



## AGENCY AGREEMENT

December 3, 2014

**Gravitas Financial Inc.**

333 Bay Street  
Suite 650  
Toronto, Ontario M5H 2R2  
Attention: Viswanathan Karamadam

**Gravitas Ventures Inc.**

333 Bay Street  
Suite 650  
Toronto, Ontario M5H 2R2  
Attention: Viswanathan Karamadam

**Re: Issue and Sale of Secured Notes**

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Portfolio Strategies Securities Inc. ("**PSSI**") (the "**Agent**") understands that Gravitas Financial Inc. (the "**Corporation**" or "**Gravitas**") proposes to issue and sell, by way of brokered private placement, up to 1,000,000 secured notes of the Corporation ("**Notes**") at a price of \$1,000.00 per Note for aggregate gross proceeds of up to \$100,000,000, subject to the terms and conditions as set out below (the "**Note Financing**"). Following completion of the Note Financing, the Corporation will make an application to have the Notes listed on the Canadian National Securities Exchange (the "**CSE**" or the "**Exchange**").

The Notes shall pay interest at a rate as is equal to three and a half percent (3.5%) percent per annum. The interest payment shall be payable quarterly, in arrears on the last day of each of March, June, September and December, commencing December 31, 2014. The term of the Notes shall be three (3) years (the "**Term**"). The Notes shall be secured as a first charge on all of the present and future assets (movable and immovable) of the Corporation situated within Canada and will rank equally with one another, but subordinate to the security interests previously granted and properly registered pursuant to the 8% Variable Secured Debentures, provided however that the Corporation shall be permitted to: (i) issue *parri passu* debt provided that such indebtedness is incurred solely for the purpose of the acquisition of real property; and (ii) mortgage, pledge, charge, hypothecate, grant a security interest in or otherwise encumber such real property assets to secure such additional indebtedness. The net proceeds of the Note Financing shall be advanced to Gravitas Ventures Inc. ("**GVI**"), a wholly-owned subsidiary of the Corporation, which shall employ such proceeds generally to invest in yield bearing secured or preferred instruments that will provide a timeline to maturity or liquidity that is coincident with the Term of the Notes. Such funds will be managed by GVI separately from the general resources of the Corporation.

Subject to the terms and conditions hereof, the Agent agrees to act as, and the Corporation appoints the Agent as, the sole and exclusive agent of the Corporation to effect the sale of the Notes in the Selling Jurisdictions (as defined herein) in accordance with the Note Financing on a commercially reasonable best efforts agency basis at a price of \$1,000.00 per Note and to use its commercially reasonable best efforts to secure subscriptions therefor.

The Notes will be issued and sold pursuant to exemptions under Applicable Securities Laws (as defined herein) in the Selling Jurisdictions, in accordance with the provisions hereof.

In connection with the offering and sale of the Notes, the Agent shall be entitled to retain as sub-agent other registered securities dealers and may receive (for delivery to the Corporation at the Closing Time (as defined herein)) subscriptions for Notes from other registered securities dealers. The fee payable to such sub-agent shall be for the account of the Agent and shall not exceed the fee payable to the Agent hereunder. Payment of such fees to such sub-agent shall be the sole responsibility, and at the sole expense, of the Agent. The Agent shall, however, be under no obligation to engage any sub-agent.

In consideration for its services hereunder and advising on the terms, conditions and structuring of the Note Financing, the Agent shall be entitled to the fees provided for in Section 9, which fees shall be payable as described therein. For greater certainty, the services provided by the Agent pursuant to this Agreement will not be subject to the Harmonized Services Tax ("**HST**") provided for in the *Excise Tax Act* (Canada) and taxable supplies will be incidental to the exempt financial services provided.

The following are the further terms and conditions of this Agreement:

## **Section 1      Definitions**

As used in this Agreement, including the paragraphs prior to this definitional section and any amendments hereto, unless the context otherwise requires:

- (a) "**Agent's counsel**" means Tingle Merrett, LLP, or such other legal counsel as the Agent may appoint;
- (b) "**Agreement**" means this agreement and not any particular Article or Section or other portion except as may be specified, and words such as "**hereto**", "**herein**" and "**hereby**" refer to this Agreement as the context requires;
- (c) "**Applicable Securities Laws**" includes, without limitation, all applicable securities, corporate and other laws, rules, regulations, instruments, notices, blanket orders, decision documents, published statements, circulars, published procedures and policies in the Selling Jurisdictions including, without limitation, the policies and by-laws of the Exchange;
- (d) "**business day**" means a day which is not Saturday, Sunday or a legal holiday in Toronto, Ontario;
- (e) "**CBCA**" means the *Canada Business Corporations Act*;
- (f) "**Closing Date**" means the closing date of the Note Financing, being December 3, 2014, or such additional and earlier or later date or dates as the Agent and the Corporation may agree in writing;
- (g) "**Closing Time**" means 12:00 p.m. (Toronto Time), or such other time on the Closing Date as the Agent and the Corporation may agree;
- (h) "**Common Shares**" means common shares in the capital of the Corporation;
- (i) "**Corporation's counsel**" means Meretsky Law Firm, or such other legal counsel as the Corporation may appoint;

- (j) "**Corporation's Financial Statements**" means the (i) the unaudited consolidated interim financial statements of the Corporation as at and for the nine months ended September 30, 2014, and (ii) the audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2013, together with the reports of the Corporation's auditors thereon and the notes thereto;
- (k) "**CSE**" or "**Exchange**" means the Canadian National Securities Exchange;
- (l) "**Due Diligence Sessions**" shall have the meaning ascribed thereto in Section 4(h) hereof;
- (m) "**Due Diligence Session Responses**" means the written and verbal responses provided by the Corporation, as applicable, as given by any director or senior officer of the Corporation, as applicable, at a Due Diligence Session;
- (n) "**Forward-Looking Statements**" means those statements which are forward looking or otherwise relate to projections, forecasts or estimates of future performance or results (operating, financial or otherwise);
- (o) "**IFRS**" means the International Financial Reporting Standards as adopted by the International Accounting Standards Board;
- (p) "**Material Agreement**" means any material indebtedness, note, indenture, mortgage, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or a Subsidiary is a party or by which the Corporation, a Subsidiary or a material portion of the assets of the Corporation or a Subsidiary is bound;
- (q) "**NI 45-102**" means National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators;
- (r) "**Notes**" means the Notes offered for sale by the Corporation under the terms of this Agreement, and having the terms, conditions, rights and attributes as set forth in the Trust Indenture and the Note Certificates;
- (s) "**Note Certificate(s)**" means one or more certificates representing ownership of the Notes and setting out the principal terms thereof, which shall be issued pursuant to the Trust Indenture;
- (t) "**Proposed Business**" means the proposed business of GVI, being generally to invest in yield bearing secured or preferred instruments that will provide a timeline to maturity or liquidity that is coincident with the Term of the Notes;
- (u) "**Public Record**" means all information filed by or on behalf of the Corporation with the Securities Commissions and accessible on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com), and any other information filed with any Securities Commission in compliance, or intended compliance, with any Applicable Securities Laws;
- (v) "**Securities Commissions**" means, collectively, the securities commissions or similar regulatory authorities in each of the Selling Jurisdictions in Canada and "**Securities Commission**" means any of them;

