all other respects, the parties hereto shall, and shall cause their respective affiliates to, hold in confidence and not disclose to any third party any information about this Note, the terms and conditions hereof or the transactions contemplated hereby (the "**Confidential Information**"). In the event a party is requested or required (by interrogatory, subpoena, civil investigative demand or similar process) to disclose any Confidential Information, it shall notify the other party promptly of the request or requirement so that such other party may seek an appropriate protective order or waive compliance with the provisions of this Section 11. If such protective order is not obtained, or if and to the extent such other party waives such prohibition, the first party may make such disclosure that, in the reasonable opinion of its counsel, is legally required to be made. Notwithstanding the foregoing, (i) each party may disclose Confidential Information to its employees, agents, representatives and advisors who have a reasonable need to know for legitimate business purposes and who commit to an undertaking of confidentiality consistent with the terms of this Section 11 and (ii) Lender and Borrower may disclose the Confidential Information in court filings in connection with the exercise of its rights under the Note Documents. Except as set in this Section 11, no public announcement shall be made by either party or its representatives in respect of this Note or the transactions contemplated hereby without the prior written consent of the other party.

**Section 12. Waiver; Amendment**

No failure on the part of Lender to exercise and no delay in exercising any power or right under this Note shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The remedies herein are cumulative and not exclusive of any remedies provided by Law. No notice to or demand on Borrower not required under this Note shall entitle Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the holder of this Note to any other or further action in any circumstances without notice or demand. No amendment, modification or waiver of any provision of this Note or consent to any departure therefrom shall be effective unless the same shall be in writing and signed by Lender and Borrower, and then such amendment, modifications, waiver or consent shall be effective only in the specific instances for which given.

**Section 13. Fees, Expenses, Costs of Collection**

Borrower shall be responsible for all reasonable, out-of-pocket fees, costs and expenses (including reasonable attorneys' fees) incurred by Lender in connection with the enforcement of this Note, including the collection of the amounts due and payable hereunder.

**Section 14. Notices.**

Any notice or other communication required or permitted to be delivered to either party under this Note shall be in writing and shall be deemed properly delivered, given and received: (a) when delivered by hand; (b) on the day sent by e-mail, provided, that such day is a Business Day and the sender has received confirmation of transmission as of or prior to 5:00 p.m. local time of the recipient on such day (or otherwise, on the succeeding Business Day); or (c) the first Business Day after sent by overnight delivery via a national courier service, in any case to the address or e-mail address set forth beneath the name of such party below (or to such other address or e-mail address as such party shall have specified in a written notice given to the other party):

If to Borrower,  
to: Titan Medical Inc.  
155 University Avenue, Suite 750  
Toronto, Ontario M5H 3B7  
Attention: David McNally, President and CEO  
E-Mail: david.mcnally@titanmedicalinc.com

with a copy to (which shall not constitute notice):

Borden Ladner Gervais LLP  
Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, Ontario M5H 4E3  
Attention: Manoj Pundit  
E-Mail: MPundit@blg.com

If to Lender, to: **[Redacted]**

with separate copies thereof addressed to:

Attention: **[Redacted]**  
E-Mail: **[Redacted]**

and

Attention: **[Redacted]**  
E-Mail: **[Redacted]**

and

Attention: **[Redacted]**  
E-Mail: **[Redacted]**

**Section 15. Successors and Assigns.**

This Note shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Neither the Borrower, nor during the **[Redacted]**, Lender, shall transfer or assign this Note or any of its rights or duties hereunder without the prior written consent of the other party. Notwithstanding the foregoing, the Lender may assign this Note to any entity that is controlled, directly or indirectly, by **[Redacted]**.

**Section 16. Headings.**

The headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Note.

**Section 17. Entire Agreement**

This Note, together with the other documents and instruments referenced herein, embodies the entire agreement and understanding between Borrower and Lender with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties relating to the subject matter hereof, provided that the Confidential Disclosure Agreement entered into by and between Borrower and Lender's affiliate, [Redacted], [Redacted], on [Redacted], as amended on [Redacted], shall remain in full force and effect in accordance with its terms notwithstanding the execution and delivery of this Note.

**Section 18. Miscellaneous**

This Note is being delivered in, and shall be governed by the internal Laws of, the State of [Redacted] (without regard to its conflict of law principles). **EACH PARTY SUBMITS AND CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF [Redacted] AND ANY FEDERAL COURT LOCATED IN [Redacted] IN ANY ACTION, PROCEEDING OR LITIGATION ARISING OUT OF OR RELATING TO THIS NOTE, AND FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT TO ITS RESPECTIVE ADDRESS SET FORTH IN SECTION 14 BY THE MEANS THEREIN PROVIDED WILL BE EFFECTIVE SERVICE OF PROCESS FOR ANY LITIGATION BROUGHT AGAINST IT IN ANY SUCH COURT. EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY LITIGATION ARISING OUT OF THIS NOTE IN SUCH COURTS, AND HEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH PARTY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH SUCH PARTY IS INVOLVED WITH RESPECT TO THIS NOTE. NOTHING IN THIS NOTE SHALL AFFECT ANY RIGHT THAT LENDER HAS TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS NOTE OR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT AGAINST BORROWER OR ITS PROPERTIES IN THE COURTS OF THE PROVINCE OF ONTARIO OR ANY JURISDICTION.**

**Section 19. Judgment Currency**

(a) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to Lender in any currency (the **Original Currency**) into another currency (the **Other Currency**), the parties agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by applicable Law, on the day on which the judgment is paid or satisfied.

