

STANDBY PURCHASE AGREEMENT

THIS AGREEMENT is made as of January 17, 2018,

BETWEEN

SHOAL POINT ENERGY LTD., a corporation existing under the laws of Ontario ("**Shoal Point**")

AND:

MARK JARVIS, an individual residing in the Province of British Columbia ("**Jarvis**")

AND:

ROBERTO FIA, an individual residing in the Province of Ontario ("**Fia**")

AND:

WILMOT LESLIE MATTHEWS, an individual residing in the Province of Ontario ("**Matthews**")

AND:

FRED HOFMAN, an individual residing in the Province of British Columbia ("**Hofman**")

AND:

WILLIAM M. VANCE, an individual residing in the Province of British Columbia ("**Vance**")

(Jarvis, Fia, Matthews, Hofman and Vance being collectively referred to as the "**Standby Purchasers**")

WHEREAS:

- A.** Shoal Point has agreed to effect an offering of Rights to the holders of record of its Common Shares on the terms and conditions set forth in this Agreement; and
- B.** The Standby Purchasers have agreed to purchase Common Shares offered under the Rights Offering that are not otherwise purchased under the Rights Offering, subject to the limits and the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

ARTICLE 1 INTERPRETATION

1.1 Definitions.

In this Agreement, including the recitals and schedules hereto, unless something in the subject matter is inconsistent therewith:

“**Additional Subscription Privilege**” means the entitlement of a holder of Rights, who has exercised in full the Basic Subscription Privilege attaching to such holder’s Rights, to subscribe pursuant to the Rights Offering for additional Common Shares (if such are available), as such entitlement is further detailed in the Offering Circular and Offering Notice.

“**Affiliate**” has the meaning ascribed thereto in the Securities Act.

“**Associate**” has the meaning ascribed thereto in the Securities Act.

“**Basic Subscription Privilege**” means the entitlement of a holder of Rights to subscribe at the Subscription Price, pursuant to the Rights Offering, for one Common Share for each Right held, subject to adjustment upon the Consolidation becoming effective.

“**Business**” means the business currently and heretofore carried on by Shoal Point.

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday, on which banks are open for business in Vancouver, British Columbia.

“**Closing**” has the meaning set forth in Section 7.1.

“**Closing Date**” has the meaning set forth in Section 7.1.

“**Closing Time**” has the meaning set forth in Section 7.1.

“**Common Shares**” means the common shares in the capital of Shoal Point.

“**Consolidation**” means the proposed consolidation of the Common Shares on the basis of one post-consolidation Common Share for each 25 pre-consolidation Common Shares approved by shareholders of Shoal Point at the annual and special meeting of shareholders held on June 22, 2017.

“**Contract**” means any agreement, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral.

“**CSE**” means the Canadian Securities Exchange.

“**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, restriction, right of occupation, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing.

“**Expiry Date**” means the date on which the Rights expire and become null and void as set out in the Offering Circular and Offering Notice, such date to be no earlier than the twenty-first day following the date on which the Offering Notice is mailed to Persons who are holders of Common Shares as of the Record Date and no later than the ninetieth day following such date.

“**Expiry Time**” means 4:00 p.m. (Eastern time) on the Expiry Date.

“**Financial Statements**” means Shoal Point’s audited consolidated financial statements, the notes thereto and the auditor’s report thereon for the years ended January 31, 2017 and 2016 and Shoal Point’s unaudited interim condensed consolidated financial statements for the three and nine months ended October 31, 2017 with the notes thereto.

“**Governmental Entity**” means any: (i) multinational, federal, provincial, territorial, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

“**Indemnified Party**” has the meaning set forth in Section 10.3.

“**Indemnifying Party**” has the meaning set forth in Section 10.3.

“**Laws**” means any and all applicable laws including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, instruments, policies, guidelines, and general principles of common law and equity, binding on or affecting the Person referred to in the context in which the word is used.

“**License**” means any of the material licenses, permits, approvals, consents, certificates, registrations or authorizations necessary to carry on the Business or to own or lease any of the material property of or assets utilized by Shoal Point.

“**Material Adverse Change**” means any change, development, event or occurrence with respect to the business, condition (financial or otherwise), properties, assets, liabilities (contingent or otherwise), capital, cash flow, operations, or results of operations of Shoal Point that is, or would reasonably be expected to be, material and adverse to Shoal Point.

“**material change**” has the meaning set forth in the Securities Act.

“**Material Contract**” means any Contract to which Shoal Point or any subsidiary is a party or is otherwise bound and pursuant to which it has aggregate liabilities or obligations of greater than \$100,000 per annum, or any such agreement, indenture, contract, lease, deed of trust, license, option, instrument or other commitment which is otherwise material to Shoal Point or a subsidiary.

“**Misrepresentation**” has the meaning given to such term in section 1 of the Securities Act.

“**Offering Circular**” means the rights offering circular of Shoal Point prepared in accordance with NI 45-106F15.

“**Offering Jurisdictions**” means all provinces and territories of Canada in which a holder of Common Shares is resident.

“**Offering Notice**” means the rights offering notice of Shoal Point prepared in accordance with NI 45-106F14.

“**Outside Date**” has the meaning set forth in Section 7.1.

“**Person**” means an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, association, trust, estate, custodian, trustee, executor, administrator, nominee or other entity or organization, including (without limitation) a Governmental Entity or political subdivision or an agency or instrumentality thereof.

“**Public Disclosure**” has the meaning set forth in Section 5.8.

“**Record Date**” means the record date for the purpose of the Rights Offering that will be established by Shoal Point in accordance with Securities Laws.

“**Rights**” means the transferable rights to subscribe at the Subscription Price for Common Shares offered by Shoal Point pursuant to the Rights Offering under the Basic Subscription Privilege and the Additional Subscription Privilege.

“**Rights Offering**” means the offering of Rights by Shoal Point to the holders of Common Shares on the Record Date who are resident in the Offering Jurisdictions undertaken in accordance with the Offering Circular, Offering Notice and the terms of this Agreement.

“**Securities**” means, collectively, the Rights, the Common Shares issuable upon the exercise of the Rights and the Standby Shares.

“**Securities Act**” means the *Securities Act* (Ontario), as amended.

“**Securities Commissions**” means, collectively, the securities commissions or similar securities regulatory authorities of the Offering Jurisdictions.

“**Securities Laws**” means all applicable securities Laws of each of the Offering Jurisdictions, including the respective regulations thereunder and the published policy statements, instruments, blanket orders and decisions of the Securities Commissions and the applicable rules of the CSE.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval (SEDAR) as further described within National Instrument 13-101 – System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.

“**Standby Commitment**” has the meaning set forth in Section 2.4.

“**Standby Purchase Funds**” has the meaning set forth in Section 2.7.