- (w) "**Selling Dealer Group**" means the dealers and brokers, other than the Agent who participate in the offer and sale of the Notes pursuant to this Agreement;
- (x) "**Selling Jurisdictions**" means the provinces of Canada and such jurisdictions as may be agreed by the Agent and the Corporation prior to the Closing Date as evidenced by the Corporation's acceptance of a Subscription Agreement with respect thereto;
- (y) "**Subscribers**" means the persons who, as purchasers, acquire Notes by duly completing, executing and delivering Subscription Agreements that are accepted by the Corporation and any other required documentation, in form and substance satisfactory to the Corporation and the Agent, acting reasonably;
- (z) "**Subscription Agreements**" means the subscription agreements for sales in the Selling Jurisdictions that are accepted by the Corporation and pursuant to which Subscribers agree to subscribe for and purchase the Notes from the Corporation as herein contemplated and shall include, for greater certainty, all schedules, appendices and exhibits thereto;
- (aa) "**Subsidiary**" means a subsidiary in respect of the Corporation within the meaning of the CBCA;
- (bb) "**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);
- (cc) "**Tax Act**" means the *Income Tax Act* (Canada), together with any and all regulations promulgated thereunder, as amended from time to time;
- (dd) "**Trust Indenture**" means an indenture dated even date herewith between the Corporation and the trustee thereunder which governs the terms of the Notes; and

"**misrepresentation**", "**material change**" and "**material fact**" shall have the meanings ascribed thereto under the Applicable Securities Laws of the Selling Jurisdictions; "**distribution**" means "distribution" or "distribution to the public", as the case may be, as defined under the Applicable Securities Laws of the Selling Jurisdictions; and "**distribute**" has a corresponding meaning. In this Agreement, words importing the singular include the plural and words importing gender include all genders.

## **Section 2 Corporation's Covenants as to Issuance**

The Corporation covenants and agrees that:

- (a) Upon receipt by the Corporation of the purchase price therefor, and the satisfaction of the conditions to the completion of the Note Financing as set out in this Agreement, the Notes will be duly and validly created and issued pursuant to the terms of the Agency Agreement, subject to adjustment in certain events as set forth in the Trust Indenture and the Note Certificates and will be subject to a four-month and one day hold period from the Closing Date; and

- (b) the Trust Indenture and the Note Certificates shall contain adjustment provisions acceptable to the Agent, acting reasonably.

### **Section 3 Covenants as to Changes**

The Corporation covenants and agrees that:

- (a) during the period commencing with the date hereof until the completion of the distribution of the Notes, the Agent will be promptly informed in writing by the Corporation of the full particulars of:
  - (i) any material adverse change (actual, anticipated or threatened) in the assets, liabilities (absolute, accrued, contingent or otherwise), business, operations, capital or condition (financial or otherwise) of the Corporation or GVI;
  - (ii) any change in any material adverse fact contained or referred to in the Public Record, insofar as it pertains to the Corporation or GVI (other than a change in any material fact that has been disclosed in the Public Record, insofar as it pertains to the Corporation);
  - (iii) the occurrence of a material adverse fact or event which, in any such case, is, or may be, of such a nature as to: (A) render any part of the Public Record, insofar as it pertains to the Corporation or GVI, untrue, false or misleading in a material respect; (B) result in a misrepresentation in any part of the Public Record, insofar as it pertains to the Corporation or GVI; or (C) result in any part of the Public Record, insofar as it pertains to the Corporation or GVI, not complying with Applicable Securities Laws;
  - (iv) the discovery by the Corporation of any material adverse misrepresentation in any part of the Public Record, insofar as it pertains to the Corporation or GVI, or in any information regarding the Corporation or GVI previously provided to the Agent by the Corporation; or

provided that if there may be any reasonable doubt as to whether a material change, change in material fact, occurrence or event of the nature referred to in this subsection has occurred, the Corporation shall promptly inform the Agent in writing of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Agent as to whether the occurrence is of such nature; and

- (b) during the period commencing with the date hereof until the completion of the distribution of the Notes, the Corporation will promptly inform the Agent of the full particulars of:
  - (i) any request of any Securities Commission or other securities commission or similar regulatory authority, including the Exchange, for any amendment to the Public Record or for any additional information which may be material to the distribution of the Notes;
  - (ii) the issuance by any Securities Commission or other securities commission or similar regulatory authority, the Exchange or by any other competent authority of any order to cease or suspend trading of any securities of the Corporation (including the

Notes), or the institution or credible threat of institution of any proceedings for that purpose; or

- (iii) the receipt by the Corporation of any communication from any Securities Commission or other securities commission or similar regulatory authority, the Exchange or any other competent authority relating to the Public Record or the distribution of the Notes;

and except as otherwise agreed by the Agent, the Corporation will use its reasonable commercial best efforts to prevent the issuance of any such cease trade order or suspension order and, if issued, to obtain the withdrawal thereof as soon as possible.

#### **Section 4 Other Covenants of the Corporation and GVI**

Each of the Corporation and GVI further covenants and agrees (on a joint and several basis) that:

- (a) the Corporation shall not take any action that would prevent the Corporation and the Agent from relying on the exemptions from the prospectus requirements of Applicable Securities Laws as contemplated by the Subscription Agreements;
- (b) the Corporation will advance the net proceeds from the issue and sale of the Notes to GVI and GVI shall employ such proceeds generally to invest in yield bearing secured or preferred instruments that will provide a timeline to maturity or liquidity that is coincident with the Term of the Notes;
- (c) the Corporation will allow the Agent and the Agent's counsel to participate fully in the preparation of the Subscription Agreements, the Trust Indenture and the Note Certificate(s);
- (d) each of the Corporation and GVI will comply with all covenants and agreements of the Corporation set forth in the Agency Agreement, the Trust Indenture and the Note Certificate(s) and will duly, punctually and faithfully perform all of the obligations to be performed by it under the foregoing agreements and any additional agreements ancillary thereto;
- (e) as soon as reasonably possible, and in any event by the Closing Date, the Corporation will take all such steps as may reasonably be necessary to enable the Notes to be offered for sale and sold on a private placement basis in the Selling Jurisdictions through the Agent or any other investment dealers or brokers registered in the applicable Selling Jurisdictions by way of the exemptions under Applicable Securities Laws of the Selling Jurisdictions as contemplated hereby and to comply with the provisions of NI 45-102;
- (f) the Corporation will take all commercially reasonable steps to satisfy or cause the satisfaction of those conditions to complete the Note Financing, the satisfaction of which are within its control and to apply for the listing of the Notes on the CSE as soon as reasonably practicable following the expiry of the four month hold period that will apply in respect of the Notes upon Closing;
- (g) the Corporation will make available senior management persons to meet with the Agent as reasonably requested from time to time;