(b) The obligations of Borrower in respect of any sum due in the Original Currency from it to Lender hereunder shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by Lender of any sum adjudged to be so due in the Other Currency, Lender may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to Lender in the Original Currency, Borrower agrees, as a separate obligation and notwithstanding the judgment, to indemnify Lender, against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to Lender in the Original Currency, Lender shall remit such excess to Borrower.

**Section 20.**

**Borrower's Acknowledgment.**

Borrower hereby acknowledges that (a) it has been advised by counsel in the negotiation, execution and delivery of this Note, (b) Lender has no fiduciary relationship to Borrower, their relationship being solely that of debtor and creditor, (c) no joint venture exists between Borrower and Lender, and (d) Lender undertakes no responsibility to Borrower to review or inform Borrower of any matter in connection with the business or operations of Borrower and Borrower shall rely entirely upon its own judgment with respect to its business and operations.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned Borrower has duly executed and issued this Note to Lender as of the date first written above:

**BORROWER:**

**Titan Medical Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged and agreed:

**LENDER:**

[Redacted]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Promissory Note]

---



## Annex A

### Definitions

For purposes of the Note, the following capitalized terms shall be defined as set forth below:

“**Act of Bankruptcy**” means, with respect to any Person, if (i) the Person shall (A) apply for or consent to the appointment of, or the taking of possession by, a receiver, receiver-manager, administrator, custodian, monitor, trustee or liquidator with respect to all or a substantial part of the Person’s property, or (B) commence a voluntary case under any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding under the Laws of any jurisdiction, including any corporate statute, or (C) file a petition seeking to take advantage of any other Law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (D) admit in writing such Person’s inability to pay such Person’s debts generally as they mature (other than disclosures regarding Borrower’s financial condition and risk factors set forth in Borrower’s documents filed and made publicly available in accordance with applicable securities laws), or (E) make an assignment for the benefit of such Person’s creditors; or (ii) a proceeding or case shall be commenced, without the application or consent of the Person in any court of competent jurisdiction, seeking (A) the liquidation, reorganization, dissolution, winding up or the composition or adjustment of debts of the Person, (B) the appointment of a trustee, receiver, receiver-manager, administrator, custodian, monitor or liquidator with respect to all or any substantial part of the Person’s property, or (C) similar relief in respect of the Person under any Law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts.

“**Advance**” has the meaning set forth in Section 1(a) of the Note.

“**Advance Conditions**” has the meaning set forth in Section 1(b) of the Note.

“**Balance**” has the meaning set forth in Section 2(c) of the Note.

“**Borrower**” has the meaning set forth in the Preamble of the Note.

“**Business Day**” means a day other than a Saturday, Sunday, legal holiday or other day on which banking institutions in the State of New York or the Province of Ontario are authorized or required by Law to close.

“**Canadian Securities Laws**” means the Securities Act (Ontario) (as amended), all other applicable provincial securities Laws, the rules and regulations under or relating to the foregoing and applicable stock exchange rules and listing standards of the Toronto Stock Exchange.

“**Change of Control**” means the acquisition of Borrower by another Person (or group of Persons) by means of any transaction or series of transactions, including (i) a sale, exclusive license or other disposition by Borrower of all or substantially all of its intellectual property or other assets, (ii) a merger, amalgamation, consolidation or similar transaction to which Borrower is a party and in which the stockholders of Borrower immediately prior to such transaction directly or indirectly own less than a majority of the surviving entity’s voting power immediately following the transaction, or (iii) the direct or indirect transfer (whether by merger, amalgamation, consolidation, stock sale, scheme or plan of arrangement or otherwise, but excluding by way of any offering and sale of securities in a transaction or series of related transactions consummated for bona fide capital raising purposes in which cash is received by Borrower) to a Person or group of Persons of beneficial ownership of Borrower’s securities if, immediately following such transaction, such Person or group would hold fifty percent (50%) or more of the voting power in Borrower (or the surviving or acquiring entity).

“**Confidential Information**” has the meaning set forth in Section 11 of the Note.

“**Creditor Agreements**” has the meaning set forth in Section 1(b)(iii) of the Note.

“**Event of Default**” has the meaning set forth in Section 9 of the Note.

“**Governmental Entity**” means any federal, tribal, state, local or foreign government or any provincial, departmental or other political subdivision thereof, or any entity, body or authority having executive, legislative, judicial, regulatory, administrative or other governmental functions or any court, department, commission, board, bureau, agency, instrumentality or administrative body of any of the foregoing.

“**Highest Lawful Rate**” means the maximum non-usurious rate of interest, as in effect from time to time, which may be charged, contracted for, reserved, received or collected by Lender in connection with this Note under applicable Law.

“**Interest Rate**” has the meaning set forth in Section 2(a) of the Note.

[Redacted]

“**Law**” means all laws, treaties, constitutions, codes, statutes, ordinances, regulations, rules, decrees, decisions, rulings, directions, orders, writs, judgments, injunctions, determinations or requirements of any Governmental Entity or Securities Authority, whether now or hereafter enacted and in force, including the terms and conditions of any license, permit, approval, authorization or registration issued by any Governmental Entity or any Securities Authority.

“**Lender**” has the meaning set forth in the Preamble of the Note.

“**Lien**” means any lien, mortgage, security interest, pledge, deed of trust, security interest, claim, lease, charge, option, right of first refusal, subscription right, easement, servitude, proxy, transfer restriction or other similar encumbrance or restriction.

“**Material Adverse Effect**” means any change, development or effect that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to the ability of Borrower to pay or perform any of its obligations under this Note or to the business or financial condition of Borrower.

