

**Form 45-106F6**

***British Columbia Report of Exempt Distribution***

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

**Issuer/underwriter information**

**Item 1: Issuer/underwriter name and contact information**

A. State the following:

- the full name of the issuer of the security distributed. Include the former name of the issuer if its name has changed since this report was last filed;
- the issuer's website address; and
- the address, telephone number and email address of the issuer's head office.

**Nanotech Security Corp.**  
**505 – 3292 Production Way**  
**Burnaby, BC V5A 4R4**  
**Tel: 604-678-5775**  
**www.nanosecurity.ca**  
**kryshak@nanosecurity.ca**

B. If an underwriter is completing this report, state the following:

- the full name of the underwriter;
- the underwriter's website address; and
- the address, telephone number and email address of the underwriter's head office.

**Not applicable**

**Item 2: Reporting issuer status**

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

**The Issuer is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario.**

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

**Item 3: Issuer's industry**

Indicate the industry of the issuer by checking the appropriate box below.

- |   |  |
|---|--|
| <input type="checkbox"/> Bio-tech                       | Mining   |
| <input type="checkbox"/> Financial Services             | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production              |
| <input type="checkbox"/> mortgage investment companies  | <input type="checkbox"/> Oil and gas             |
| <input type="checkbox"/> securitized products issuers   | <input type="checkbox"/> Real estate             |
| <input type="checkbox"/> Forestry                       | <input type="checkbox"/> Utilities               |
| <input type="checkbox"/> Hi-tech                        | <input type="checkbox"/> Other (describe)        |
| <input checked="" type="checkbox"/> Industrial          |  |
- 

#### Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$)
Not applicable			

#### Details of distribution

##### Item 5: Distribution date

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

**The convertible debentures were distributed on June 9, 2016, June 13, June 14, 2016 and June 17, 2016**

**Item 6: Number and type of securities**

For each security distributed:

- describe the type of security;
- state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and
- if the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, state the exemption(s) relied on. If more than one exemption is relied on, state the amount raised using each exemption.

**The Issuer issued a total of 4,035 convertible debentures. The debenture holder is entitled to convert each one debenture into 800 common shares of the Issuer at a price of \$1.25 per debenture until May 31, 2018. The debentures will automatically convert to common shares on 10 business days' notice, if at any time after the expiry of the applicable four month hold period, the closing trade price of the Issuer's common shares on the TSX Venture Exchange is \$2.00 or more for ten consecutive days.**

**The Issuer is relying on the exemptions provided under section 2.3 of National Instrument 45-106 ("S. 2.3 of NI 45-106") and section 2.5 of National Instrument 45-106 ("S. 2.5 of NI 45-106").**

**Item 7: Geographical information about purchasers**

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) <sup>1</sup>	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	19	\$1,000	\$1,930,000
Alberta	3	\$1,000	\$150,000
Ontario	7	\$1,000	\$1,225,000
Quebec	1	\$1,000	\$500,000
United States	2	\$1,000	\$105,000
Hong Kong	1	\$1,000	\$125,000
Total number of Purchasers	33		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$4,035,000

**\*One BC purchaser had two separate subscription agreements**

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

**Item 8: Information about purchasers***Instructions*

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument

45-106 *Prospectus Exemptions* may choose to replace the information in the first column with the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Bernhard Zinkhofer Law Corp. 6471 Chelmsford Street, Richmond, BC, V7C 4X2 Attn: Bernhard Zinkhofer, 604-691-7483	I	100 convertible debentures	\$100,000	NI 45-106 S. 2.3	2016-06-09
Skana Holding Ltd. 595 Burrard Street, 11 <sup>th</sup> Floor, Vancouver, BC, V7X 1C4 Attn: Arthur Smolensky, 604-443-5419	N/A	100 convertible debentures	\$100,000	NI 45-106 S. 2.3	2016-06-09
1533794 Alberta Ltd. 430 – 1324 17 Avenue SW, Calgary, AB, T2P 3R8 Attn: Aline Smolensky, 604-443-5489	N/A	100 convertible debentures	\$100,000	NI 45-106 S. 2.3	2016-06-09
Trout Holdings Ltd. 802A – 500 Eau Claire Avenue SW, Calgary AB, T2P 3R8 Attn: Aline Smolensky, 604-443-5489	N/A	25 convertible debentures	\$25,000	NI 45-106 S. 2.3	2016-06-09
Three Part Advisors, LLC 1905 Hay Meadow Court, Southlake, Texas, 76092 Attn: David Mossberg 817-713-4170	N/A	40 convertible debentures	\$40,000	NI 45-106 S. 2.3	2016-06-09
K2 Principal Fund L.P. 2 Bloor Street West, Suite 801 Toronto, Ontario M4W 3E2 Attn: Chris Smith, 416-865-	N/A	500	\$500,000	NI 45-106 S. 2.3	2016-06-09

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
2739					
0761291 BC Ltd. 3042 Marine Drive, West Vancouver, BC, V7V 1M5 Blair Calkins 604-240-9419	N/A	200	\$200,000	NI 45-106 S. 2.3	2016-06-09
Lester Asset Management 2102 – 1800 McGill College Avenue, Montreal, QC, H3A 3J6 Attn: Peter Dlouhy 514-849-5566	N/A	500	\$500,000	NI 45-106 S. 2.3	2016-06-14
Tom Sun Canada Ltd. 264 Glen Manor Drive West, Toronto, ON, M4E 2Y2 Attn: Nicholas Chen 647-402-6456	N/A	100	\$100,000	NI 45-106 S. 2.3	2016-06-09
Maxam Diversified Strategies Fund 902 - 510 Burrard Street, Vancouver, BC V6C 3A8 Travis Dowle 604-685-0201	R	500	\$500,000	NI 45-106 S. 2.3	2016-06-14
Christina Lake Holdings Ltd. 200 – 1626 West 2 <sup>nd</sup> Avenue, Vancouver, BC V6J 1H4 Attn: Daryl Martini 604-789-7101	N/A	400	\$400,000	NI 45-106 S. 2.3	2016-06-09
Flanker Inc. 137 Benson Park Road, Lansdowne, Ontario K0E 1L0 Attn: Whitman Tucker 613-884-2026	N/A	100	\$100,000	NI 45-106 S. 2.3	2016-06-09
Stirling Orchards Ltd. 3975 Hart Road, Kelowna, BC V1W 4B2 Attn: David Stirling 250-861-6172	N/A	5	\$5,000	NI 45-106 S. 2.3	2016-06-09
599189 BC Ltd. 1890 Waterloo Street, Vancouver, BC V6R 3G4	I	50	\$50,000	NI 45-106 S. 2.3	2016-06-09

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Attn: Dickson Hall 778-239-0967					
0761291 BC Ltd. 3042 Marine Drive, West Vancouver, BC, V7V 1M5 Blair Calkins 604-240-9419	N/A	200	\$200,000	NI 45-106 S. 2.3	2016-06-14

## Commissions and finder's fees

### Item 9: Commissions and finder's fees

#### Instructions

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
N/A						

## Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: June 17, 2016

Nanotech Security Corp.

Name of issuer (please print)

Doug Blakeway, Chief Executive Officer, 604-678-5777

Print name, title and telephone number of person signing

*“Doug Blakeway” (signed)*

\_\_\_\_\_  
Signature

### *Instruction*

*The person certifying this report must complete the information in the square brackets by deleting the inapplicable word. For electronic filings, substitute a typewritten signature for a manual signature.*

### **Item 10: Contact information**

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

**Kelley Ryshak, Executive Paralegal, 604-678-5776**

**IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.**

### **Notice - Collection and use of personal information**

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address: