

AGENCY AGREEMENT

December 23, 2021

Prophecy DeFi Inc.
87 Scollard Street, Suite 100
Toronto, ON M5R 1G4

Attention: John A. McMahon, Chief Executive Officer

Dear Sir:

Canaccord Genuity Corp. (the “**Lead Agent**”) and INFOR Financial Inc. (“**INFOR**” and, together with the Lead Agent, the “**Agents**”) understand that Prophecy DeFi Inc. (the “**Corporation**”) proposes to issue and sell up to 10,000 units of the Corporation (the “**Debenture Units**”), at a price of \$1,000 per Debenture Unit for aggregate gross proceeds of up to \$10,000,000, subject to the terms and conditions set out below. In addition, the Corporation hereby grants the Agents an option (the “**Agents’ Option**”) to increase the size of the Offering by up to an additional 1,500 Debenture Units (the “**Additional Debenture Units**”) for additional gross proceeds of up to \$1,500,000. The Agents’ Option is exercisable at any time up to 48 hours prior to the Closing Date (as hereinafter defined). The Debenture Units, the Additional Debenture Units and the Corporate Finance Fee Units (as hereinafter defined) are collectively referred to herein as the “**Units**” and each, individually, a “**Unit**”. The offer and sale of the Debenture Units and the Additional Debenture Units, if any, are collectively referred to as the “**Offering**”.

Upon and subject to the terms and conditions set forth herein, the Corporation hereby appoints the Agents, and the Agents hereby agree to act, as agents to the Corporation to effect the Offering on a commercially reasonable efforts agency basis, without underwriter liability, to Purchasers (as hereinafter defined) in the Designated Provinces (as hereinafter defined) and those other jurisdictions outside Canada and the United States consented to by the Corporation where the Units may be lawfully sold pursuant to the terms and conditions hereof (the “**Selling Jurisdictions**”). Notwithstanding the foregoing, certain Purchasers of Units under the Offering will settle directly with the Corporation (the “**Direct Settlers**”). The parties hereto acknowledge that: (i) the Agents shall not be required to conduct a suitability review in respect of the sale of any Units issued to Direct Settlers; (ii) the Agents do not and will not have any liability whatsoever to the Corporation or to Direct Settlers with respect to sales of Units to Direct Settlers; and (iii) the indemnity set out in Section 10 of this Agreement shall apply in respect of such sales.

Each Unit shall be comprised of \$1,000 in principal amount of unsecured convertible debentures of the Corporation (the “**Debentures**”) and an aggregate of 1,667 common share purchase warrants of the Corporation (each, a “**Warrant**”). The Debentures shall bear interest at a rate of 10.0% per annum, payable on the last day of each calendar quarter, maturing 36 months from the Closing Date (the “**Maturity Date**”). The principal amount of the Debentures is convertible, at the option of the holder, into common shares of the Corporation (each a “**Debenture Share**”) at a conversion price equal to \$0.60 per Debenture Share (the “**Conversion Price**”) at any time following the Closing Date until the close of business on the earlier of: (i) the Business Day (as hereinafter defined) immediately preceding the Maturity Date; and (ii) the Business Day immediately preceding the date fixed for redemption of the Debentures by the Corporation, if any. If, at any time following the date that is four months and one day following the Closing Date, the daily volume weighted average trading price of the Common Shares (as hereinafter defined) on the CSE (as hereinafter defined) (or such other stock exchange the Common Shares are trading on) is greater than \$1.20 (subject to adjustment for subdivisions, consolidations or similar events affecting the Common Shares) for the

preceding 10 consecutive trading days, the Corporation shall have the option to convert all of the principal amount of the then-outstanding Debentures at the Conversion Price by providing the holders not less than 30 days' and not more than 60 days' prior written, in which case, all accrued and unpaid interest on the Debentures will be paid in cash.

Upon a Change of Control (as herein defined), holders of the Debentures will have the right to require the Corporation to repurchase their Debentures, in whole or in part on the date that is 30 days following notice of the Change of Control, at a price equal to 105% of the principal amount of the Debentures then outstanding plus accrued and unpaid interest thereon (the "**Offer Price**"). If 90% or more of the principal amount of the Debentures outstanding on the date of the Change of Control have been tendered for redemption, the Corporation will have the right to redeem all of the remaining Debentures at the Offer Price.