“**Standby Purchasers**” has the meaning given on the cover page of this Agreement.

“**Standby Shares**” means the Common Shares issuable upon the exercise of Rights which remain unsubscribed for by holders of Rights at the Expiry Time.

“**Subscription Price**” has the meaning set forth in Section 2.3.

“**Warrants**” has the meaning set forth in Section 2.6.

“**Warrant Shares**” means the Common Shares issuable upon the exercise of the Warrants.

“**Warrant Securities**” means the Warrants and the Warrant Shares.

1.2 Headings, etc.

The division of this Agreement into articles, sections, paragraphs and clauses and the provision of headings are for the convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms “**this agreement**”, “**hereof**”, “**hereunder**” and similar expressions refer to this Agreement as a whole and not to any particular article, section, paragraph, clause or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to articles, sections, paragraphs or clauses are to articles, sections, paragraphs or clauses of this Agreement.

1.3 Plurality and Gender.

Words importing the singular number only will include the plural and vice versa, words importing any gender will include all genders and the words importing Persons will include individuals, partnerships, trusts, corporations, governments and governmental authorities.

1.4 Currency.

Unless otherwise specifically stated, all references to dollars and cents in this Agreement are to the lawful currency of Canada.

1.5 Governing Law.

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario. Each party hereby unconditionally and irrevocably submits to the nonexclusive jurisdiction of the courts of the Province of Ontario in respect of all matters arising out of this Agreement.

1.6 Severability.

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect. The invalidity or unenforceability of any provision in any particular jurisdiction will not affect its validity or enforceability in any other jurisdiction where it is valid or enforceable.

1.7 Statutes.

Any reference to a statute, act or law will include and will be deemed to be a reference to such statute, act or law and to the regulations, instruments and policies made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute, act or law that may be passed which has the effect of supplementing or superseding such statute, act or law so referred to.

ARTICLE 2 RIGHTS OFFERING AND STAND-BY COMMITMENT

2.1 Conduct of Rights Offering.

Subject to and in accordance with Securities Laws and the terms hereof, Shoal Point agrees to offer, by way of the Offering Circular and Offering Notice, the Rights and the Common Shares issuable upon the exercise of the Rights to the Persons who are the holders of record of Common Shares on the Record Date:

- (a) with an address in the Offering Jurisdictions; or

(b) with an address in any other jurisdiction that Shoal Point has satisfied itself is entitled to receive the Securities under the Rights Offering in accordance with the laws of such jurisdiction and without obliging Shoal Point to register the Securities or file a prospectus or other disclosure document or to make any other filings or become subject to any reporting or disclosure obligations that Shoal Point is not already obligated to make.

2.2 Additional Subscription Privilege. Each holder of Rights who has exercised in full the Basic Subscription Privilege attaching to its Rights by the Expiry Time, and only such holders, shall have the right to the Additional Subscription Privilege.

2.3 Subscription Price.

Each Right issued under the Rights Offering shall entitle the holder to subscribe for one Common Share at a price of \$0.002 per Common Share, prior to giving effect to the Consolidation, subject to the terms of the Rights being adjusted upon the Consolidation becoming effective to provide that each 25 Rights shall entitle the holder to subscribe for one post-Consolidation Common Share at a price of \$0.05 per Common Share (the “**Subscription Price**”).

2.4 Standby Commitment.

In order to guarantee that at least \$500,000 worth of Rights are exercised on the Closing Date (the “**Standby Commitment**”), each of the Standby Purchasers will purchase the proportionate share of the Standby Shares up to the maximum amounts set forth below:

<u>Standby Purchaser</u>	<u>Number of Standby Shares (post-Consolidation)</u>	<u>Dollar Value</u>	<u>Proportionate %</u>
Jarvis	3,000,000	\$150,000	30%
Fia	3,000,000	\$150,000	30%
Matthews	2,000,000	\$100,000	20%
Hofman	1,000,000	\$50,000	10%
Vance	1,000,000	\$50,000	10%
Total	10,000,000	\$500,000	100

The obligations of the Standby Purchasers pursuant to this Section 2.4 will be several (as distinguished from joint) obligations of each Standby Purchaser, and will terminate upon the termination of this Agreement for any reason. In the event that a Standby Purchaser either defaults on his obligation pursuant to this Section 2.4 or terminates his obligations under this Agreement pursuant to Section 9.3, Shoal Point cannot obligate the other Standby Purchasers to exercise the Standby Commitment of the defaulting or terminating Standby Purchaser and no Standby Purchaser will be liable to Shoal Point with respect to a default by another Standby Purchaser. If one or more of the Standby Purchasers fails to purchase its or their proportionate share of the Standby Shares at the Closing Time the other Standby Purchaser(s) shall have the right, but shall not be obligated, to purchase on a pro-rata basis (or in such other proportion as the

remaining Standby Purchasers may mutually agree) all, but not less than all, of the Standby Shares not purchased by the defaulting Standby Purchaser(s).

2.5 Timing of Rights Offering.

Subject to and in accordance with the terms hereof, Shoal Point agrees that it will file with the CSE the Offering Circular and Offering Notice and clear any comments on the Offering Circular and Offering Notice by the CSE, then set the Record Date for the Rights Offering to be no later than February 2, 2018.

2.6 Standby Premium.

In consideration for providing the Standby Commitment, the Standby Purchasers shall immediately earn and the Corporation shall issue to the Standby Purchasers, at the Closing Time (or at the time this Agreement is terminated for any reason whatsoever, other than the termination of this Agreement due to a breach by the Standby Purchasers), warrants (“**Warrants**”) entitling each of the Standby Purchasers to acquire Warrant Shares (“**Standby Premium**”) which is equal to 25% of the maximum number of Common Shares that the Standby Purchaser has agreed to acquire pursuant to this Agreement, exercisable within three years after the Closing Time, having an exercise price equal to the volume weighted average trading price of the Common Shares for the five trading days prior to the Closing Date.

2.7 Payment for Standby Shares.

Within 24 hours of the Expiry Time, Shoal Point shall advise the Standby Purchasers as to the number of Standby Shares to be acquired and aggregate Subscription Price payable by the Standby Purchasers. Subject to and in accordance with the terms hereof, on the Closing Date, the Standby Purchasers shall pay, in immediately available funds by wire transfer to an account designated by Shoal Point, or by certified cheque payable to Shoal Point, the aggregate Subscription Price that is payable for the Standby Shares.

ARTICLE 3 COVENANTS OF SHOAL POINT

3.1 Covenants.

Subject to and in accordance with the terms hereof, Shoal Point undertakes and agrees with and in favour of the Standby Purchasers that:

(a) **Offering Circular and Offering Notice.** As provided in Section 2.5, Shoal Point agrees that it will file with the CSE the Offering Circular and Offering Notice and clear any comments on the Offering Circular and Offering Notice by the CSE, then set the Record Date for the Rights Offering to be no later than February 2, 2018.