- (h) prior to the Closing Time and during the period from the date hereof until completion of the distribution of the Notes, the Agent shall be allowed the opportunity to conduct all required due diligence and in particular, each of the Corporation and GVI shall allow the Agent and the Agent's counsel to conduct all due diligence that the Agent may reasonably require in order to: (i) confirm that the information provided with respect to the business of the Corporation and its Subsidiaries (including but not limited to GVI) is accurate, current and complete in all material respects; and (ii) fulfill the Agent's obligations as Agent, and the Corporation will provide to the Agent and its counsel and consultants reasonable access to the Corporation's properties, senior management personnel (including those of any Subsidiary, as applicable) and corporate, financial and other records for the purposes of conducting such due diligence reviews. Without limiting the generality of the foregoing, the Corporation shall make available its respective senior management and shall use reasonable commercial efforts to cause its auditors (including any predecessor entity or business) and, if applicable, independent professionals, to answer any questions that the Agent may have and to participate in one or more due diligence sessions to be held prior to the Closing Time (the "**Due Diligence Session(s)**"). The Agent shall distribute a list of written questions to be answered in advance of such Due Diligence Session(s) and the Corporation shall provide, unless otherwise agreed, written responses to such questions and shall use its reasonable commercial efforts to have its auditors and any other professionals provide written responses (the "**Due Diligence Session Responses**") to such questions in advance of the Due Diligence Session(s);
- (i) the Due Diligence Session Responses of the Corporation will be true and correct where they relate to matters of fact, and in all material respects as at the time such responses are given and, to the knowledge of the Corporation, such responses taken as a whole shall not omit any fact or information necessary to make any of the responses not misleading in light of the circumstances in which such responses were given. Where the Due Diligence Session Responses reflect the opinion or view of the Corporation or its directors or officers (including Due Diligence Session Responses, or portions of such Due Diligence Session Responses, which are Forward-Looking Statements), such opinions or views are subject to the qualifications and provisions set forth in the Due Diligence Session Responses and will be honestly held and believed to be reasonable at the time they are given; provided, however, it shall not constitute a breach of this paragraph solely if the actual results vary or differ from those contained in Forward-Looking Statements;
- (j) the Corporation will use its reasonable commercial efforts to obtain, as soon as practicable following the expiry of the four month hold period that will apply in respect of the Notes upon Closing, all necessary approvals of the Exchange for the listing of the Notes for trading on the Exchange and, subject to the duties of directors to act in the best interests of the Corporation, for a period of three years following the Effective Time, use reasonable commercial efforts to maintain the listing of the Notes on any one of the Exchange, the TSX Venture Exchange, the Toronto Stock Exchange or an equivalent exchange, provided that the foregoing shall not restrict or prevent the Corporation from completing any business combination or similar transaction where the outstanding securities of the Corporation are acquired by any person;
- (k) the Corporation (including all of its Subsidiaries) will carry on its business in a prudent manner in accordance with industry standards and good business practice and will keep or cause to be kept proper books of accounts in accordance with applicable law;

- (l) the Corporation shall, on or prior to the Closing Date, deliver or cause to be delivered to the Agent and Agent's counsel any other documents requested by the Agent, acting reasonably;
- (m) the Corporation will not, from the date hereof until that date that is 120 days following the Closing Date, directly or indirectly, sell, or offer to sell, or announce the offering of, or enter into or make any agreement or understanding, or announce the making or entry into of any agreement or understanding, to issue, sell or exchange any securities, including but not limited to any Common Shares or securities exchangeable or convertible into Common Shares, without the prior written consent of the Agent, not to be unreasonably withheld, delayed or conditioned, provided that notwithstanding the foregoing the Corporation may: (i) grant stock options under the Corporation's existing employee stock option plan, if applicable (not in excess of the number of options allowable under the rules of the Exchange); (ii) issue Common Shares to the holders thereof or to the holders of other stock options or other convertible securities or instruments of the Corporation existing at the date hereof; and (iii) issue Common Shares or securities convertible into Common Shares pursuant to or in connection with a merger or asset acquisition involving the Corporation; and
- (n) GVI will not, without the prior written consent of the Agent, except to the Corporation issue any additional equity or debt instruments for so long as the Notes remain outstanding and any balance owing thereunder remains unpaid by the Corporation.

#### **Section 5      Agent's Covenants**

The Agent hereby covenants and agrees with the Corporation and GVI that it will:

- (a) conduct its activities in connection with the proposed offer and sale of the Notes in compliance with this Agreement and all Applicable Securities Laws in the Selling Jurisdictions and cause a similar covenant to be contained in any agreement entered into with each member of any Selling Dealer Group established in connection with the distribution of the Notes;
- (b) not solicit subscriptions for Notes, trade in the Notes or otherwise do any act in furtherance of a trade of the Notes outside of the Selling Jurisdictions except in any other jurisdiction in compliance with the applicable laws thereof and provided that the Agent (as applicable) may so solicit, trade or act within such jurisdiction only if such solicitation, trade or act is in compliance with Applicable Securities Laws in such jurisdiction and does not: (i) obligate the Corporation, to take any action to qualify or register any of its securities or any trade of any of its securities (including the distribution of the Notes or to file any prospectus or similar document in respect thereof; (ii) obligate the Corporation to establish or maintain any office or director or officer in such jurisdiction; or (iii) subject the Corporation to any reporting or other requirement in such jurisdiction;
- (c) obtain from each Subscriber an executed Subscription Agreement and all applicable undertakings, questionnaires and other forms required under Applicable Securities Laws of the Selling Jurisdictions or requirements of the Exchange and supplied to the Agent by the Corporation for completion in connection with the distribution of the Notes under the Note Financing;
- (d) not advertise the proposed offering or sale of the Notes in printed media of general and regular paid circulation (or other printed public notice), radio, television or



telecommunications, including electronic display, nor provide or make available to prospective purchasers of Notes any document or material that would constitute or require the Corporation to prepare an offering memorandum or prospectus as defined under Applicable Securities Laws in the Selling Jurisdictions; and

- (e) not disclose or use any information disclosed to it with respect to the Corporation or the transactions contemplated in this Agreement where such disclosure or use by the Agent would contravene section 76 of the *Securities Act* (Ontario).