The Debentures shall be duly and validly created and issued pursuant to, and governed by, a debenture indenture dated as of the Closing Date (the "**Debenture Indenture**") to be entered into between TSX Trust Company (the "**Debenture Trustee**"), in its capacity as debenture trustee thereunder, and the Corporation. The description of the Debentures herein is a summary only and is subject to the specific attributes and detailed provisions of the Debentures to be set forth in the Debenture Indenture. In the case of any inconsistency between the description of the Debentures in this Agreement and the terms of the Debentures as set forth in the Debenture Indenture, the provisions of the Debenture Indenture shall govern.

Each Warrant will entitle the holder to purchase one Common Share (a "**Warrant Share**") at an exercise price of \$0.90 per Warrant Share at any time before 5:00 p.m. (Toronto time) on the date that is 36 months following the Closing Date (the "**Expiry Time**"), provided that, at any time following the date that is four months and one day following the Closing Date, if the daily volume-weighted average trading price of the Common Shares for the preceding ten (10) consecutive trading days is greater than \$1.80 per Common Share (subject to any adjustment for subdivisions, consolidations or similar events affecting the Common Shares), the Corporation may, within three (3) trading days following such ten (10) day period and subject to the approval of the CSE (or such other stock exchange on which the Common Shares are then listed), accelerate the expiry date of the Warrants by notice in writing to the Warrant Agent and the Agents (the "**Acceleration Notice**") whereupon the Warrants will expire on the earlier of: (i) the date that is thirty (30) calendar days immediately following the date of the Acceleration Notice; and (ii) the original expiry date of the Warrants. The Warrants shall be duly and validly created and issued pursuant to, and governed by, a warrant indenture dated as of the Closing Date (the "**Warrant Indenture**") to be entered into between TSX Trust Company (the "**Warrant Agent**"), in its capacity as warrant agent thereunder, and the Corporation. The description of the Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Warrants to be set forth in the Warrant Indenture. In the case of any inconsistency between the description of the Warrants in this Agreement and the terms of the Warrants as set forth in the Warrant Indenture, the provisions of the Warrant Indenture shall govern.

The Agents shall be entitled to appoint a soliciting dealer group consisting of other registered dealers subject to acceptance by the Corporation (each, a "**Selling Firm**") as its agents to assist in the Offering. Any fee payable to such dealer(s) shall be for the account of the Agents and shall be negotiated between the Agents and the Selling Firm(s). For further clarity, no additional compensation shall payable by the Corporation to the Agents other than as set forth in this Agreement.

In consideration of the services to be rendered by the Agents hereunder and all other matters in connection with the offer and issue and sale of the Units, the Corporation shall, subject to the provisions hereof, pay to the Agents: (a) a commission (the "**Commission**") equal to 5.0% of the aggregate gross proceeds of the Offering (excluding proceeds derived from the sale of Units to any Direct Settlers); and (b) a cash fee of \$2,500 for advisory services provided to the Corporation in connection with the Offering (the "**Advisory**

Fee). The Commission and Advisory Fee will be payable by the Corporation on the Closing Date. The Commission and the Advisory Fee may be payable in cash or Units, or any combination of cash and Units at the option of the Agents and, if in cash, may be made by way of deduction from the aggregate gross proceeds of the Offering on the Closing Date derived from the sale of Units to Purchasers who are not Direct Settlers and shall be fully earned by the Agents at that time.