(b) **Supplementary Material.** If required by Securities Laws, Shoal Point will prepare any amendments to the Offering Circular and Offering Notice or any documentation supplemental thereto or any amending or supplemental documentation or any similar document required to be filed by it under the Securities Laws. Shoal Point will also promptly, and in any event within any applicable time limitation, comply with all applicable filing and other requirements under the Securities Laws as a result of any material change with respect to Shoal Point, including the requirement to issue and file a news release explaining the reason for the amendment concurrent with the filing of an amended Offering Circular. Shoal Point will not file any supplementary material without first providing a copy of such documents to the Standby Purchasers and their advisors who shall have a reasonable period of time to review and comment on such documents.

(c) **Changes to Terms.** Shoal Point shall not amend the terms of the Rights Offering, including for greater certainty any change to the Subscription Price contemplated by Section 2.3 (other than to make adjustments required as a result of the Consolidation), without the written consent of the Standby Purchasers.

(d) **Consents and Approvals.** Shoal Point will use its best efforts to obtain all necessary consents, approvals or exemptions for the creation, offering and issuance of the Securities in all Offering Jurisdictions as contemplated herein and in the Offering Circular and Offering Notice and the entering into and performance by it of this Agreement (including, for greater certainty and without limitation, the issuance of the Securities and the Warrant Securities).

(e) **Cease Trade Order or Other Investigation.** From the date hereof through the earlier of the Closing Date and the date of termination of this Agreement, Shoal Point will immediately notify the Standby Purchasers in writing of any written demand, request or inquiry (formal or informal) by any Securities Commission, the CSE, or other Governmental Entity that concerns any matter relating to the affairs of Shoal Point that may affect the Rights Offering, the transactions contemplated herein, or any other matter contemplated by this Agreement, or that relates to the issuance, or threatened issuance, by any such authority of any cease trading or similar order or ruling relating to any securities of Shoal Point. Any notice delivered to the Standby Purchasers as aforesaid will contain reasonable details of the demand, request, inquiry, order or ruling in question. Shoal Point will use its best efforts to prevent the issuance of any orders contemplated by this Section 3.1(e) and, if issued, to obtain their prompt withdrawal.

(f) **CSE Listing.** Shoal Point will take all action as may be required and appropriate so that the Common Shares issuable upon the exercise of the Rights, the Standby Shares and the Warrant Shares have been conditionally approved for listing on the CSE, subject to receipt of customary final documentation.

(g) **Issuance of Common Shares.** Except with the prior written consent of the Standby Purchasers, Shoal Point will not issue any Common Shares prior to the Closing other than Common Shares issued upon the exercise of stock options or warrants outstanding as at the date of this Agreement or upon the exercise of the Rights.

(h) **Conduct of Business.** Shoal Point will continue to carry on its business and operations in the usual and ordinary course in a manner consistent with past practice and will not enter into or agree to enter into, or amend, any Contracts or take any action which would have the effect of causing a material change with respect to Shoal Point to occur prior to the Closing Date (other than actions required to effect the Consolidation), except with the prior written approval of the Standby Purchasers.

(i) **Securities Laws.** Shoal Point will take all action as may be necessary and appropriate so that the Rights Offering and the transactions contemplated in this Agreement will be effected in accordance with Securities Laws. Shoal Point will consult with the Standby Purchasers and their advisors regarding the manner in which the Rights Offering and the other transactions contemplated herein will comply with applicable Securities Laws, and Shoal Point will provide to the Standby Purchasers and their advisors copies of any documents that are to be submitted, by it to any Securities Commission, the CSE, or other regulatory authority or otherwise disseminated to the public, prior to being so distributed and it will give the Standby Purchasers and its advisors an opportunity to comment on same. Shoal Point will not file the Offering Circular and Offering Notice without first providing a copy of such documents to the Standby Purchasers and its advisors who shall have a reasonable period of time to review and comment on such documents.

(j) **Obtaining of Report.** Shoal Point will cause its transfer agent, Computershare Trust Company of Canada, to deliver to the Standby Purchasers, as soon as is practicable following the Expiry Time, details concerning the total number of Common Shares duly subscribed and paid for by holders of Rights under the Rights Offering, including (without limitation) those Common Shares subscribed and paid for pursuant to the Additional Subscription Privilege.

(k) **Depository.** Shoal Point will appoint Computershare Trust Company of Canada as depository in accordance with a depository agreement acceptable to the Standby Purchasers, such depository to hold all funds received upon the exercise of the Rights until conditions in respect of the Rights Offering and the Standby Commitment have been satisfied in accordance with this Agreement.

(l) **Mailing of Materials.** Shoal Point will complete the mailing of the Offering Notice to each of the registered holders of Common Shares as of the Record Date in the Offering Jurisdictions as soon as possible following the Record Date but in any event no later than February 9, 2018 and will arrange for delivery of the Offering Notice to the beneficial holders of Common Shares as of the Record Date in the Offering Jurisdictions in the manner contemplated by National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer, as soon as possible following the Record Date.

(m) **Cooperation.** Shoal Point will cooperate, and cause its officers, employees, agents, auditors and other representatives to cooperate with the Standby Purchasers by providing such information and assistance at such time and to the extent reasonably requested by the Standby Purchasers (and in any event as soon as reasonably practicable following such request) in connection with the preparation and filing by the Standby Purchasers of any return, declaration, report or similar statement (including any attached schedules) required to be filed by the Standby Purchasers with respect to its holdings, or disposition of any of its holdings, from time to time of Rights, Common Shares (including Standby Shares) or other securities of Shoal Point.

ARTICLE 4 CHANGES

4.1 Material Change During Distribution.

(a) During the period from the date of this Agreement to the Closing Date, Shoal Point will promptly notify the Standby Purchasers in writing of any material change with respect to Shoal Point (actual, anticipated, contemplated or threatened, financial or otherwise).

(b) During the period from the date hereof to the Closing Date, Shoal Point will promptly notify the Standby Purchasers in writing of:

(i) any material fact that has arisen or been discovered; and

(ii) any change in any material fact contained in the Offering Circular or Offering Notice which fact or change is, or may be, of such a nature as to result in a Misrepresentation in the Offering Circular and Offering Notice or that would result in the Offering Circular or Offering Notice not complying with applicable Securities Laws.

(c) Shoal Point will promptly, and in any event within any applicable time limitation, comply, to the satisfaction of the Standby Purchasers, acting reasonably, with all applicable filings and other requirements under Securities Laws as a result of such fact or change. Shoal Point will in good faith discuss with the Standby Purchasers any fact or change in circumstances (actual, anticipated, contemplated

or threatened, financial or otherwise) that is of such a nature that there is reasonable doubt whether written notice need be given under this Section 4.1.