“**Note**” means this Promissory Note (including all exhibits, annexes, attachments and schedules hereto), as it may be amended from time to time in accordance with its terms.

“**Note Documents**” means, collectively, the Note and the Security Agreement.

“**Original Currency**” has the meaning set forth in Section 19(a) in of the Note.

“**Original Principal Amount**” has the meaning set forth in the Preamble of the Note.

“**Other Currency**” has the meaning set forth in Section 19(a) in of the Note.

“**Person**” means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity and any Governmental Entity.

[Redacted]

“**Public Disclosure Record**” means reports, schedules, forms, statements and other documents (including exhibits and other information incorporated by reference thereto) filed by Borrower with, or furnished by Borrower to, any Securities Authority on or after January 1, 2019 that are available to the public on the System for Electronic Document Analysis and Retrieval (SEDAR) or the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR).

“**Qualified Financing**” means a transaction or series of related transactions consummated by Borrower for bona fide capital raising purposes in which it receives at least \$10,000,000 USD of immediately available gross proceeds in the aggregate from one or more investors, including, without limitation, via the issuance and sale of debt securities, equity securities or other instruments convertible or exercisable into the same, whether via public offering or private placement, or via the incurrence of indebtedness for borrowed money. For purposes of this definition, any transaction conducted in a currency other than United States Dollars shall be evaluated by converting the proceeds thereof into United States Dollars using the closing exchange rate published by the Wall Street Journal (www.WSJ.com) for New York trading on the Business Day immediately preceding the closing of such transaction.

[Redacted]

“**Securities Authorities**” means any Governmental Entity, stock exchange or self-regulatory organization exercising any regulatory authority in respect of Securities Laws or the on-exchange or off-exchange trading of securities.

“**Securities Laws**” means the Canadian Securities Laws and the U.S. Securities Laws.

“**Security Agreement**” means the Security Agreement between Borrower and Lender dated as of the date hereof.

“**Tax**” or “**Taxes**” means all taxes, additions to tax, penalties, interest, fines, duties, withholdings, assessments and charges assessed or imposed by any Governmental Entity, including all national, federal, state, county, local and foreign income, profits, gross receipts, import, ad valorem, real and personal property, franchise, license, sales, use, value added, stamp, transfer, withholding, payroll, employment, excise, custom, duty and any other taxes, obligations and assessments of any kind whatsoever, in each case whether disputed or not; and the foregoing shall include any obligation arising as a result of being (or ceasing to be) a member of any affiliated, consolidated, combined or unitary group as well as any liability under any Tax allocation, Tax sharing, Tax indemnity or similar agreement.

“**U.S. Securities Laws**” means the federal and state securities Laws of the United States, including without limitation the Securities Act of 1933 (as amended), the Securities Exchange Act of 1934 (as amended), the rules and regulations under or relating to the foregoing and the applicable stock exchange rules and listing standards of the Nasdaq Stock Market.

**TITAN MEDICAL INC.**

**as Obligor**

**and**

**[REDACTED]**

**as Secured Creditor**

---

**SECURITY AGREEMENT**

**April 28, 2020**

---

---

## SECURITY AGREEMENT

Security agreement dated as of April 28, 2020 made by Titan Medical Inc., to and in favour of [Redacted].

### RECITALS:

- (a) The Secured Creditor has agreed to advance monies to the Obligor on the terms and conditions contained in the Promissory Note; and
- (b) It is a condition precedent to the advance under the Promissory Note that the Obligor execute and deliver this Agreement in favour of the Secured Creditor as security for the payment and performance of the Obligor's obligations under the Promissory Note.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Obligor agrees as follows.

### ARTICLE 1 INTERPRETATION

#### Section 1.2 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

**"Agreement"** means this security agreement.

**"Collateral"** has the meaning specified in Section 2.1.

**"Expenses"** has the meaning specified in Section 2.2(1)(b).

**"Instruments"** means (i) a bill, note or cheque within the meaning of the *Bills of Exchange Act* (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or (ii) a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, or (iii) chattel paper or any other writing that evidences both a monetary obligation and a security interest in or a lease of specific goods, or (iv) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or (v) any document or writing commonly known as an instrument, but excludes investment property.

**“Intellectual Property”** means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property.

**“Obligor”** means Titan Medical Inc., a corporation incorporated and existing under the Laws of Ontario, and its successors and permitted assigns.

**“Promissory Note”** means the promissory note dated the date hereof, issued by the Obligor in favour of the Secured Creditor as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement extending the maturity of, refinancing or restructuring all or any portion of, the indebtedness under such agreement or any successor agreements.

**“Registrable Intellectual Property”** means any Intellectual Property in respect of which ownership, title, security interests, charges or encumbrances are capable of registration, recording or notation with any Governmental Entity pursuant to applicable Laws.

**“Secured Creditor”** means [Redacted] and its successors and assigns.

**“Secured Obligations”** has the meaning specified in Section 2.2(1)(a).

**“Security”** means a security (as defined in the STA) and all other shares, interests, participations, rights in, or other equivalents (however designated and whether voting or non-voting) of, a Person’s capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing.

**“Security Interest”** has the meaning specified in Section 2.2.

**“ULC”** means an unlimited company, an unlimited liability company or an unlimited liability corporation incorporated pursuant to or otherwise governed by the Laws of any of the provinces of Canada.