As additional compensation for the services to be rendered by the Agents hereunder, the Corporation will issue to the Agents (or any Selling Firms(s) engaged by the Agents in amounts as determined by the Agents): (a) that number of broker warrants (the “**Broker Warrants**”) as is equal to 5.0% of the gross proceeds of the Offering divided by the Conversion Price (excluding gross proceeds from the sale of Units to any Direct Settlers); and (b) 4,166 advisory warrants of the Corporation (the “**Advisory Warrants**”). Each Broker Warrant and Advisory Warrant (together the “**Compensation Warrants**”) will be exercisable to acquire one unit (a “**Compensation Unit**”) consisting of one Common Share (each, a “**Compensation Unit Share**”) and one Warrant (each, a “**Compensation Unit Warrant**”), at an exercise price of \$0.60 until 5:00 p.m. (Toronto time) on the date that is 36 months following the Closing Date. Each Compensation Unit Warrant shall be exercisable to purchase one common share of the Corporation (a “**Compensation Unit Warrant Share**”) on the same terms and conditions applicable to the Warrants. Unless the context requires otherwise, references to “Warrants” and “Warrant Shares” shall include reference to “Compensation Unit Warrants” and “Compensation Unit Warrant Shares”, respectively.

In addition, the Corporation shall pay to the Lead Agent, subject to the provisions hereof, a corporate finance fee equal to that number of Units (the “**Corporate Finance Fee Units**”) which is equal to 2.5% of the aggregate number of Units issued pursuant to the Offering (including, for certainty, any Additional Debenture Units issued pursuant to the Agents’ Option). At the Closing Time, the Corporation shall duly and validly issue and deliver to the Lead Agent the Debentures and the Warrants comprising the Corporate Finance Fee Units, registered as directed by the Lead Agent in writing, and the Corporate Finance Fee shall be fully earned by the Lead Agent at the Closing Time.

The parties acknowledge and agree that none of the Units, Debentures, Warrants, Debenture Shares, Warrant Shares, Broker Warrants, Advisory Warrants, Compensation Units, Compensation Unit Shares, Compensation Unit Warrants or Compensation Unit Warrant Shares (collectively, the “**Unit Securities**”) have been or will be registered under the U.S. Securities Act (as hereinafter defined) or under the Securities Laws (as hereinafter defined) of any state of the United States.

DEFINITIONS

In this Agreement, in addition to the terms defined above or elsewhere in this Agreement, the following terms shall have the following meanings:

“**Acceleration Notice**” shall have the meaning ascribed to it above;

“**Additional Debenture Units**” shall have the meaning ascribed to it above;

“**Advisory Fee**” shall have the meaning ascribed to it above;

“**Advisory Warrant**” shall have the meaning ascribed to it above;

“**Advisory Warrant Certificates**” means the certificates representing the Advisory Warrants;

“**affiliate**”, “**associate**”, “**distribution**”, “**misrepresentation**”, “**material fact**” and “**material change**”, shall have the respective meanings ascribed thereto in the *Securities Act* (Ontario);

“**Agreement**” means this agreement between the Agents and the Corporation dated as of the date hereof, including all schedules hereto, as amended or supplemented from time to time;

“**Agents**” shall have the meaning ascribed to it above;

“**Agents’ Option**” shall have the meaning ascribed to it above;

“**Anti-Terrorism Laws**” shall have the meaning ascribed thereto in subsection 3(v);

“**Assets and Properties**” with respect to any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned or leased by or in the possession of such Person;

“**Audited Financial Statements**” shall have the meaning ascribed thereto in subsection 3(aa);

“**Authorizations**” shall have the meaning ascribed there in Section 3(mm) of this Agreement;

“**Broker Warrant**” shall have the meaning ascribed to it above;

“**Broker Warrant Certificates**” means the certificates representing the Broker Warrants;

“**Business Day**” means a day which is not a Saturday, Sunday or statutory or civic holiday in Toronto, Ontario;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Change of Control**” shall have the meaning ascribed to it in the Debenture Indenture;

“**Claim**” shall have the meaning ascribed thereto in Section 10 of this Agreement;

“**Closing**” means the issuance, delivery and sale of the Units on the Closing Date in accordance with the terms and conditions of this Agreement;

“**Closing Date**” means December 23, 2021, or such other date on which the Closing shall occur, as agreed to by the Agents and the Corporation;

“**Closing Time**” means 10:00 a.m. (Toronto time) on the Closing Date, or such other time on the Closing Date as agreed to between the Agents and the Corporation;