4.2 Change in Securities Laws.

If during the period of distribution to the public of Common Shares under the Rights Offering, there is any change in the Securities Laws that, in the opinion any Standby Purchaser, acting reasonably, requires the filing of an amendment to the Offering Circular or the Offering Notice, Shoal Point will, to the satisfaction of the Standby Purchasers, acting reasonably, promptly prepare and file such Offering Circular or Offering Notice amendment, as applicable, with the appropriate securities regulatory authority in each of the Offering Jurisdictions where such filing is required.

4.3 Change in Closing Date.

If a material change with respect to Shoal Point occurs after the date of filing of the Offering Circular and Offering Notice with the Securities Commissions and prior to the Closing Date, then, subject to Article 9, the Closing Date will be, unless Shoal Point and the Standby Purchasers otherwise agree in writing, the later of the previously scheduled Closing Date and the sixth Business Day following the date on which all applicable filings or other requirements of the Securities Laws with respect to such material change have been complied with in all Offering Jurisdictions and any appropriate documents obtained for such filings and notice of such filings from Shoal Point or Shoal Point's counsel have been received by the Standby Purchasers.

ARTICLE 5 REPRESENTATIONS, WARRANTIES AND COVENANTS OF SHOAL POINT

Shoal Point represents and warrants to the Standby Purchasers as follows and acknowledges that the Standby Purchasers are relying on such representations and warranties in entering into this Agreement:

5.1 Organization and Status.

Shoal Point has been duly incorporated and is validly existing and in good standing under the Laws of Ontario.

5.2 Insolvency.

Shoal Point has not commenced, participated or agreed to commence or participate in any bankruptcy, involuntary liquidation, dissolution, winding up, insolvency or similar proceeding and, to Shoal Point's knowledge, no such proceedings have been threatened by any other party.

5.3 Corporate Power, Capacity and Authorization.

Shoal Point has the corporate power and capacity to enter into this Agreement and to perform its obligations hereunder, and Shoal Point has the corporate power and capacity to own or lease its property and to carry on the Business as now being conducted by it. This Agreement has been duly authorized, executed and delivered by Shoal Point and constitutes a legal, valid and binding obligation of Shoal Point, enforceable against Shoal Point by the Standby Purchasers in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and any other laws affecting the rights of creditors generally and except such equitable remedies that may be granted in the discretion of a court of competent jurisdiction. Each of the Contracts required by this Agreement to be delivered by Shoal Point at the Closing Time has been or at the Closing Time will be duly authorized by Shoal Point. Each of the Offering Circular and the Offering Notice, the issuance of Rights and the issuance of the Common Shares on the exercise thereof, the sale of

the Standby Shares, the issuance of the Warrants and the Warrant Shares, have been duly authorized by Shoal Point. At the Closing Time, each of the Contracts required by this Agreement to be delivered by Shoal Point will be duly executed and delivered by Shoal Point and will be valid and binding obligations of Shoal Point, enforceable in accordance with their respective terms.

5.4 Authorized and Issued Capital.

The authorized capital of Shoal Point consists of an unlimited number of Common Shares and an unlimited number of special shares, of which 544,270,243 Common Shares and nil special shares have been duly issued and are outstanding as fully paid and non-assessable as of the date hereof. Except for 41,500,000 options and 69,016,000 warrants to purchase Common Shares currently outstanding and the warrants to be granted to the Standby Purchasers pursuant to this Agreement, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase from Shoal Point of any Common Shares or other securities of Shoal Point.

5.5 Rights of Securities.

When issued and delivered to the respective purchaser and paid for by the respective purchaser in accordance with the terms and conditions of the Rights Offering and/or the terms and conditions of this Agreement, the Securities and the Warrants will be validly issued, fully paid and non-assessable and will be free and clear of all liens, pledges, claims, encumbrances, security interests and other restrictions, except for any restrictions on resale or transfer imposed by applicable Securities Laws. The issuance of the Securities and the Warrant Shares will not be subject to any pre-emptive or similar rights (it being acknowledged by the Standby Purchasers that the number of Standby Shares that they may be entitled to receive pursuant to this Agreement will depend on the number of Common Shares issued to those Persons who have exercised Rights prior to the Expiry Time).

5.6 No Violation.

Each of the execution and delivery of this Agreement by Shoal Point, the compliance by Shoal Point with the terms hereof, the Offering Circular and Offering Notice and the filing thereof, the issuance of Rights and the issuance of the Common Shares on the exercise thereof and the issuance of the Standby Shares will not:

- (a) violate or conflict with any of the terms, conditions or provisions of the constating documents or resolutions of the shareholders, directors or any committee of directors of Shoal Point or any subsidiary;
- (b) violate or conflict with any applicable law, statute, ordinance, regulation or rule, or any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over Shoal Point or any subsidiary;
- (c) except for the required filings, acceptances or approvals of the CSE or as required by Securities Laws with respect to the filing of the Offering Circular and the Offering Notice in respect of the transactions contemplated hereby, require any authorization, consent, approval, exemption or other action by, or notice to, any stock exchange, governmental agency, authority, regulatory body or court;
- (d) violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under any Contract to which Shoal Point or a subsidiary is a party or by which any of them or any of their assets or properties may be bound or affected;

(e) trigger any change of control or similar provision, which has not otherwise been waived, in any Contract to which Shoal Point or a subsidiary is a party or by which any of them or any of their assets or properties may be bound or affected;

(f) result in the termination of, or any additional payment under, or the change in any terms of, or accelerate the performance of any obligation required by (or give rise to a right of any party thereto, exercisable on notice or otherwise, to terminate, to require that any additional payment be made under, to change any terms of, or to accelerate the performance of any obligation under) any Contract to which Shoal Point or a subsidiary is a party or by which any of them or any of their assets or properties may be bound or affected, except as disclosed in the Public Disclosure;

(g) result in the creation of any Encumbrance upon any of the property or assets of Shoal Point or a subsidiary; or

(h) violate or conflict with any License held by Shoal Point or a subsidiary.

5.7 No Other Options.

No Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued Common Shares or other securities of Shoal Point, other than securities issuable pursuant to the 41,500,000 options and 69,016,000 warrants previously issued by Shoal Point and securities issuable pursuant to this Agreement and the Rights Offering.

