**TERM SHEET**

**Company**:

[Insert: Full Legal Name of the Company] (the “Company”)

**Summary**:

This term sheet summarizes the terms proposed for an investment by [Insertname of Angel Group], a group of investors (the “Investors”), in the Company. It is intended solely as a basis for further discussion and does not constitute a legally binding obligation.

**Investors**:

All Investors are Accredited Investors.

**Currency**:

Canadian Dollars

**Closing**:

On or about [Insert Date] As soon as practicable following the Company’sacceptance of this Term Sheet and satisfaction of the Conditions to Closing (the “Closing”).

**Amount**:

Minimum Investment to close is $[Insert]

**Total Securities O ered**:

Maximum [Insert] preferred shares

**Price**:

$[Insert] per preferred share (the “Original Purchase Price”)

**Valuation**:

$[Insert] pre-money valuation, fully diluted, the total number of shares toinclude an unallocated employee pool of at least 20% of the total, in addition to founders’ shares.

**Use of Proceeds**:

The Company will use the proceeds from the Financing for thefollowing purposes: [Insert brief description here, include a more detailed table in an Appendix if required]

**Dividends**:

The Series A Preferred will be entitled to an annual per share dividend equal to10% of the Purchase Price, payable when, as and if declared by the Board of Directors of the Company. Non-cumulative dividends as declared. Series A Preferred Stock to participate in all dividends declared on an “as converted” basis. No dividends payable on Common Stock or any other Class of Preferred without payment of similar and all accrued dividends to the Series A Preferred Stock.

**Liquidation Preference**: In the event of any liquidation, dissolution or winding up of theCompany, the Investors will be entitled to receive for each share of Series A Preferred, prior to any distribution to the holders of Common Stock, an amount equal to 100% of the Original Purchase Price plus all accumulated but unpaid dividends thereon. Any remaining proceeds to be shared pro rata among stockholders.

If the Company has insu cient assets to permit payment of the Preference Amount in full to all holders of Series A Preferred, then the assets of the Company will be distributed ratably to the holders of Series A Preferred in proportion to the Preference Amount each such holder otherwise would be entitled to receive.

A merger or consolidation of the Company in which its shareholders do not retain a majority of the voting power in the surviving corporation, or a sale of all or substantially all the Company’s assets, each will be deemed to be a liquidation, dissolution or winding up of the Company.

**Conversion**: Series A Preferred Stock converted on a one-for-one basis into Common Stockunless conversion rate is subject to anti-dilution adjustment. Mandatory conversion of Series A Preferred Stock on closing of underwritten public o ering at an initial price to the public at a valuation of at least $25 million and gross proceeds the Company of at least $15 million.

**Anti-Dilution**:

Weighted average to any lower price in any subsequent round of nancing.

**Voting Rights**:

Equal to common equivalent shares. Investors in Series A PreferredStock, voting separately, to elect one (1) Director of 5 person Board of Directors.

**Board Seat**:

The Investors shall be entitled to appoint one member as Voting Trusteeto the Company’s Board of Directors.

**Redemption**:

Required o er of redemption in equal instalments beginning on thefth anniversary of the Initial Closing at an e ective compound rate of return of 10% per annum plus accrued but unpaid dividends. Voting rights to elect majority of Directors and 10% cumulative dividend if failure to redeem.

**Information Rights**

The Company will deliver to shareholders:

Audited nancial statements or Reviewed (as determined by investors) for each scal year within 90 days after the end of the scal year and management-prepared quarterly nancial statements for the rst three quarters of the year within 30 days after the end of each quarter. Annual budgets at least 30 days prior to the beginning of each scal year. Quarterly updates on progress and accomplishments and anticipated progress against target in next period.Noti cation of any material defaults or litigation; and any other information reasonably requested.

The voting trustee also will have standard inspection and visitation rights.

The foregoing rights will expire at the date the Company completes its Quali ed IPO and the Company has no outstanding obligations to investors.

**Right of First Refusal on Sales by the Company**:

Investors will have a right to maintain their pro rata interest in the Company on a fully diluted basis in any subsequent o ering of securities other than a public o ering.

**Right of First Refusal on Sales by Founders and Co-Sale Rights**:

Investors will have a 30 day right of rst refusal to purchase a proportional part of shares o ered for sale by founders and management of the Company ("Founders"), if management wishes to sell stock before an initial public o ering, or if Investors so choose, have the right to sell a proportional part of their holdings along with Founders or management before an initial public o ering.

**Follow-Along Rights**:

Investors will have the right to sell a proportional part of theirholdings if management sells before initial public o ering.

**Drag-Along Rights**:

The holders of the Common or Preferred Stock shall enter into a drag-along agreement whereby if a majority of the holders of Series A Preferred Stock agree to a sale or liquidation of the Company, the holders of the remaining Preferred and Common Stock shall consent to and raise no objections to such sale.

**Negative Covenants**:

Consent of holders of two-thirds of Series A Preferred Stockrequired for merger, dissolution, sale of substantially all assets, dividends on common stock, amendments to certi cate of incorporation and by-laws, etc.

**Non-competition and Non-solicitation Agreements**:

In addition to standard con dentiality/developments agreements, key employees to execute agreements not to compete with or solicit employees of the Company or its subsidiaries, directly or indirectly, for one year after termination of employment.

**Vesting**:

Stock and options issued to employees, independent directors and consultantswould be subject to vesting/repurchase over 4 years. At least 75% of each Founder's shares would be subject to 3 years of vesting.

**Costs and Expenses**:

Fees of a single counsel representing all investors of the Angel groupparticipating in this round estimated at $[Insert], and their reasonable expenses will be borne by the Company unless the transaction is not completed because the Investors withdraw their commitment without cause.

**Agreement**:

 This investment will be made pursuant to a denitive purchaseagreement and related documents which will contain customary representations, warranties, covenants and indemnities, which are mutually acceptable. Except for the con dentiality provisions of this term sheet, binding obligations will be created only by the denitive purchase agreement.

**Conditions of Closing:**

Completion of a satisfactory due diligence investigation of the Company and its legal a airs by the Investors. The execution and delivery of denitive documents to include standard disclosure schedules, representations and warranties, in form and substance satisfactory to the Investors and the Company. The absence of any material change in the business of the Company.

**Signatures**:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_