## **Section 6 Representations and Warranties of the Corporation and GVI**

Each of the Corporation and GVI represents and warrants (on a joint and several basis) to the Agent and the Subscribers, and acknowledges that each of the Agent and the Subscribers are relying upon such representations and warranties in connection with the purchase and sale of the Notes, as follows:

- (a) the Corporation and each of its Subsidiaries (including GVI) has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation and has all requisite corporate capacity, power and authority to carry on its business, as now conducted and as presently proposed to be conducted by it, and to own its properties and assets;
- (b) the Corporation and each of its Subsidiaries (including GVI) is qualified to carry on business under the laws of each jurisdiction in which it carries on a material portion of its business;
- (c) to the best of the Corporation's knowledge, information and belief, the Corporation and each of its Subsidiaries has conducted and is conducting and will conduct its business in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all applicable licensing and regulatory legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to it of each jurisdiction in which it carries on a material portion of its business and holds all licences, registrations and qualifications in all jurisdictions in which it carries on a material portion of its business which are necessary or desirable to carry on the business of the Corporation and/or the Subsidiaries, as applicable, as now conducted and as presently proposed to be conducted, all such licences, registrations or qualifications are valid and existing and in good standing and none of such licences, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on the business of the Corporation or any of its Subsidiaries as now conducted or as proposed to be conducted, and neither the Corporation nor any of its Subsidiaries is aware of any legislation, regulation, rule or lawful requirements presently in force or proposed to be brought into force which the Corporation anticipates that the Corporation or any of its Subsidiaries will be unable to comply with without materially adversely affecting the Corporation and/or the Subsidiaries, as applicable;
- (d) the Corporation does not have any Subsidiaries other than those set forth under the heading, "Corporate Overview and Operations" in the Corporation's Management Discussion & Analysis dated November 28, 2014 in respect of the third quarter ended September 30, 2014; the Corporation is not "affiliated" with, nor is it a "holding corporation" of, any other body corporate (within the meaning of those terms in the CBCA);
- (e) the minute books for the Corporation and each of its Subsidiaries (including GVI) contain full, true and correct copies of the constating documents of the Corporation and the Subsidiaries (including GVI), and contain copies of all minutes of all meetings and all

consent resolutions of the directors, committees of directors and shareholders of the Corporation and the Subsidiaries (including GVI), as applicable and all such meetings were duly called and properly held and all consent resolutions were properly adopted;

- (f) neither the Corporation nor any of its Subsidiaries (including GVI) is a party to or bound by or affected by any commitment, agreement or document containing any covenant that expressly limits the freedom of the Corporation or the Subsidiaries (including GVI) to compete in any line of business, transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of Corporation or the Subsidiaries (including GVI);
- (g) all continuous and timely disclosure documents, reports, forms, filings and fees required to be made and paid by the Corporation pursuant to the Applicable Securities Laws have been made and paid in accordance with the Applicable Securities Laws;
- (h) the information and statements provided to the Agent were true, correct, and complete in all material respects and did not contain any misrepresentation, as of the date of such information or statements;
- (i) the authorized capital of the Corporation consists of an unlimited number of Class "A" common shares, of which as of the close of business on December 2, 2014 (being the day prior to the execution of this Agreement) 66,601,305 common Shares are issued and outstanding as fully paid and non-assessable shares;
- (j) the authorized capital of SmallCapPower Corp. consists of an unlimited number of common shares and an unlimited number of preferred shares, of which only common shares are outstanding, all of which are owned by the Corporation;
- (k) the authorized capital of GVI consists of an unlimited number of common shares, all outstanding shares of which are owned by the Corporation;
- (l) except as otherwise disclosed to the Agent, no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Corporation or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or any other acquisition of any unissued securities of the Corporation or the Subsidiaries;
- (m) none of the directors, officers or employees of the Corporation, any person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Corporation or its Subsidiaries which, as the case may be, materially affects, is material to or will materially affect the Corporation and/or its Subsidiaries;
- (n) the Corporation's Financial Statements fairly present, in all material respects and in accordance with IFRS, the financial position and condition, the results of the operations, cash flows and other information purported to be shown therein of the Corporation as at the dates thereof and for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation as at the dates thereof

required to be disclosed in accordance with IFRS, and include all adjustments necessary for a fair presentation;

- (o) there has not been any "reportable event" (within the meaning of Section 4.11 of National Instrument 51-102 of the Canadian Securities Administrators) with the auditors of the Corporation;
- (p) there has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation from the position set forth in the Corporation's Financial Statements and there has not been any adverse material change in the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation since September 30, 2014; and since that date there have been no material facts, transactions, events or occurrences which could materially adversely affect the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its Subsidiaries, other than as disclosed in the Due Diligence Session Responses;
- (q) other than as disclosed in the Due Diligence Session Responses, and to the best of the knowledge, information and belief of the Corporation, there are no actions, suits, proceedings or inquiries in existence or, to the knowledge of the Corporation, pending or threatened against or affecting the Corporation or any of its Subsidiaries at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau or agency that in any way materially adversely affects, or in any way may materially adversely affect, the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation or any of its Subsidiaries or its properties or assets or which affects or may affect the distribution of Notes or that would impair the ability of the Corporation to consummate the transactions contemplated hereby or to duly observe and perform any of its covenants or obligations contained in this Agreement, the Trust Indenture or the Note Certificates and the Corporation is not aware of any existing ground on which such action, suit, proceeding or inquiry might be commenced with any reasonable likelihood of success;
- (r) to the knowledge, information and belief of the Corporation, the Corporation is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of this Agreement, the Trust Indenture or the Note Certificates by the Corporation or any of the transactions contemplated hereby or thereby, does not and will not result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would result in a breach of or constitute a default under:
  - (i) any term or provision of the articles, by laws or resolutions of the directors (or any committee thereof) or shareholders of the Corporation;
  - (ii) any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound; or
  - (iii) any judgment, decree, order, statute, rule or regulation applicable to the Corporation or any of its Subsidiaries or its properties or assets, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation or would impair the ability of the Corporation to consummate the transactions contemplated hereby or thereby or to duly observe and perform any of its covenants or obligations contained in this Agreement, the Trust Indenture or the Note Certificates;

- (s) neither the Corporation nor GVI is currently a party to any Swaps;
- (t) there is not in the constating documents or by-laws of either the Corporation or GVI, or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which either the Corporation or GVI is a party, any restriction upon or impediment to the declaration of dividends by the directors of the Corporation or GVI or payment of dividends by the Corporation or GVI to the holders of their respective shares;
- (u) no Securities Commission, other securities commission, the Exchange, the TSX Venture Exchange or any other similar regulatory authority has issued any order preventing or suspending trading of any securities of the Corporation, no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened, and the Corporation is not in default of any material requirement of Applicable Securities Laws of the Selling Jurisdictions;
- (v) each of the Corporation and GVI has full corporate capacity, power and authority to enter into this Agreement and the Trust Indenture and to perform its obligations set out herein and under the Trust Indenture and the Note Certificates (including, without limitation, to create, issue and sell the Notes) and the Note Certificates will be, on the Closing Date, duly authorized, executed and delivered by the Corporation and this Agreement, the Trust Indenture and the Subscription Agreements will be, on the Closing Date, legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law;
- (w) the Corporation and each of its Subsidiaries (including GVI) has duly and timely filed, in proper form, returns in respect of taxes under the Tax Act, the income tax legislation of any province of Canada or any foreign country having jurisdiction over affairs of the Corporation or its Subsidiaries (including GVI), as applicable, for all periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes owing have been paid or accrued on the books of the Corporation and there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, provincial or other income tax return for any period, and all payments by the Corporation to any non-resident of Canada have been made in accordance with applicable legislation in respect of withholding tax; there are no assessments or reassessments respecting the Corporation pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority, and the Corporation has withheld from each payment made to any of its officers, directors, former directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;
- (x) to the knowledge, information and belief of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation held by it, except to a wholly-owned holding company, other than as set out herein and disclosed in writing to the Agent;
- (y) in respect of the assets, properties and businesses of the Corporation and its Subsidiaries (including GVI) that are operated by them (including but not limited to the Proposed Business), the Corporation or its Subsidiaries (including GVI), as applicable, holds all valid licences, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets, properties and businesses of the Corporation and its