“**Commission**” shall have the meaning ascribed to it above;

“**Common Shares**” means the common shares in the capital of the Corporation, which the Corporation is authorized to issue as constituted on the date hereof;

“**Company Intellectual Property**” means all Company Owned IP, all Licensed IP and all Intellectual Property (whether owned by the Corporation or third party) used by the Corporation or the Subsidiary in carrying on their respective business;

“**Company Owned IP**” means the Intellectual Property that is owned by, or purported to be owned by, the Corporation or the Subsidiary;

“**Compensation Unit**” shall have the meaning ascribed to it above;

“**Compensation Unit Share**” shall have the meaning ascribed to it above;

“**Compensation Unit Warrant**” shall have the meaning ascribed to it above;

“**Compensation Unit Warrant Share**” shall have the meaning ascribed to it above;

“**Compensation Warrant**” shall have the meaning ascribed to it above;

“**Compensation Warrant Certificates**” means, collectively, the Broker Warrant Certificates and the Advisory Warrant Certificates;

“**Contracts**” means all agreements, contracts or commitments of any nature, written or oral, including, for greater certainty and without limitation, leases, loan documents, security documents, indentures, trust deeds, mortgages and notes;

“**Conversion Price**” shall have the meaning ascribed to it above;

“**Corporate Finance Fee Units**” shall have the meaning ascribed to it above;

“**Corporation**” means Prophecy DeFi Inc., a corporation existing under the *Business Corporations Act* (Ontario);

“**Corporation’s Auditors**” means Kingston Ross Pasnak LLP or such other firm of chartered accountants as the Corporation may have appointed or may from time to time appoint as auditors of the Corporation;

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

“**Debenture Indenture**” shall have the meaning ascribed to it above;

“**Debenture Share**” shall have the meaning ascribed to it above;

“**Debenture Trustee**” shall have the meaning ascribed to it above;

“**Debenture Units**” shall have the meaning ascribed to it above;

“**Debentures**” shall have the meaning ascribed to it above;

“**Designated Provinces**” means, collectively, each of the provinces and territories of Canada;

“**Direct Settlers**” shall have the meaning ascribed to it above;

“**Disclosure Documents**” means, collectively, all of the documentation which has been disclosed by the Corporation to the public or filed by or on behalf of the Corporation with the relevant Securities Regulators pursuant to applicable Securities Laws and which are publically available;

“**Due Diligence Materials**” means the materials relating to the Corporation and the Subsidiary provided to the Agents and the Agents’ counsel in connection with the Offering since the date of the Engagement Letter to the Closing Date;

“**Engagement Letter**” means the letter agreement dated as of November 12, 2021 between the Corporation and the Lead Agent relating to the Offering, as amended on November 29, 2021 and December 9, 2021;

“**Environmental Laws**” means all Laws and agreements with any Governmental Authority and all other statutory requirements relating to public health and safety, noise control, pollution or the protection of the environment or to the generation, production, installation, use, storage, treatment, transportation, release or threatened release of Hazardous Materials, including civil responsibility for acts or omissions with respect to the environment, and all Authorizations issued pursuant to such Law, agreements or other statutory requirements;

“**Environmental Permits**” includes all orders, permits, certificates, approvals, consents, registrations and licences issued by any authority of competent jurisdiction under any Environmental Laws;

“**Executive Order**” shall have the meaning ascribed thereto in subsection 3(v);

“**Expiry Time**” shall have the meaning ascribed to it above;

“**Financial Statements**” shall have the meaning ascribed thereto in subsection 3(aa);

“**Foreign Issuer**” means “foreign issuer” as that term is defined in Rule 902(e) of Regulation S;

“**Governmental Authority**” means any governmental authority and includes, without limitation, any national or federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing;

“**Hazardous Materials**” means any contaminant, pollutant, subject waste, hazardous waste, deleterious substance, industrial waste, toxic matter or any other substance that when released into the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or material risk to human health and, without restricting the generality of the foregoing, includes any contaminant, pollutant, subject waste, deleterious substance, industrial waste, toxic matter or hazardous waste as defined by applicable Laws or regulations enacted for the protection of the natural environment or human health;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“**Indemnified Party**” shall have the meaning ascribed thereto in Section 10;