**“ULC Shares”** means shares in any ULC at any time owned or otherwise held by the Obligor.

### Section 1.3 Interpretation.

- (1) Terms defined in the *Personal Property Security Act* (Ontario) (“PPSA”) or the *Securities Transfer Act, 2006* (Ontario) (“STA”) and used but not otherwise defined in this Agreement have the same meanings. For greater certainty, the terms “**account**”, “**chattel paper**”, “**document of title**”, “**equipment**”, “**goods**”, “**intangible**”, “**investment property**”, “**money**”, “**personal property**” and “**proceeds**” have the meanings given to them in the PPSA; and the terms “**certificated security**”, “**control**”, “**deliver**”, “**entitlement holder**”, “**financial asset**”, “**securities account**”, “**securities intermediary**”, “**security**”, “**security entitlement**” and “**uncertificated security**” have the meanings given to them in the STA.
- (2) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Promissory Note.
- (3) In this Agreement the words “**including**”, “**includes**” and “**include**” mean “**including (or includes or include) without limitation**”. The expressions “**Article**”, “**Section**” and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.
- (4) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (5) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (6) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (7) Any reference to this Agreement refers to this Agreement as it may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

## ARTICLE 2 SECURITY

### Section 2.1 Grant of Security.

The Obligor grants to the Secured Creditor, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Secured Creditor, all of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the “**Collateral**”), including all of the Obligor’s:

- (a) present and after-acquired personal property;
- (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing or shipping, and materials used or consumed in the business of the Obligor;

- (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
- (d) accounts due or accruing, including deposit accounts (whether demand, term, cash, chequing, savings or other similar account, and whether or not evidenced by a certificate of deposit, account agreement, passbook or other document) maintained for the benefit of the Obligor by a bank, credit union, trust company or other financial institution, and all other monetary obligations due or accruing to the Obligor;
- (e) money, documents of title, chattel paper, financial assets and investment property;
- (f) securities accounts and all of the credit balances, securities entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (g) Instruments;
- (h) Securities;
- (i) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licences and other contractual benefits;
- (j) Intellectual Property including the Registrable Intellectual Property listed in Schedule A;
- (k) books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in this Section 2.1;
- (l) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) through Section 2.1(k) inclusive; and
- (m) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) through Section 2.1(l) inclusive, including the proceeds of such proceeds.



## Section 2.2 Secured Obligations.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the “**Security Interest**”) secures the payment and performance of:

- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Secured Creditor in any currency, under, in connection with or pursuant to the Promissory Note (collectively, and together with the Expenses, the “**Secured Obligations**”); and
- (b) all reasonable expenses, costs and charges incurred by or on behalf of the Secured Creditor in connection with the enforcement of its rights in respect of this Agreement, the Security Interest or the Collateral, including all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Secured Creditor's interest in any Collateral (collectively, the “**Expenses**”).

## Section 2.3 Attachment.

- (1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Secured Creditor (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) If the Obligor (i) acquires any Securities, (ii) acquires any other financial assets, (iii) acquires any Instruments, or (iv) establishes or maintains a securities account, the Obligor will notify the Secured Creditor in writing and provide the Secured Creditor with the details related to the acquisition or establishment of and particulars relating to such Securities, financial assets, Instruments or securities account within 15 days after such acquisition or establishment.
- (3) At the request of the Secured Creditor, the Obligor will cause the Secured Creditor to have control over each security and all other investment property that are now or at any time become Collateral, and will take all action that the Secured Creditor reasonably deems advisable to cause the Secured Creditor to have control over such Collateral, including (i) causing the Collateral to be transferred to or registered in the name of the Secured Creditor or its nominee or otherwise as the Secured Creditor may direct, (ii) endorsing any Collateral to the Secured Creditor or in blank by an effective endorsement, (iii) delivering the Collateral to the Secured Creditor or someone on its behalf as the Secured Creditor may direct, (iv) delivering to the Secured Creditor any and all consents or other documents or agreements which may be necessary to effect the transfer of any Collateral to the Secured Creditor or any third party and (v) entering into control agreements with the Secured Creditor and the applicable securities intermediary or issuer in respect of any Collateral in form and substance reasonably satisfactory to the Secured Creditor.
- (4) At the request of the Secured Creditor, the Obligor will (i) deliver to and deposit with the Secured Creditor any promissory note or other Instruments, (ii) cause the transfer of any Instruments to the Secured Creditor to be registered wherever such registration may be required or advisable in the opinion of the Secured Creditor, acting reasonably, (iii) endorse any Instruments to the Secured Creditor or in blank by an effective endorsement or register them in the name of the Secured Creditor or its nominee or otherwise as the Secured Creditor may direct and (iv) deliver to the Secured Creditor any and all consents or other documents or agreements that may be necessary to effect the transfer of any Instruments to the Secured Creditor or any third party. At the request of the Secured Creditor, the Obligor will take similar actions, as applicable, with respect to any Securities not subject to Section 2.3(3).

- (5) The Obligor irrevocably waives, to the extent permitted by applicable Law, any right to receive a copy of any financing statement or financing change statement (and any verification statement relating to the same) registered in respect of this Agreement or any other security agreement granted to the Secured Creditor.

**Section 2.4 Scope of Security Interest.**

- (1) The Security Interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Secured Creditor, but does not constitute an assignment or mortgage of such Collateral to the Secured Creditor.
- (2) Until the Security Interest is enforceable in accordance with this Agreement, the grant of the Security Interest in the Intellectual Property does not affect in any way the Obligor's rights to commercially use and exploit the Intellectual Property, defend it, enforce the Obligor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.
- (3) The Security Interest does not extend to consumer goods.
- (4) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Secured Creditor may reasonably direct.
- (5) The Security Interest does not extend or apply to any agreement, right, franchise, licence or permit (the "**Contractual Rights**") to which the Obligor is a party or of which the Obligor has benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of, or permit any person to terminate, the Contractual Rights, but the Obligor shall hold its interest therein in trust for the Secured Creditor and shall assign such Contractual Rights to the Secured Creditor upon obtaining the consent of all other parties thereto. The Obligor agrees that it shall, upon the request of the Secured Creditor, use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the Security Interest. The Obligor agrees that it shall also use all commercially reasonable efforts to ensure that all agreements, rights, franchises, licences or permits entered into or obtained after the date hereof do not provide that the Security Interest is prohibited or results in a default thereunder.