Subsidiaries (including GVI) as presently operated and as contemplated as part of the Proposed Business;

- (z) all of the Corporation's Material Agreements are in good standing and the Corporation is not, to the best of its knowledge and belief, in default of any of its obligations or the material terms under any of its Material Agreements.
- (aa) the execution and delivery of each of this Agreement, the Subscription Agreements, the Trust Indenture and the Note Certificates and the compliance with all provisions contemplated thereunder and the offering and sale of the Notes in accordance with this Agreement does not and will not contravene or conflict with any Material Agreement;
- (bb) the Corporation is not a party to or bound by any agreement of guarantee, indemnification (other than indemnification agreements with senior officers and directors, an indemnification of directors and officers in accordance with the by-laws of the Corporation and applicable laws, indemnification agreements or covenants that are entered into arising in the ordinary course of business, including operating and similar agreements), or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person (other than the Corporation);
- (cc) the Corporation does not have any loans or other indebtedness outstanding that have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Corporation that are currently outstanding other than as disclosed in the Corporation's Financial Statements;
- (dd) other than as provided for in this Agreement, the Corporation has not incurred any obligation or liability (absolute, accrued, contingent or otherwise) for brokerage fees, finder's fees, underwriter's or agent's commission or other similar forms of compensation with respect to the transactions contemplated hereby;
- (ee) no authorization, approval or consent of any court or governmental authority or agency is required to be obtained by the Corporation in connection with the sale and delivery of the Notes;
- (ff) the books of account and other records of the Corporation and its Subsidiaries (including GVI), whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;
- (gg) all filings made by the Corporation or its Subsidiaries (including GVI) under which either the Corporation or its Subsidiaries (including GVI) have received or are entitled to government incentives, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact that could cause any amount previously paid to the Corporation or previously accrued on the accounts thereof to be recovered or disallowed;
- (hh) at the Closing Date, the Notes will be duly and validly created, authorized, allotted and reserved for issuance;
- (ii) the definitive form of the certificates for the Notes to be issued on the Closing Date will be duly approved and adopted by the Corporation and comply with all legal requirements

relating thereto (including any legends required by NI 45-102 or the Exchange, as applicable);

- (jj) the Corporation has taken or will take prior to the Closing Date all such steps as may be necessary to comply with such requirements of Applicable Securities Laws such that the Notes may, in accordance with Applicable Securities Laws, be offered for sale and sold on a private placement basis to the public in the Selling Jurisdictions through the Agent or any other investment dealers or brokers registered in the applicable Selling Jurisdictions by way of the exemptions to the prospectus requirements;
- (kk) the Corporation does not have in place a shareholder rights protection plan;
- (ll) the Corporation is not a party to a unanimous shareholders agreement in respect of outstanding securities of the Corporation;
- (mm) to the knowledge of the Corporation, none of its directors or officers are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;
- (nn) to the knowledge of the Corporation, other than as disclosed in the Due Diligence Session Responses, no event has occurred or condition exists that is reasonably likely to prevent the Notes from being listed and posted for trading on the CSE;
- (oo) the representations and warranties of the Corporation in the Subscription Agreements are true and correct in all material respects and will be true and correct in all material respects on the Closing Date and the Corporation shall comply with all of the covenants and agreements made by it in the Subscription Agreements; and
- (pp) to the knowledge, information and belief of the Corporation, there are no material judgments against the Corporation or any of its Subsidiaries that are unsatisfied, nor are there any consent decrees or injunctions to which the Corporation or any of its Subsidiaries is subject.

It is further agreed by each of the Corporation and GVI that all representations, warranties and covenants in this Section 6 made by the Corporation and GVI to the Agent shall also be deemed to be made for the benefit of the Subscribers as if the Subscribers were also parties hereto (it being agreed that the Agent is acting for and on behalf of the Subscribers for this purpose).

## **Section 7      Conditions**

A.      The obligations of the Agent in respect of the Note Financing shall be conditional upon the Agent receiving at the Closing Time:

- (a)      a legal opinion from the Corporation's counsel (addressed to the Agent, the Subscribers and the Agent's counsel) in form and substance satisfactory to the Agent, acting reasonably, relating to the offering, issuance and sale of the Notes.

It is understood that counsel may rely on the opinions of local counsel acceptable to it as to matters governed by the laws of jurisdictions other than the jurisdiction of residence of such counsel or Canada and on certificates of officers of the Corporation, as applicable, the

transfer agent of the Common Shares and the auditors of the Corporation, as applicable, as to relevant matters of fact.

- (b) a certificate of the Corporation dated the Closing Date, addressed to the Agent and signed on the Corporation's behalf by a senior officer of the Corporation satisfactory to the Agent, acting reasonably, certifying in their capacities as officers of the Corporation and not in their personal capacities that:
  - (i) the Corporation has complied with and satisfied all terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Closing Time;
  - (ii) the representations and warranties of the Corporation and GVI set forth herein are true and correct at the Closing Time, as if made at such time;
  - (iii) no event of a nature referred to in Section 12(a), (b), (e) or (g) has occurred or to the knowledge of such officers is pending, contemplated or threatened (excluding the certification of such officers of any requirement of the Agent to make a determination as to whether or not any event or change has, in the Agent's opinion, had or would have the effect specified therein); and
  - (iv) the Corporation has made or obtained, where applicable, on or prior to the Closing Time, all necessary filings, approvals, consents and acceptances under Applicable Securities Laws, and under any applicable agreement or document to which the Corporation is a party or by which it is bound, required for the execution and delivery of this Agreement and the Trust Indenture, the offering and sale of the Notes, and the distribution of the Notes (and Note Certificates) in the Selling Jurisdictions and the consummation of the other transactions contemplated hereby; and
  - (v) such other matters as may be reasonably requested by the Agent or the Agent's counsel;and the Agent shall have no knowledge to the contrary;
- (c) evidence satisfactory to the Agent that the Corporation has obtained all necessary approvals for the issuance of the Notes;
- (d) a specimen copy of the Note Certificate(s), in form and substance reasonably satisfactory to the Agent and the Agent's counsel;
- (e) a duly executed copy of the Trust Indenture, in form and substance reasonably satisfactory to the Agent and the Agent's counsel; and
- (f) subject to the delivery of duly completed Subscription Agreements by the Agent in accordance with this Agreement, one or more definitive certificates (whether in physical or electronic format) representing, in the aggregate, all of the Notes issued on the Closing Date endorsed with all applicable legends and registered in such name or names as the Agent shall notify the Corporation in writing not less than 48 hours prior to the Closing Time, provided such certificates registered in such names may, subject to receipt by the Corporation of a satisfactory indemnity, be delivered in advance of the Closing Date to the Agent or such

other parties in such locations as the Agent may direct and the Agent and the Corporation may agree upon.

B. The foregoing conditions are for the sole benefit of the Agent and may be waived in whole or in part by the Agent at any time and, without limitation, the Agent shall have the right, on behalf of potential subscribers, to withdraw all Subscription Agreements delivered and not previously withdrawn or rescinded by such persons. If any of the foregoing conditions are not met, the Agent may terminate its obligations under this Agreement without prejudice to any other remedies they may have.

## **Section 8 Closing**

A. The issue and sale of the Notes under the Note Financing shall be completed at the Closing Time at the offices of the Corporation's counsel in Toronto, Ontario or at such other place as the Corporation and the Agent may agree. Subject to the conditions set forth in Section 7, the Agent, on the Closing Date, shall deliver to the Corporation:

- (a) all completed Subscription Agreements (including any applicable documents specifically referred to in the Subscription Agreements), in form and substance reasonably satisfactory to the Corporation and the Corporation's counsel, the Agent and the Agent's counsel;
- (b) originally executed copies of all forms required under Applicable Securities Laws or by the Exchange from each of the Subscribers; and
- (c) in respect of the Notes, a wire transfer or electronic deposit of funds payable to the Corporation in an amount equal to the aggregate of the net proceeds from the sale of the Notes (after accounting for the payments owing pursuant to Section 9);

against delivery by the Corporation of:

- (d) one or more definitive certificates (whether in physical or electronic format) representing, in the aggregate, all of the Notes subscribed for or purchased, bearing all applicable legends and registered in such name or names as the Agent shall notify the Corporation in writing of not less than 48 hours prior to the Closing Time provided such certificates registered in such names may, subject to receipt by the Corporation of a satisfactory indemnity, be delivered in advance of the Closing Date to the Agent or such other parties in such locations as the Agent may direct and the Agent and the Corporation may agree upon; and
- (e) such further documentation as may be contemplated by this Agreement or that may reasonably be requested by Agent's counsel.

The Corporation may not, without valid reason, reject any properly completed Subscription Agreement, unless the distribution of the Notes cannot be completed in accordance with Applicable Securities Laws.

## **Section 9 Agent's Compensation**

In consideration for its services in connection with the Note Financing, the Corporation agrees to pay to the Agent:

- (a) cash fees equal to \$100,000.00; and



- (b) a work fee in the amount of \$150,000.00 (plus HST);

which shall be payable in accordance with the terms of this Agreement upon Closing.

## **Section 10 Expenses**

Whether or not the transactions contemplated herein shall be completed, all costs and expenses of or incidental to the creation, issue, sale and distribution of the Notes pursuant to the Note Financing shall be borne by the Corporation, including, without limitation, the costs and expenses of or incidental to the private placement of the Notes, the reasonable fees and expenses of the Corporation's counsel, agent counsel retained by the Corporation's counsel, the Corporation's auditors and any filing fees, together with applicable GST or HST.

The Corporation also agrees that, whether or not the transactions contemplated herein shall be completed, it shall pay all of the Agent's reasonable expenses of or incidental to the Note Financing, including, without limiting the foregoing, reasonable fees and disbursements of the Agent's counsel, out-of-pocket expenses, travel expenses and due diligence expenses together with applicable GST or HST thereon. Except for Agent's counsel fees, all out-of-pocket expenses above \$2,500 will only be incurred with the prior approval of the Corporation, and the Agent will make available to the Corporation all relevant invoices.

## **Section 11 Waiver**

The Agent may, in respect of the Corporation, waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, covenant, term or condition hereof, or extend the time for compliance therewith, without prejudice to any of its rights in respect of any other representation, warranty, covenant, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, covenant, term or condition hereof, provided that any such waiver or extension shall be binding on the Agent only if the same is in writing.

## **Section 12 Termination Events**

The Agent may terminate its obligations hereunder, without any liability on the Agent's part, by written notice to the Corporation, in the event that after the date hereof and at or prior to the Closing Time, as applicable:

- (a) any order to cease or suspend trading in any securities of the Corporation, or prohibiting or restricting the distribution of the Notes, the or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority, the Exchange or by any other competent authority, and the same has not been rescinded, revoked or withdrawn;
- (b) any inquiry, investigation (whether formal or informal) or other proceeding in relation to the Corporation or respective Subsidiaries or any of their respective directors or senior officers is announced or commenced by any Securities Commission or similar regulatory authority, the Exchange (or any other stock exchange) or by any other competent authority or any order is issued under or pursuant to any statute of Canada or of any of the provinces of Canada, or any other applicable law or regulatory authority (unless based on the activities or alleged activities of the Agent), or there is any change of law, regulation or policy or the interpretation or administration thereof, and the same has not been rescinded, revoked or withdrawn, which, in the sole opinion of the Agent, acting reasonably, materially adversely

affects, or may materially adversely affect, the Corporation, its Subsidiaries or the listing of the Notes on the Exchange;

- (c) there should develop, occur or come into effect or existence any event, action, state, condition (including, without limitation, terrorism or accident) or major financial occurrence of national or international consequence, or any action by government, law or regulation, enquiry or any other such occurrence of any nature whatsoever which in the sole opinion of the Agent, acting reasonably, seriously adversely affects, or involves, or may seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation or its Subsidiaries;
- (d) the state of the financial markets becomes such that, in the sole opinion of the Agent, acting reasonably, the Notes cannot be marketed profitably;
- (e) there should occur, or the Agent has become aware of, through its due diligence review or otherwise (including the Due Diligence Session), any change, event, fact or circumstance (actual, contemplated or threatened) of the nature referred to in Section 3(a) hereof or any development that could result in such a change, event, fact or circumstance, any of which, in the sole opinion of the Agent, acting reasonably, could be expected to have a material adverse effect on the business, operations, capital condition (financial or otherwise), properties, assets, liabilities, obligations or affairs of the Corporation or its Subsidiaries, or the market price or value of the Notes;
- (f) the Agent, acting reasonably, determines that the Corporation or its Subsidiaries shall be in breach of, default under or non-compliance with any material representations, warranties, covenants, terms or conditions herein if such breach, default or non-compliance is not remedied within the time permitted in this Agreement;
- (g) any action or proceeding or threatened action or proceeding against the Corporation, or its Subsidiaries or, by any shareholder of any of the Corporation, continuing until the Closing Date, which, in the opinion of the Agent, acting reasonably, materially adversely affects the ability of the Agent to market and sell the Notes under the Note Financing.

In any of such cases, the Agent shall be entitled, at its option, to terminate and cancel its obligations to the Corporation under this Agreement and the obligations of any Subscriber under any Subscription Agreement.

### **Section 13 Continuation of Termination Right**

The Agent may exercise any or all of the rights provided for in Section 7 or Section 12 notwithstanding any material change, change, event or state of facts and notwithstanding any act or thing taken or done by the Agent or any inaction by the Agent, whether before or after the occurrence of any material change, change, event or state of facts including, without limitation, any act of the Agent related to the offering or continued offering of the sale of the Notes. The Agent shall only be considered to have waived or be estopped from exercising or relying upon any of its rights under or pursuant to Section 7 or Section 12 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

### **Section 14 Exercise of Termination Right**

Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation prior to the Closing Time, provided that no termination shall discharge or otherwise affect any obligation of the Corporation under Section 10, Section 16 or Section 18. The rights of

the Agent to terminate obligations hereunder are in addition to, and without prejudice to, any other remedies it may have.

#### **Section 15      Survival**

All representations, warranties, covenants, indemnities, terms and conditions herein or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the payment by the Agent for the Notes and shall continue in full force and effect for the benefit of the Agent and the Subscribers for a period of one (1) year from the date hereof regardless of any investigation by or on behalf of the Agent with respect thereto.

#### **Section 16      Indemnity**

The Corporation (for the purpose of this Section 16, the "**Indemnitor**") hereby agrees, severally and not jointly, to indemnify and save harmless the Agent and its shareholders, directors, officers, employees, counsel, partners, affiliates and agents, and the Subscribers (collectively, the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against all actual or threatened claims, actions, suits, investigations and proceedings (collectively, "**Proceedings**") and all losses (other than loss of profits), expenses, fees, damages, obligations, payments and liabilities (collectively, "**Liabilities**") (including without limitation all statutory duties and obligations, and, subject to Section 18, all amounts paid to settle any action or to satisfy any judgment or award and all legal fees and disbursements actually incurred) which now or any time hereafter are suffered or incurred by reason of any event, act or omission in any way caused by, or arising directly or indirectly from or in consequence of:

- (a) any information or statement made by the Corporation and contained in the Public Record (other than any information or statement relating solely to the Agent and furnished to the Corporation by or on behalf of the Agent expressly for inclusion in the Public Record), or any certificate or other document delivered by or on behalf of the Corporation to the Agent hereunder that is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact the omission of which makes, or is alleged to make, any such information or statement untrue or misleading in light of the circumstances in which it was made;
- (b) any misrepresentation or alleged misrepresentation relating to the Corporation (except a misrepresentation which is based upon information relating to the Agent and furnished to the Corporation, by or on behalf of the Agent expressly for inclusion in the Public Record) contained in the Public Record;
- (c) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Notes, imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subparagraph 16(b) or prohibits or restricts the completion of the Transaction;
- (d) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities (not based upon the activities or the alleged activities of the Agent or its banking or selling group members, if any) relating to any of the transactions contemplated herein or materially affecting the trading or distribution of the Notes; or

- (e) any breach of, default under or non-compliance by the Corporation with: (i) any representation, warranty or covenant made by the Corporation herein, or any document delivered pursuant thereto; or (ii) any requirement of Applicable Securities Laws applicable to the transactions contemplated by this Agreement.

Notwithstanding the foregoing, the indemnity of this Section 16 shall not apply in respect of any particular Indemnified Party, in the event that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Liabilities to which that particular Indemnified Party may be subject were primarily caused by the gross negligence, fraud or wilful misconduct of that particular Indemnified Party (provided that if such Liabilities were caused only in part by such gross negligence, fraud or wilful misconduct, the indemnity shall apply only in respect of the proportion of such Liabilities which were not so caused). With respect to this Section 16, the Indemnitor acknowledges and agrees that the Agent is contracting on its own behalf and as agent for the other Indemnified Parties in accordance with Section 22.

### **Section 17 Notice of Indemnity Claim**

If any Proceeding is brought, instituted or threatened in respect of any Indemnified Party which may result in a claim for indemnification against an Indemnitor under this Agreement, such Indemnified Party shall promptly after receiving notice thereof notify the applicable Indemnitor, of the nature of such claim and the applicable Indemnitor, shall be entitled (but not required) to assume conduct of the defence thereof and retain counsel on behalf of the Indemnified Party who is satisfactory to the Indemnified Party, acting reasonably, to represent the Indemnified Party in such Proceeding and the applicable Indemnitor shall pay the reasonable fees and disbursements of such counsel and all other expenses of the Indemnified Party relating to such Proceeding as incurred. Failure to so notify the applicable Indemnitor shall not relieve such Indemnitor from liability except and only to the extent that the failure materially prejudices the Indemnitor. If the applicable Indemnitor assumes conduct of the defence for an Indemnified Party, the Indemnified Party shall fully cooperate in the defence including without limitation the provision of documents, appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet with counsel, testify and divulge all information reasonably required to defend or prosecute the Proceedings.

In any such Proceeding the Indemnified Party shall have the right to employ separate counsel and to participate in the defence thereof if:

- (a) the Indemnified Party has been advised in writing by counsel that there may be a reasonable legal defence available to the Indemnified Party that is different from or in addition to those available to the applicable Indemnitor, or that a conflict of interest exists which makes representation by counsel chosen by the applicable Indemnitor not advisable (in which case neither the applicable Indemnitor shall not have the right to assume the defence of such proceedings on behalf of the Indemnified Person);
- (b) the Indemnitors shall not have undertaken the defence of such proceedings, or indicated its intent to do so, and employed counsel within ten days after notice of commencement of such proceedings; or
- (c) the employment of such counsel has been authorized by the applicable Indemnitor in connection with the defence of such proceeding,

in which event the reasonable fees and disbursements of such counsel (on a solicitor and his client basis) shall be paid by the applicable Indemnitor. It is understood, however, that the applicable Indemnitor, shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and

expenses of more than one separate law firm (in addition to any local counsel) in each jurisdiction for all such Indemnified Parties.

### **Section 18 Admission of Liability**

No admission of liability and no settlement of any Proceeding shall be made by the applicable Indemnitor without the prior written consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability and no settlement of any Proceeding shall be made by an Indemnified Party without the prior written consent of the applicable Indemnitor and the other Indemnified Parties affected, such consent not to be unreasonably withheld and the applicable Indemnitor shall not be liable for any settlement of any Proceeding made without the Indemnitor's consent.

### **Section 19 Contribution**

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is (in whole or in part), for any reason, held by a court to be unavailable from an Indemnitor, on grounds of policy or otherwise, each of the applicable Indemnitors, and the party or parties seeking indemnification shall contribute to the aggregate Liabilities (or Proceedings in respect thereof) to which they may be subject or which they may suffer or incur:

- (a) in such proportion as is appropriate to reflect the relative benefit received by the applicable Indemnitor on the one hand and by the Agent on the other hand from the offering of the Notes; or
- (b) if the allocation provided by subsection (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection (a) above but also to reflect the relative fault of the party or parties seeking indemnity, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statement, omission, misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations;

However, no party who has engaged in any fraud, fraudulent misrepresentation or gross negligence shall be entitled to claim contribution from any person who has not engaged in such fraud, fraudulent misrepresentation or gross negligence.

The relative benefits received by the applicable Indemnitor, on the one hand, and the Agent, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the Note Financing received by the Indemnitor (net of fees but before deducting expenses) bear to the fees received by the Agent. The relative fault of the Indemnitor, on the one hand, and of the Agent, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter referred to in Section 17 hereof relates to information supplied or which ought to have been supplied by the Indemnitor or the Agent and the parties' relevant intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter referred to in Section 17 hereof.

The obligations under the indemnity and right of contribution provided herein shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

## **Section 20 Right of First Refusal re Future Offerings**

Provided that a Closing in respect of the Note Financing has occurred, the Agent shall have a right of first refusal (the "**ROFR**") to act as lead or co-lead manager of any offering of debt or equity securities by the Corporation, for a period of twelve (12) months following the Closing Date (the "**ROFR Period**"). In addition, GVI hereby acknowledges and agrees to employ its best efforts to engage the Agent (or have the Agent engaged by applicable parties) in respect of the investment and placement of the net proceeds of the Note Financing in accordance with GVI's Proposed Business. In connection therewith, the Corporation and/or GVI, as the case may be, shall consult with the Agent from time to time as to its corporate finance requirements and use its best efforts to provide the Agent with reasonable advance written notice of its intention to pursue any such offering or placement of funds prior to soliciting interest from other investment dealers or market intermediaries to enable the Agent to assess the terms and conditions of such proposed financing and determine whether it intends to exercise its ROFR. Following receipt by the Agent of notice of a proposed offering subject to this ROFR by the Corporation or GVI, the Agent shall advise the Corporation or GVI, as applicable, of its decision with respect to the offering or placement of funds within three (3) business days thereof or else the Agent shall be deemed to have refused to act as lead or co-lead on such offering. If the Agent elects not to exercise such right or is deemed to not elect such right, the Corporation or GVI as applicable, may proceed with such financing or placement of funds provided that the terms and conditions of such financing or placement of funds are not materially different from those communicated to the Agent. Notwithstanding the foregoing, the decision by the Agent not to exercise its ROFR for any particular financing or placement of funds shall not affect its rights for any other financing arising during the ROFR Period.

## **Section 21 Notices**

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation, be addressed to:

**Gravitas Financial Inc.**  
333 Bay Street  
Suite 650  
Toronto, Ontario M5H 2R2  
**Attention: Viswanathan Karamadam, Director**  
Facsimile No.: (416) 646-1942

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

**Meretsky Law Firm**  
Barristers and Solicitors  
Standard Life Centre  
121 King Street West, Suite 2150  
Toronto, Ontario M5H 3T9  
**Attention: Jason Meretsky**  
Facsimile No.: (416) 943-0811

and, in the case of notice to be given to the Agent, be addressed to:

**Portfolio Strategies Securities Inc.**  
95 Wellington Street West, Suite 910  
Toronto, ON, M5J 2N7  
**Attention: Robert Carbonaro**  
Facsimile No.: (416) 479-9785

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

**Tingle Merrett LLP**  
1250 Standard Life Building  
639 – 5<sup>th</sup> Avenue SW  
Calgary, AB, T2P 0M9  
**Attention: Paul Bolger**  
Facsimile No.: (403) 571-8008

or to such other address as the party may designate by notice given to the others. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

- (a) a communication which is personally delivered shall, if delivered before 4:30 p.m. (local time) on a business day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first business day following the day on which it is delivered; and
- (b) a communication which is sent by facsimile transmission shall, if sent on a business day before 4:30 p.m. (local time), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first business day following the day on which it is sent.

## **Section 22 Trust**

The Corporation acknowledges and agrees that it is its intention and the Corporation hereby constitutes the Agent as trustee for each of the Subscribers in respect of each of the covenants, agreements and representations and warranties of the Corporation, contained herein and the Agent shall be entitled, as trustee, in addition to any rights of the Subscribers, to enforce such covenants, agreements and representations and warranties on behalf of the Subscribers.

## **Section 23 Acknowledgement and Consent; Disclosure Regarding Conflict of Interests**

The Corporation: (i) acknowledges and agrees that the Agent has certain statutory obligations as a registrant under the Applicable Securities Laws and has fiduciary relationships with its respective clients; and (ii) consents to the Agent acting hereunder while continuing to act for its respective clients. To the extent that the Agent's statutory obligations as a registrant under Applicable Securities Laws or fiduciary relationships with its clients conflicts with its obligations hereunder, the Agent shall be entitled to fulfil its statutory obligations as a registrant under Applicable Securities Laws and its duties to its clients. Nothing in this Agreement shall be interpreted to prevent the Agent from fulfilling its statutory obligations as a registrant under Applicable Securities Laws or to act as a fiduciary of its clients.

Various conflicts of interest exist or may arise between the Corporation and the Agent. The Agent is not at arm's length to the Corporation. The Corporation holds an indirect ownership of 9.9% of the Agent. Robert Carbonaro, who serves as managing partner and head of the Agent's investment banking division and is a director and principal shareholder of the Agent, is also a director of the Corporation. Moreover, Robert Carbonaro is the brother of David Carbonaro, the President, a director and significant shareholder of the Corporation and a partner at Dentons Canada LLP, a law firm which acts as trustee pursuant to the Trust Indenture. In addition, the Corporation has an expressed business plan of making investments or acquisitions in the financial services sector and it is possible that this strategy could result in the Corporation obtaining a direct or increasing its indirect interest in the Agent at some point in the future.

In addition to acting as the Agent related to the offering or continued offering of the sale of the Notes, the Agent also acts as a portfolio manager for various mutual funds including products offered by the Agent and the Corporation. The Agent also works with affiliates of the Corporation including, but not limited to, the Corporation's wholly-owned subsidiary, Ubika Corp., and its wholly-owned subsidiary, SmallCapPower Inc., which is in the business of providing capital market services, such as investor relations services, to private and public company clients.

**Section 24 Severance**

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

**Section 25 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 26 Time of the Essence**

Time shall be of the essence of this Agreement.

**Section 27 Counterpart Execution**

This Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

**Section 28 Entire Agreement**

It is understood that the terms and conditions of this Agreement supersede any previous verbal or written agreement between the Agent and the Corporation with respect to the issuance of securities by the Corporation including, without limitation, and any predecessor or successor agreement thereto.

**[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**



If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and by returning the same to the Agent.

Yours truly,

**PORTFOLIO STRATEGIES SECURITIES INC.**

Per: "Robert Carbonaro"  
Name: Robert Carbonaro  
Title: Managing Director

ACCEPTED AND AGREED to effective as of the date first written above.

**GRAVITAS FINANCIAL INC.**

Per: "Viswanathan Karamadam"  
Name: Viswanathan Karamadam  
Title: Director

**GRAVITAS VENTURES INC.**

Per: "Viswanathan Karamadam"  
Name: Viswanathan Karamadam  
Title: Director