5.8 Reporting Issuer Status, CSE Listing and Public Disclosure.

Shoal Point is a reporting issuer in Ontario and is in compliance in all material respects with all applicable, and is not in default of any, requirements of applicable Securities Laws. The Common Shares are listed on the CSE and Shoal Point is in compliance in all material respects with all applicable rules of the CSE. Since February 1, 2017 all documents required to be filed under applicable Securities Laws up to the date of this Agreement (the “**Public Disclosure**”) have been filed and conform in all material respects to the requirements of the applicable Securities Laws. Such documents at the time of filing thereof: (a) were true and correct in all material respects; and (b) did not contain any Misrepresentations. There has been no material change with respect to Shoal Point to the matters set forth in the Public Disclosure that has not been publicly disclosed.

5.9 Financial Statements.

The Financial Statements:

(a) comply in all material respects with applicable Securities Laws;

(b) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applied on a consistent basis with those of the comparable prior period (except as may be indicated in the notes thereto or, in the case of unaudited interim financial statements, as may be permitted by applicable Securities Laws); and

(c) fairly present, in all material respects, the consolidated financial position of Shoal Point and any subsidiaries as at the respective dates thereof and the consolidated results of operations and cash flows for the periods indicated, except that the unaudited interim financial statements may omit notes which are not required in unaudited financial statements and are subject to normal and recurring year-end adjustments.

5.10 Rights.

All necessary corporate action has been taken or will have been taken prior to the Closing Time on the Closing Date by Shoal Point so as to validly authorize the issue of the Rights, the Common Shares issuable upon the exercise of the Rights, the sale of the Standby Shares and the Warrant Securities in accordance with the terms of this Agreement. The Common Shares are, and at the Closing Time will be, listed on the CSE.

5.11 Compliance with Laws.

Shoal Point is, in all material respects, conducting its business in compliance with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on and is licensed, registered or qualified in all jurisdictions in which it owns, leases or operates its property or carries on business to enable its business to be carried on as now conducted and its property and assets to be owned, leased and operated and all such licences, registrations and qualifications are valid, subsisting and in good standing and it has not received a notice of non-compliance, nor does it have knowledge of any facts that could give rise to a notice of material non-compliance with any such laws, rules, regulations, licences, registrations or qualifications.

5.12 Litigation and Other Proceedings.

There is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal); arbitration or other dispute settlement procedure; investigation or inquiry by any governmental authority; or any similar matter or proceeding (collectively “**proceedings**”) pending or, to the knowledge of Shoal Point, threatened against or involving Shoal Point (whether in progress or, to Shoal Point’s knowledge, threatened) which, if determined adversely to Shoal Point, would have a material adverse effect on Shoal Point or the Business or would prevent or significantly impede the issue of the Warrant Securities, the Rights, the Common Shares issued upon the exercise thereof or the sale of the Standby Shares. Shoal Point has received no notice of, and has no knowledge of, any event that has occurred which might give rise to any proceedings except as disclosed in the Public Disclosure and there is no judgment, decree, injunction, ruling, award or order of any Governmental Entity to which Shoal Point is subject.

5.13 Material Contracts.

Except as disclosed in the Public Disclosure, Shoal Point, nor to Shoal Point’s knowledge, any other Person, is in default in any material respect in the observance or performance of any material term, covenant or obligation to be performed by Shoal Point or such other Person under any Material Contract and all such Material Contracts are in good standing, and no event has occurred which, with notice or lapse of time or both, would constitute such a default by Shoal Point or, to Shoal Point’s knowledge, any other Person. All Material Contracts of Shoal Point which are required to be disclosed in accordance with National Instrument 51-102 Continuous Disclosure Obligations, have been disclosed in the Public Disclosure.

5.14 Ordinary Course.

Except as disclosed in Shoal Point’s Public Disclosure, none of the shareholders holding more than 10% of the outstanding Common Shares, the directors or the officers of Shoal Point or any known Associate or Affiliate of any of the foregoing persons or companies (as such terms are used in the Securities Act), (excluding Persons who have an interest in Shoal Point solely by means of being a shareholder holding less than 10% of the outstanding Common Shares), has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed transaction which, as the case may be, materially affected, is material to or will materially affect Shoal Point.

5.15 Ownership of Assets.

Shoal Point is the legal and beneficial owner of the properties and assets or the interests in properties and assets referred to as owned by it in the Public Disclosure and are free and clear of all liens or encumbrances, other than as disclosed in the Public Disclosure. All agreements under which Shoal Point (or any subsidiary) holds an interest in a property or asset are in good standing in all material respects.

5.16 Material Changes.

Since October 31, 2017, other than as disclosed in the Public Disclosure:

- (a) there has not been any material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, condition (financial or otherwise) of Shoal Point;
- (b) Shoal Point has carried on its businesses in the ordinary course; and
- (c) no Material Adverse Change has occurred.

5.17 Survival.

All representations and warranties of Shoal Point contained herein or contained in any document delivered pursuant to this Agreement or in connection with the Rights Offering herein contemplated, will survive the completion of the purchase of Standby Shares by the Standby Purchasers and will continue in full force and effect for a period of one year notwithstanding any investigation, inquiry or other steps which may be taken by or on behalf of the Standby Purchasers.

5.18 Notification.

Shoal Point shall notify the Standby Purchasers forthwith if it becomes aware of a fact or circumstance which has caused or would be reasonably likely to cause a representation or warranty set out in this Article 5 to become untrue, inaccurate or misleading at any time (by reference to circumstances subsisting at that time) before the Closing Date.

ARTICLE 6 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE STANDBY PURCHASERS

6.1 Representations.

The Standby Purchasers each severally represent and warrant to Shoal Point that:

- (a) Each Standby Purchaser is resident of, or is otherwise subject to the Securities Laws of the jurisdiction indicated by its address for notice herein.
- (b) Each Standby Purchaser is of the full age of majority and is legally competent to sign this Agreement and to observe and perform his or her covenants and obligations hereunder. This Agreement has been duly authorized, executed and delivered by each Standby Purchaser and constitutes a legal, valid and binding obligation of each Standby Purchaser, enforceable against the Standby Purchaser by Shoal Point in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and any other laws affecting the rights of creditors generally and except such equitable remedies that may be granted in the discretion of a court of competent jurisdiction.

(c) The execution and delivery of this Agreement by each Standby Purchaser and the consummation of the transactions provided for herein will not result in the violation of, or constitute a default under or conflict with or cause the acceleration of any obligation of such Standby Purchaser under:

- (i) any Contract to which such Standby Purchaser is a party or by which it is bound;
- (ii) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over such Standby Purchaser; or
- (iii) any applicable Laws.

(d) No consent, approval, order or authorization of, or declaration with, any Governmental Entity is required by or with respect to the Standby Purchaser in connection with the execution and delivery of this Agreement or the consummation of the transactions by the Standby Purchaser contemplated hereby, other than consents, approvals, or authorizations that may be required by any Securities Laws, Securities Commissions and the CSE.