**Section 2.5 Grant of Licence to Use Intellectual Property.**

At such time as the Secured Creditor is lawfully entitled to exercise its rights and remedies under Article 3, the Obligor grants to the Secured Creditor an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any Intellectual Property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section is to enable the Secured Creditor to exercise its rights and remedies under Article 3 and for no other purpose.

**Section 2.6 Care and Custody of Collateral.**

- (1) The Secured Creditor has no obligation to keep Collateral in its possession identifiable.
- (2) Without limiting any other rights or remedies under this Agreement, the Secured Creditor may, upon the occurrence and during the continuance of an Event of Default, (i) notify any Person obligated on an Instrument, Security or account to make payments to the Secured Creditor, whether or not the Obligor was previously making collections on such accounts, chattel paper, instruments, and (ii) assume control of any proceeds arising from the Collateral.
- (3) The Secured Creditor has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with any Collateral. The Secured Creditor has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value, whether such Collateral is in the possession of, is a security entitlement of, or is subject to the control of, the Secured Creditor, a securities intermediary, the Obligor or any other Person, other than to the extent such loss is caused by the Secured Creditor's gross negligence or wilful misconduct. In the physical keeping of any Securities, the Secured Creditor is only obliged to exercise the same degree of care as it would exercise with respect to its own Securities kept at the same place.
- (4) The Secured Creditor may, upon the occurrence and during the continuance of an Event of Default, sell, transfer, use or otherwise deal with any investment property included in the Collateral over which the Secured Creditor has control, on such conditions and in such manner as the Secured Creditor in its sole discretion may determine.

**Section 2.7 Rights of the Obligor.**

- (1) Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the Securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such Securities and financial assets. Upon the occurrence and during the continuance of an Event of Default, all rights of the Obligor to vote (under any proxy given by the Secured Creditor (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Secured Creditor.

- (2) Any distributions or dividends received by the Obligor contrary to Section 2.7(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Secured Creditor and shall be immediately paid over to the Secured Creditor.

**Section 2.8 Expenses.**

The Obligor is liable for and will pay on demand by the Secured Creditor any and all Expenses.

**ARTICLE 3  
ENFORCEMENT**

**Section 3.1 Enforcement.**

The Security Interest becomes and is enforceable against the Obligor upon the occurrence and during the continuance of an Event of Default.

**Section 3.2 Remedies.**

Whenever the Security Interest is enforceable, the Secured Creditor may realize upon the Collateral and enforce the rights of the Secured Creditor by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by Law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Secured Creditor were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Secured Creditor or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any Intellectual Property for such term and on such conditions and in such manner as the Secured Creditor in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such Intellectual Property);
- (i) instruction or order to any issuer or securities intermediary pursuant to any control the Secured Creditor has over the Collateral;

- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Secured Creditor;
- (k) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (l) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (m) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (n) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (o) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by Law or equity.

**Section 3.3 Additional Rights.**

In addition to the remedies set forth in Section 3.2 and elsewhere in this Agreement, whenever the Security Interest is enforceable, the Secured Creditor may:

- (a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require the Obligor, by notice in writing, to disclose to the Secured Creditor the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;
- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor);
- (e) pay any liability secured by any lien against any Collateral (the Obligor will immediately on demand reimburse the Secured Creditor for all such payments);
- (f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Secured Creditor sees fit, free of charge, and the Secured Creditor is not liable to the Obligor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;

- (g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and
- (i) at any public sale, and to the extent permitted by Law on any private sale, bid for and purchase of any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by Law. In any such sale to the Secured Creditor, the Secured Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

**Section 3.4 Exercise of Remedies.**

The remedies under Section 3.2 and Section 3.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Secured Creditor however arising or created. The Secured Creditor is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Secured Creditor in respect of the Secured Obligations including the right to claim for any deficiency.

**Section 3.5 Receiver's Powers.**

- (1) Any receiver appointed by the Secured Creditor is vested with the rights and remedies which could have been exercised by the Secured Creditor in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Secured Creditor.
- (2) Any receiver appointed by the Secured Creditor will act as agent for the Secured Creditor for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Secured Creditor as the Secured Creditor may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.

- (3) The Secured Creditor, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.

**Section 3.6 Appointment of Attorney.**

The Obligor hereby irrevocably constitutes and appoints the Secured Creditor (and any officer of the Secured Creditor) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Secured Creditor has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Secured Creditor, its nominees or transferees, and the Secured Creditor and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns. The Obligor authorizes the Secured Creditor to delegate in writing to another Person any power and authority of the Secured Creditor under this power of attorney as may be necessary or desirable in the reasonable opinion of the Secured Creditor, and to revoke or suspend such delegation. For certainty, the Secured Creditor can not exercise any rights under this power of attorney unless an Event of Default has occurred and is continuing.

**Section 3.7 Dealing with the Collateral.**

- (1) The Secured Creditor is not obliged to exhaust its recourses against the Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Creditor may consider desirable.
- (2) The Secured Creditor may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Secured Creditor in respect of the Collateral.
- (3) Except as otherwise provided by Law or this Agreement, the Secured Creditor is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

**Section 3.8 Standards of Sale.**

Without prejudice to the ability of the Secured Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Secured Creditor or a customer of any such Person;
- (d) any sale conducted by the Secured Creditor will be at such time and place, on such notice and in accordance with such procedures as the Secured Creditor, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable Law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Secured Creditor, in its sole discretion, may deem advantageous; and
- (g) the Secured Creditor may establish an upset or reserve bid or price in respect of the Collateral.

**Section 3.9 Dealings by Third Parties.**

- (1) No Person dealing with the Secured Creditor or an agent or receiver is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Secured Creditor by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Secured Creditor with the Collateral, or (vi) how any money paid to Secured Creditor has been applied.
- (2) Any bona fide purchaser of all or any part of the Collateral from the Secured Creditor or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by Law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of Law or statute now existing or hereafter adopted.



**Section 3.10 ULC Shares.**

- (1) Notwithstanding anything else contained in this Agreement or any other document or agreement among all or some of the parties hereto, the Obligor is the sole registered and beneficial owner of all Collateral that is ULC Shares and will remain so until such time as such ULC Shares are effectively transferred into the name of the Secured Creditor, or any nominee of the foregoing or any other Person on the books and records of such ULC. Accordingly, the Obligor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, in respect of ULC Shares that are Collateral and shall have the right to vote such ULC Shares and to control the direction, management and policies of any ULC to the same extent as the Obligor would if such ULC Shares were not pledged to the Secured Creditor pursuant hereto. Nothing in this Agreement or any other document or agreement among all or some of the parties hereto is intended to, and nothing in this Agreement or any other document or agreement among all or some of the parties hereto shall, constitute the Secured Creditor or any Person other than the Obligor, a member of any ULC for the purposes of the Companies Act (Nova Scotia), the Business Corporations Act (British Columbia), the Business Corporations Act (Alberta) or any other applicable legislation until such time as notice is given to the Obligor and further steps are taken hereunder or thereunder so as to register the Secured Creditor or any nominee of the foregoing, as specified in such notice, as the holder of shares of such ULC. To the extent any provision hereof would have the effect of constituting the Secured Creditor a member of a ULC prior to such time, such provision shall be severed herefrom and ineffective with respect to Collateral that is shares of such ULC without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral that is not shares of such ULC.
  
- (2) Except upon the exercise of rights to sell or otherwise dispose of Collateral that is ULC Shares once the Security Interest is enforceable, the Obligor shall not cause or permit, or enable any ULC in which it holds ULC Shares that are Collateral to cause or permit, the Secured Creditor to: (a) be registered as a shareholder or member of a ULC; (b) have any notation entered in its favour in the share register of a ULC; (c) be held out as a shareholder or member of a ULC; (d) receive, directly or indirectly, any dividends, property or other distributions from a ULC by reason of the Secured Creditor holding a security interest in a ULC or ULC Shares; or (e) act as a shareholder or member of a ULC, or exercise any rights of a shareholder or member including the right to attend a meeting of, or to vote the shares of, a ULC.

**ARTICLE 4  
INTELLECTUAL PROPERTY**

The Obligor represents and warrants and covenants and agrees, acknowledging and confirming that the Secured Creditor is relying on such representations, warranties, covenants and agreements, that:

- (a) Schedule A lists all Registrable Intellectual Property that is owned by the Obligor for which there is a pending and active application or registration on the date of this Agreement.
- (b) The Obligor will furnish the Secured Creditor in writing the description of all Registrable Intellectual Property or applications for Registrable Intellectual Property of the Obligor acquired or developed by the Obligor after the date hereof. In addition, the Obligor will deliver to the Secured Creditor a copy of the certificate of registration of, or application for, such Registrable Intellectual Property along with a Confirmation of Security Interest in the form of Schedule B in respect of such Registrable Intellectual Property confirming the assignment for security of such Registrable Intellectual Property to the Secured Creditor and immediately make all such filings, registrations and recordings as are necessary or appropriate to perfect the Security Interest granted to the Secured Creditor in the Registrable Intellectual Property.

**ARTICLE 5  
GENERAL**

**Section 5.1 Notices.**

Any notices, directions or other communications provided for in this Agreement must be in writing and given in accordance with the Promissory Note.

**Section 5.2 Discharge.**

The Security Interest will not be discharged except by a written release or discharge signed by the Secured Creditor. The Obligor will be entitled to require a discharge by notice to the Secured Creditor upon, but only upon full and indefeasible payment and performance of the Secured Obligations. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Secured Creditor will execute and deliver to the Obligor such financing statements and other documents or instruments as the Obligor may reasonably require and the Secured Creditor will redeliver to the Obligor, or as the Obligor may otherwise direct the Secured Creditor, any Collateral in its possession.

**Section 5.3 No Merger, Survival of Representations and Warranties.**

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Secured Creditor will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Secured Creditor in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and the advance under the Promissory Note. Notwithstanding any investigation made by or on behalf of the Secured Creditor these covenants, representations and warranties continue in full force and effect.

#### **Section 5.4 Further Assurances.**

The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Secured Creditor may reasonably require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Secured Creditor may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Secured Creditor. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Secured Creditor may reasonably require for facilitating the sale or other disposition of the Collateral in connection with its realization.

#### **Section 5.5 Supplemental Security.**

This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Secured Creditor.