(e) Each Standby Purchaser or any party to which any of the rights or obligations of such Standby Purchaser may be assigned pursuant to Section 12.3 of this Agreement will be acting as principal with respect to the Standby Commitment and the acquisition of the Standby Shares.

(f) As at the Closing Date, each Standby Purchaser will have, the financial ability and sufficient funds to make and complete the payment for all of the Standby Shares that it has committed to purchase pursuant to the Standby Commitment and the availability of such funds will not be subject to the consent, approval or authorization of any Person(s) other than those which will have been obtained by the Standby Purchasers on or prior to the Closing Date.

6.2 Covenants.

Subject to and in accordance with the terms hereof, each of the Standby Purchasers undertakes and agrees with and in favour of Shoal Point that it will cooperate with Shoal Point in the preparation and filing of the Offering Circular and Offering Notice to the extent information is required from the Standby Purchasers or is otherwise contemplated hereunder and all such information in respect of the Standby Purchasers that is provided the Standby Purchasers will not contain any Misrepresentation, and the Standby Purchasers will provide such information and make all such filings as may be required under Securities Laws in order for Shoal Point to complete the Rights Offering and the Standby Commitment in accordance with the Securities Laws.

6.3 Survival.

All representations and warranties of the Standby Purchasers contained herein or contained in any document delivered pursuant to this Agreement or in connection with the Rights Offering herein contemplated, will survive the completion of the purchase of Securities by the Standby Purchasers and will continue in full force and effect for a period of one year notwithstanding any investigation, inquiry or other steps which may be taken by or on behalf of Shoal Point.

ARTICLE 7 CLOSING AND CONDITIONS

7.1 Closing Time.

The closing of the purchase by the Standby Purchasers and sale by Shoal Point of the Standby Shares to be purchased by the Standby Purchasers hereunder (the “**Closing**”) will be completed at the offices of Shoal Point at 10:00 a.m. (Pacific time) (the “**Closing Time**”), on the same day as closing occurs under the Basic Subscription Privilege and the Additional Subscription Privilege which shall be no later than the 4th business day following the Expiry Time (the “**Closing Date**”) or at such other time and/or on such other date and/or at such other place as Shoal Point and the Standby Purchasers may agree upon in writing, provided that closing of the Rights Offering shall occur not later than March 31, 2018 unless Shoal Point seeks an extension which is approved by the Standby Purchasers at the Standby Purchasers’ sole discretion (the “**Outside Date**”). On such date, and upon payment being made by the Standby Purchasers in accordance with Section 2.7, definitive certificates or advice statements representing the number of Common Shares that is equal to the number of Standby Shares to be purchased by the Standby Purchasers hereunder will be delivered to the Standby Purchasers by Shoal Point, such Common Shares to be registered in the name of the Standby Purchasers or one or more designees of the Standby Purchasers, as applicable.

7.2 Mutual Conditions Precedent.

The obligation of each of Shoal Point and the Standby Purchasers to complete the closing of the transactions set out in this Agreement is subject to the fulfillment, on or before the Closing Time, of each of the following conditions precedent (each of which may only be waived by mutual consent):

(a) the CSE will have provided its conditional approval to the listing of the Common Shares issuable upon exercise of the Rights, the Standby Shares and the Warrant Shares, subject only to customary conditions relating to documents to be delivered following Closing;

(b) there will be no inquiry, investigation (whether formal or informal) or other proceeding commenced by a Governmental Entity pursuant to applicable Laws in relation to Shoal Point or in relation to any of the directors and officers of Shoal Point or in relation to the Standby Purchasers, any of which suspends or ceases trading (which suspension or cessation of trading is continuing) in the Common Shares or operates to prevent or restrict the lawful distribution of the Common Shares or the Standby Shares (which prevention or restriction is continuing);

(c) there will be no order issued by a Governmental Entity pursuant to applicable Laws and no change of Law, either of which suspends or ceases trading in the Common Shares (which suspension or cessation of trading is continuing) or operates to prevent or restrict the lawful distribution of the Rights or Common Shares issuable upon the exercise of such Rights or the Standby Shares (which prevention or restriction is continuing); and

(d) there shall not be any claims, litigation, investigations or proceedings, including appeals and applications for review, in progress, pending, commenced or threatened by any Person, in respect of the Rights Offering, that is reasonably likely to result in a Material Adverse Change.

7.3 Additional Conditions Precedent to the Obligations of Shoal Point.

The obligations of Shoal Point to complete the transactions contemplated hereby will also be subject to the fulfillment, on or before the Closing Time, of each of the following conditions precedent (each of which is for the exclusive benefit of Shoal Point and may be waived by Shoal Point):

(a) all covenants and obligations of the Standby Purchasers under this Agreement to be performed on or before the Closing Time will have been duly performed by the Standby Purchasers in all material respects; and Shoal Point will have received a certificate by the Standby Purchasers addressed to Shoal Point and dated as of the Closing Date, confirming the same as at the Closing Time; and

(b) the representations and warranties of the Standby Purchasers set forth in this Agreement will be true and correct as of the date hereof and as of the Closing Time, as though made on and as of the Closing Time and Shoal Point will have received a certificate by the Standby Purchasers addressed to Shoal Point and dated as of the Closing Date, confirming the same as at the Closing Time.

7.4 Additional Conditions Precedent to the Obligations of the Standby Purchasers.

The obligations of the Standby Purchasers to complete the transactions contemplated hereby will also be subject to the fulfillment, on or before the Closing Time, of each of the following conditions precedent (each of which is for the exclusive benefit of the Standby Purchasers and may be waived by the Standby Purchasers):

(a) the aggregate number of Common Shares subscribed for and taken up under the Rights Offering by holders of Rights (including, for greater certainty and without limitation, pursuant to the Additional Subscription Privilege), shall not exceed 21,770,810 Common Shares on a post-Consolidation basis;

(b) the aggregate amount of the Standby Purchasers' Standby Commitment shall not exceed \$500,000;

(c) Shoal Point will have made and/or obtained all necessary filings, approvals, orders, rulings and consents of all relevant securities regulatory authorities and other governmental and regulatory bodies required in connection with the Rights Offering and the purchase of the Standby Shares by the Standby Purchasers as contemplated by this Agreement;

(d) the Rights Offering and other transactions contemplated hereby will have been conducted in accordance with applicable Laws, including Securities Laws, and in accordance with this Agreement;

(e) the terms of the Rights Offering will not have been changed (other than due to adjustments required as a result of the Consolidation) without the written consent of the Standby Purchasers;

(f) there shall have been no merger, amalgamation, combination or consolidation of Shoal Point or sale of all or substantially all of the assets of Shoal Point, or any announcement in respect of any of the foregoing, other than the Consolidation;

(g) the Standby Purchasers shall have received at Closing a certificate or certificates dated as of the Closing Date and signed on behalf of Shoal Point (and without personal liability) by the Chief Executive Officer or the Chief Financial Officer of Shoal Point or such other officers of Shoal Point acceptable to the Standby Purchasers addressed to the Standby Purchasers certifying for and on behalf of Shoal Point after having made due enquiry and after having carefully examined the Offering Circular and Offering Notice, that:

(i) since the respective dates as of which information is given in the Offering Circular and Offering Notice (or any amendment thereto) there has been no material change (actual, anticipated, contemplated or threatened, whether financial or otherwise) in the business, condition,

properties, assets, liabilities (contingent or otherwise), capital, cash flow, operations or results of operations of Shoal Point, other than as disclosed in the Public Disclosure;

(ii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Common Shares or any other securities of Shoal Point having been issued by any Securities Commission that is continuing in effect and no proceedings for that purpose having been instituted or are pending or, to the knowledge of such officers, having been contemplated or threatened under any of the Securities Laws or by any Securities Commission;

(iii) all covenants and obligations of Shoal Point under this Agreement to be performed on or before the Closing Time have been duly performed by Shoal Point in all material respects;

(iv) the representations and warranties of Shoal Point set forth in this Agreement will be true and correct as of the date hereof and as of the Closing Time, as though made on and as of the Closing Time; and

(v) no Material Adverse Change will have occurred or have been disclosed (if previously undisclosed) at any time after the date hereof and prior to the Closing Date.

(h) the Standby Purchasers shall have received at Closing a certificate or certificates dated as of the Closing Date and signed on behalf of Shoal Point (and without personal liability) by the Chief Executive Officer or the Chief Financial Officer of Shoal Point or such other officers of Shoal Point acceptable to the Standby Purchasers addressed to the Standby Purchasers certifying for and on behalf of Shoal Point after having made due enquiry, with respect to the following matters:

(i) its constating documents;

(ii) the resolutions of its board of directors relevant to the Rights Offering; and

(iii) the incumbency and signatures of certain of its authorized signing officers;

ARTICLE 8 CONFIDENTIALITY AND PUBLIC ANNOUNCEMENT

8.1 Confidentiality.

None of the parties hereto will, without the prior consent of the other party, disclose the terms of this Agreement, except that such disclosure may be made to any party's officers, directors, partners, advisors and employees who require such information for the purpose of consummating the transactions contemplated by this Agreement or as may otherwise be required by Securities Laws or the rules of the CSE. In the event Shoal Point is required to make any disclosures required by Securities Laws or the rules of the CSE, Shoal Point will provide the Standby Purchasers with prompt written notice of such request or requirement, and shall provide a copy of such disclosure to the Standby Purchasers and its advisors who shall have a reasonable period of time to review and comment on such documents

8.2 Public Announcement.

Shoal Point will make a public announcement regarding this Agreement in a form satisfactory to the Standby Purchasers, acting reasonably.

ARTICLE 9 TERMINATION

9.1 Termination by Shoal Point or the Standby Purchasers.

Either Shoal Point or any of the Standby Purchasers may terminate and cancel their obligations under this Agreement, without any liability on its part, if any of the conditions set out in Section 7.2 are not satisfied as at the Closing Time.

9.2 Termination by Shoal Point.

Shoal Point may terminate and cancel its obligations under this Agreement, without any liability on its part, if:

(a) any Standby Purchaser is in material default of its obligations hereunder and fails to remedy such breach on or before the date that is five days following the date upon which Shoal Point has provided written notice of such breach, other than a breach with regards to the payment obligation under Section 2.7, which will not be subject to a cure period; or

(b) if any of the conditions set out in Section 7.3 are not satisfied as at the Closing Time.

9.3 Termination by the Standby Purchasers.

Any Standby Purchaser may terminate and cancel its obligations under this Agreement, without any liability on its part, if:

(a) any Material Adverse Change occurs at any time following the execution of this Agreement;

(b) Shoal Point is in material default of its obligations hereunder and fails to remedy such breach on or before the date that is five days following the date upon which Shoal Point has been provided written notice of such breach;

(c) if any of the conditions set out in Section 7.4 are not satisfied on or before the Closing Time;

(d) if Shoal Point fails to satisfy any of the timing requirements set out in Section 2.5 or 3.1(l); or

(e) the Closing Time has not occurred on or before the Outside Date.

9.4 Effect of Termination.

Should Shoal Point or any Standby Purchaser validly terminate this Agreement pursuant to, and in accordance with, this Article 9, the obligations of both Shoal Point and the Standby Purchasers under this Agreement will terminate and there will be no further liability on the part of the Standby Purchasers to Shoal Point or on the part of Shoal Point to the Standby Purchasers hereunder (except for any liability of any party that exists at such time or that may arise thereafter pursuant to Article 10 or Section 12.1). Notwithstanding the foregoing, in the event either party terminates this Agreement other than the termination of this Agreement due to a breach by a Standby Purchaser, the Standby Purchasers (other than

a Standby Purchaser that is in breach of the Agreement) shall continue to be entitled to the Standby Premium which shall be paid concurrently with the termination of this Agreement.

ARTICLE 10 INDEMNIFICATION

10.1 By Shoal Point.

Shoal Point covenants and agrees to protect, indemnify and hold harmless the Standby Purchasers for and on behalf of itself and for and on behalf of and in trust for each of its directors, officers, employees, Affiliates, advisors and agents, from and against any and all losses, claims, damages, liabilities, costs or expenses caused or incurred:

(a) by reason of or in any way arising, directly or indirectly, out of any Misrepresentation in the Offering Circular or the Offering Notice, other than any Misrepresentation in the Offering Circular or the Offering Notice with respect to any information therein specifically regarding the Standby Purchasers which was provided and approved by the Standby Purchasers;

(b) by reason of or in any way arising, directly or indirectly, out of any order made or inquiry, investigation or proceeding commenced or threatened by any Securities Commission, or other competent authority in Canada or before or by any Governmental Entity, based upon or relating to any Misrepresentation in the Offering Circular or the Offering Notice, or relating to the Rights Offering or other transactions contemplated in this Agreement including, without limitation, any actions taken or statements made by or on behalf of Shoal Point in connection with the Rights Offering or the other transactions contemplated in this Agreement (excluding, for greater certainty, any statements made by or on behalf of Shoal Point exclusively to one or more Indemnified Parties), other than any Misrepresentation in the Offering Circular or the Offering Notice with respect to any information therein specifically regarding the Standby Purchasers which was provided and approved by the Standby Purchasers;

(c) the non-compliance or alleged non-compliance by Shoal Point with any requirement of the Securities Laws or any other applicable Laws in connection with the Rights Offering or the other transactions contemplated in this Agreement; or

(d) by reason of, or in any way arising, directly or indirectly, out of any breach or default of or under any representation, warranty, covenant or agreement of Shoal Point contained herein.

10.2 By the Standby Purchasers.

Each of the Standby Purchasers severally (and not jointly) covenants and agrees to protect, indemnify and hold harmless Shoal Point for and on behalf of itself and for and on behalf of and in trust for each of its directors, officers, employees and agents from and against any and all losses, claims, damages, liabilities, costs or expenses caused or incurred by reason of, or in any way arising, directly or indirectly, out of any breach or default of or under any representation, warranty, covenant or agreement of such Standby Purchaser contained herein, or by reason of or in any way arising, directly or indirectly, out of any Misrepresentation relating to any information in the Offering Circular or the Offering Notice with respect to any information therein specifically regarding such Standby Purchaser which was provided and approved in writing by such Standby Purchaser.

10.3 Notification.

In the event that any claim, action, suit or proceeding, including, without limitation, any inquiry or investigation (whether formal or informal), is brought or instituted against any of the Persons in respect of

which indemnification is or might reasonably be considered to be provided for herein, such Person (an “**Indemnified Party**”) will promptly notify the Person from whom indemnification is being sought (being either Shoal Point under Section 10.1 or a Standby Purchaser under Section 10.2, as the case may be (the “**Indemnifying Party**”)) and the Indemnifying Party will promptly retain counsel who will be reasonably satisfactory to the Indemnified Party to represent the Indemnified Party in such claim, action, suit or proceeding, and the Indemnifying Party will pay all of the reasonable fees and disbursements of such counsel relating to such claim, action, suit or proceeding.

10.4 Independent Counsel.

In any such claim, action, suit or proceeding, the Indemnified Party will have the right to retain other counsel to act on his or its behalf, provided that the fees and disbursements of such other counsel will be paid by the Indemnified Party unless:

(a) the Indemnifying Party and the Indemnified Party will have mutually agreed to the retention of such other counsel; or

(b) the named parties to any such claim, action, suit or proceeding (including, without limitation, any added, third or impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them (such as the availability of different defenses).

10.5 Fees and Expenses.

Subject to Section 10.4, it is understood and agreed that the Indemnifying Party will not, in connection with any claim, action, suit or proceeding in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate legal firm for all Persons in respect of which indemnification is or might reasonably be considered to be provided for herein and such firm will be designated in writing by the Indemnified Party (on behalf of itself and its directors, officers, employees and agents).

10.6 Consent to Settlement.

Notwithstanding anything herein contained, neither the Indemnifying Party nor the Indemnified Party will agree to any settlement of any claim, action, suit, proceeding, inquiry or investigation in respect of which indemnification is or might reasonably be considered to be provided for herein, unless the Indemnifying Party or the Indemnified Party, as applicable, has consented in writing thereto, and the Indemnifying Party or the Indemnified Party, as applicable, will not be liable for any settlement of any such claim, action, suit, proceeding, inquiry or investigation unless it has consented in writing thereto.

ARTICLE 11 NOTICE

11.1 Notice.

Any notice or other communication required or permitted to be given hereunder will be in writing and will be delivered by email as set forth below or personally delivered to the address listed below, or to such other address, email or Person as may be designated by notice.

(a) In the case of Shoal Point:

Shoal Point Energy Ltd.
203 - 700 W. Pender Street
Vancouver, BC V6C 1G8

Attention: Mark Jarvis
Email: mjarvis@shoalpointenergy.com

(b) In the case of Jarvis:

Mark Jarvis
[redacted]

(c) In the case of Fia:

Roberto Fia
[redacted]

(d) In the case of Matthews:

Wilmot Leslie Matthews
[redacted]

(e) In the case of Hofman:

Fred Hofman
[redacted]

(f) In the case of Vance:

William M. Vance
[redacted]

11.2 Receipt of Notice.

Notice will be deemed to be given on the day of actual delivery if delivered prior to 5:00 p.m. (Pacific time) or if not a Business Day or after 5:00 pm. (Pacific time), on the next Business Day.

**ARTICLE 12
GENERAL**

12.1 Expenses.

Each party to this Agreement shall pay its respective legal, accounting and other professional advisory fees, costs and expenses incurred in connection with the negotiation, preparation or execution of this Agreement and all documents and instruments executed or delivered pursuant to this Agreement, as well as any other costs and expenses incurred.

12.2 Further Assurances.

The parties hereto agree to do all such things and take all such actions as may be necessary or desirable to give full force and effect to the matters contemplated by this Agreement.

12.3 Assignment.

This Agreement may not be assigned by any party to this Agreement, by operation of law or otherwise, without the prior written consent of each of the other parties to this Agreement.

12.4 Enurement.

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

12.5 Third Party Beneficiaries.

Except as otherwise provided for in Article 10, this Agreement does not confer any rights or remedies upon any Person other than the parties and their respective successors and permitted assigns.

12.6 Waiver.

Failure by any party hereto to insist in any one or more instances upon the strict performance of any one of the covenants or rights contained herein will not be construed as a waiver or relinquishment of such covenant or right. No waiver by either party hereto of any such covenant or right will be deemed to have been made unless expressed in writing and signed by the waiving party.

12.7 Amendments.

No term or provision hereof may be amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of the amendment, discharge or termination is sought.

12.8 Counterparts and Facsimile or Email.

This Agreement may be executed in several counterparts and delivered by facsimile or email, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument and notwithstanding their date of execution they will be deemed to be dated as of the date hereof.

12.9 Time.

Time will be of the essence of this Agreement.

12.10 Entire Agreement.

This Agreement and any other agreements and other documents referred to herein and delivered in connection herewith, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof.

12.11 Language.

The parties hereby confirm their express wish that this document and all documents and agreements directly or indirectly related thereto be drawn up in English. Les parties reconnaissent qu'à leur demande le présent document ainsi que tous les documents et conventions qui s'y rattachent directement ou indirectement sont rédigés en langue anglaise.

[remainder of page left intentionally blank; signature page to follow]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed and delivered as of the date first written above.

SHOAL POINT ENERGY LTD.

Per: (signed) "Leslie Young"
Leslie Young
Corporate Secretary

(signed)
Witness Name:

(signed) "Mark Jarvis"
MARK JARVIS

(signed)
Witness Name:

(signed) "Roberto Fia"
ROBERTO FIA

(signed)
Witness Name:

(signed) "Wilmot Leslie Matthews"
WILMOT LESLIE MATTHEWS

(signed)
Witness Name:

(signed) "Fred Hofman"
FRED HOFMAN

(signed)
Witness Name:

(signed) "William M. Vance"
WILLIAM M. VANCE