#### **Section 5.6 Successors and Assigns.**

This Agreement is binding on the Obligor and its successors and assigns, and enures to the benefit of the Secured Creditor and its successors and assigns. This Agreement may be assigned by the Secured Creditor further to the assignment by the Secured Creditor of the Promissory Note in accordance with the terms thereof and, in such event, such assignee will be entitled to all of the rights and remedies of the Secured Creditor as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right or remedy, the Obligor will not assert against the assignee any claim or defence which the Obligor now has or may have against the Secured Creditor. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Secured Creditor which may be unreasonably withheld.

#### **Section 5.7 Amalgamation.**

The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Secured Creditor, or any one or more of them, in any currency, under, in connection with the Promissory Note, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term "**Obligor**" means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "**Collateral**" means all of the property and undertaking and interests described in (i) above, and the defined term "**Secured Obligations**" means the obligations described in (ii) above.

**Section 5.8 Severability.**

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

**Section 5.9 Amendment.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Secured Creditor and the Obligor.

**Section 5.10 Waivers, etc.**

- (1) No consent or waiver by the Secured Creditor in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Secured Creditor. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Secured Creditor in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Secured Creditor however arising. A single or partial exercise of a right on the part of the Secured Creditor does not preclude any other or further exercise of that right or the exercise of any other right by the Secured Creditor.

**Section 5.11 Governing Law.**

- (1) This Agreement will be governed by, interpreted and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein.
- (2) The Obligor irrevocably attorns and submits to the exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in Toronto, Ontario in any action or proceeding arising out of or relating to this Agreement. The Obligor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section limits the right of the Secured Creditor to bring proceedings against the Obligor in the courts of any other jurisdiction.
- (3) The Obligor hereby irrevocably consents to the service of any and all process in any such action or proceeding by the delivery of copies of such process to the Obligor at the address of the Obligor set forth in the Promissory Note. Nothing in this Section affects the right of the Secured Creditor to serve process in any manner permitted by Law.

**[Signature page follows]**

IN WITNESS WHEREOF, the Obligor has executed this Agreement.

TITAN MEDICAL INC.

Per:

\_\_\_\_\_  
Authorized Signing Officer

\_\_\_\_\_

**SCHEDULE A  
INTELLECTUAL PROPERTY**

**Patents**

<b><u>Region</u></b>	<b><u>Application Number</u></b>	<b><u>Patent Number</u></b>
CA	3004277	
CA	2984092	
CA	2986770	
CA	3010863	
CA	3010896	
CA	3027080	
CA	3034919	
CN	201580079340.0	
CN	201680041417.X	
CN	201680078615.3	
CN	201780005500.6	
CN	201910026625.8	
EP	11876682.3	
EP	17171068.4	
EP	15891039.8	
EP	16810648.2	
EP	16838146.5	
EP	17740924.0	
EP	18213627.5	
EP	19170809.8	

---

HK	42020001693.9
HK	17109692.3
IN	201717021787
IN	11772/DELNP/2015
JP	2018-529653
JP	2018-000231
JP	2019-18850
JP	2020-010525
KR	2018-7019407
KR	2018-7023785
US	16/185,788
US	15/570,286
US	16/176,221
US	16/411,537
US	15/737,245
US	15/744,014
US	16/060,905
US	15/780,207
US	15/780,593
US	16/084,368
US	16/085,152
US	16/093,918
US	15/686,571
US	15/566,525
US	15/846,986

---

US	15/893,195
US	16/110,883
US	16/174,602
US	16/174,649
US	16/174,620
US	29/668,353
US	16/186,234
US	16/235,071
US	16/235,288
US	16/235,246
US	16/273,442
US	16/299,834
US	16/415,303
US	16/419,743
US	16/419,696
US	16/427,164
US	16/432,231
US	16/435,170
US	16/449,095
US	16/453,930
US	16/453,948
US	16/453,939
US	16/453,933
US	16/453,910
US	16/455,192

---



US	16/512,682	
US	16/514,782	
US	16/520,751	
US	16/531,534	
US	16/539,233	
US	16/598,751	
US	16/676,311	
US	29/714,033	
US	16/731,600	
US	16/800,710	
US	16/800,941	
US	62/944,260	
WO	PCT/US2019/055255	
WO	PCT/CA2019/051493	
WO	PCT/US2019/058170	
AU	2015362021	2015362021
AU	2017210349	2017210349
CA	2913943	2913943
CA	2968609	2968609
CA	2973227	2973227
CA	2973235	2973235
CA	2982615	2982615
CA	2996014	2996014
CN	201380078618	105431106
CN	201580064733.4	201580064733.4

---

EP	11874984.5	2773277
EP	13887243.7	2996613
EP	15866790.7	3206842
EP	16734868.9	3242774
EP	16734867.1	3242773
HK	16108161.8	1220098
JP	2016-520200	6274630
JP	2017-531374	6433595
JP	2018-530517	6653387
KR	20177017983	101965678
US	13/494,852	8,768,509
US	12/227,582	8224485
US	16/160,200	10,357,319
US	15/211,295	9,681,922
US	14/831,045	9,421,068
US	14/302,723	9,149,339
US	12/449,779	8,792,688
US	12/459,292	8,347,754
US	12/583,351	8,332,072
US	12/655,675	8,306,656
US	13/106,306	9,033,998
US	13/660,615	8,930,027
US	13/660,328	9,763,739
US	14/261,614	9,724,162
US	14/262,221	10,471,607

---

US	14/899,768	10,278,683
US	15/552,993	10,368,909
US	15/754,566	10,357,147
US	15/294,477	9,629,688
US	15/442,070	9,925,014
US	15/485,720	10,532,466
US	15/490,098	10,130,434
US	15/494,740	10,568,707
US	15/593,000	10,292,760
US	15/542,356	10,327,856
US	15/542,398	10,159,536
US	15/677,307	10,284,838
US	15/690,035	10,363,064
US	15/961,507	10,058,396
US	16/053,232	10,245,113
US	16/156,651	10,624,532
US	16/156,625	10,398,287
US	16/174,646	10,426,561

---

**Trademarks**

<b><u>Region</u></b>	<b><u>Serial/Application Number</u></b>	<b><u>Registration Number</u></b>
US	88/444,220	
US	88/444,226	
US	88/444,228	
US	87/222,823	
US	87/222,834	
CA	1807214	TMA1060879
CA	1807220	
CN	27681249	
CN	27681252	
CN	27681253	
CN	27681254	
CN	27681250	27681250
CN	27681251	27681251
CN	13580910	13580910
CN	13580908	13580908
CN	13580907	13580907
CN	13580905	13580905

---

**SCHEDULE B  
FORM OF CONFIRMATION OF SECURITY INTEREST IN INTELLECTUAL PROPERTY**

WHEREAS:

Titan Medical Inc. (the “**Obligor**”), a corporation incorporated and existing under the Laws of Ontario with its head office at 750-155 University Ave, Toronto, ON M5H 3B7, is the owner of the **[trade-marks/patents/copyrights/industrial designs]** set forth in Exhibit A hereto, the registrations and applications for the **[trade-marks/patents/copyrights/industrial designs]** identified therein and the underlying goodwill associated with such **[trade-marks/patents/copyrights/industrial designs]** (collectively, the “**[Trade-Marks/ Patents/Copyrights/Industrial Designs]**”); and

**[Redacted]** (the “**Secured Creditor**”) has entered into an agreement with the Obligor, as reflected by a separate document entitled the “**Security Agreement**” dated as of the **[●]** day of April, 2020 by which the Obligor granted to the Secured Creditor, a security interest in certain property, including the **[Trade-Marks/Patents/Copyrights/Industrial Designs]**, in consideration of the provision of an advance to the Obligor;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged and in accordance with the terms and obligations set forth in the Security Agreement, the Obligor confirms the grant to the Secured Creditor of a security interest in and to the **[Trade-Marks/Patents/Copyrights/Industrial Designs]**.

DATED at **[●]** on this **[●]** day of **[●]**, **[●]**.

**TITAN MEDICAL INC.**

Per:

\_\_\_\_\_  
Authorized Signing Officer

DATED at **[●]** on this **[●]** day of **[●]**, **[●]**, before me appeared the person who signed this instrument, who acknowledged that **[he/she]** signed it as a free act on **[his/her]** behalf or on behalf of the corporation identified and referred to herein as the Obligor.

\_\_\_\_\_  
**[Signature of Notary Public/Witness]**

**EXHIBIT A**  
**TRADE-MARKS/PATENTS/COPYRIGHTS/INDUSTRIAL DESIGNS**

## **Titan Medical Announces \$1.5 Million Senior Secured Loan Facility With a Leading Global Medical Technology Company**

TORONTO--(BUSINESS WIRE)--April 29, 2020--**Titan Medical Inc. (“Titan” or the “Company”)** (TSX: TMD) (Nasdaq: TMDI), a medical device company focused on the design and development of a single-port robotic surgical system for application in minimally invasive surgery (“MIS”), announces that it has closed a US\$1.5 million senior secured loan facility (“Loan Facility”) from a leading global medical technology company. The Loan Facility has an interest rate of 8% per annum and is repayable not later than April 29, 2023.

Titan intends to use the proceeds under the Loan Facility for general corporate purposes while it seeks additional financing to meet its longer-term capital needs to support the development of its single-port robotic surgical system, instruments and accessories; and funding working capital (including the reduction of outstanding payables).

“We are delighted to receive medical device industry support in the form of this loan facility, which provides needed capital at a crucial time,” said David McNally, President and CEO of Titan Medical. “Access to this loan facility will allow us to continue to pursue additional capital from multiple sources.”

### **About Titan Medical Inc.**

Titan Medical Inc. is focused on computer-assisted robotic surgical technologies for application in MIS. The Company is developing a single-port robotic surgical system comprised of a surgeon-controlled patient cart that includes a dual-view camera system with 3D and 2D high-definition vision options and multi-articulating instruments for performing MIS procedures, and a surgeon workstation that provides an advanced ergonomic interface to the patient cart and a 3D endoscopic view inside the patient’s body. Titan intends to initially pursue gynecologic surgical indications for use of its single-port robotic surgical system.

For more information, please visit the Company’s website at [www.titanmedicalinc.com](http://www.titanmedicalinc.com).

---

## **Forward-Looking Statements**

This news release contains “forward-looking statements” within the meaning of applicable Canadian and U.S. securities laws. Such statements reflect the current expectations of management of the Company’s future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “potential for” and similar expressions including the Company’s intention to seek additional financing and the loan facility allowing the Company to continue to pursue additional capital from multiple sources have been used to identify these forward-looking statements. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the “Risk Factors” section of the Company’s Annual Report on Form 20F dated March 30, 2020 (which may be viewed at [www.sedar.com](http://www.sedar.com) and at [www.sec.gov](http://www.sec.gov)). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this news release. These factors should be considered carefully, and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in the news release are based upon what management currently believes to be reasonable assumptions, the Company cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. Except as required by law, the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

## **Contacts**

Stephen Randall  
Chief Financial Officer  
416-548-7522  
[stephen@titanmedicalinc.com](mailto:stephen@titanmedicalinc.com)