“**Intellectual Property**” means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world:

- (i) issued patents and patent applications (whether provisional or non-provisional) including divisionals, continuations, continuations-in-part, substitutions, reissues, re-examinations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models);
- (ii) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, whether registered or unregistered, together with

the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing;

- (iii) copyrights and works of authorship (whether registered or unregistered and whether or not copyrightable), moral rights and all registrations, applications for registration, and renewals of any of the foregoing;
- (iv) telephone numbers, internet domain names and social media account or user names (including “handles”), whether or not trademarks, all associated web addresses, URLs, websites and web pages, social media accounts and pages and all content and data thereon or relating thereto, whether or not copyrights;
- (v) mask works, and all registrations, applications for registration, and renewals thereof;
- (vi) industrial designs, and all design patents, registrations, applications for registration, and renewals thereof;
- (vii) trade secrets, know-how, inventions (whether or not patentable), discoveries, improvements, technology, business and technical information, databases, data compilations and collections, tools, methods, processes, techniques, and other confidential and proprietary information and all rights therein;
- (viii) rights of publicity;
- (ix) Software; and
- (x) all other intellectual or industrial property and proprietary rights;

“**Investor Presentation**” means the investor presentation titled “Prophecy DeFi Corporate Presentation” dated November 15, 2021;

“**knowledge**” means, as it pertains to the Corporation, the actual knowledge of John A. McMahon, Chief Executive Officer and director of the Corporation, and Roland Nimmo, Chief Financial Officer of the Corporation, as at the date of this Agreement, together with the knowledge which they would have had if they had conducted due inquiry into the relevant subject matter;

“**Laws**” means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Governmental Authority applicable to the Corporation and its Subsidiary;

“**Leased Premises**” shall have the meaning ascribed thereto in subsection 3(vv);

“**Licensed IP**” means the Intellectual Property owned by, or purported to be owned by, a third party that is material to the business and licensed to the Corporation or the Subsidiary;

“**Material Adverse Effect**” means the effect resulting from any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations or prospects of the Corporation or the Subsidiary on a consolidated basis;

“**Maturity Date**” shall have the meaning ascribed to it above;

“**NI 45-102**” means National Instrument 45-102 – *Resale of Securities*;

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**OFAC**” shall have the meaning ascribed thereto in subsection 3(v);

“**Offer Price**” shall have the meaning ascribed to it above;

“**Offering**” shall have the meaning ascribed to it above;

“**Person**” shall be broadly interpreted and shall include any individual (whether acting as an executor, trustee administrator, legal representative or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning;

“**Portfolio Investments**” means 284,656 common shares of Hank Payments Corp.;

“**Purchaser**” means a Person (which may include an Agent) who, as purchaser, acquires Units by duly completing, executing and delivering a Subscription Agreement;

“**Regulation S**” means Regulation S as promulgated by the SEC under the U.S. Securities Act;

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities Laws**” means, as applicable, all applicable securities Laws in each of the Selling Jurisdictions, the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, multilateral and national instruments, orders, blanket rulings, notices and other regulatory instruments of the securities regulatory authorities in such jurisdictions;

“**Securities Regulators**” means, collectively, the securities regulators or other securities regulatory authorities in the Selling Jurisdictions, including but not limited to, the CSE;

“**Selling Jurisdictions**” shall have the meaning ascribed to it above;

“**Software**” means computer software and programs (in both source code and object code form and including operating systems, applications, firmware, off the shelf and shrink wrap software), all proprietary rights in the computer software and programs and all documentation (including application programming interfaces, protocols, specifications, data files, and other documentation thereof) and other materials related to computer software and programs;

“**Subscription Agreements**” means, collectively, the subscription agreements in the form agreed to by the Lead Agent and the Corporation pursuant to which Purchasers agree to subscribe for and purchase Units as contemplated herein and shall include, for greater certainty, all schedules and exhibits thereto;

“**Subsidiary**” means the wholly-owned subsidiary of the Corporation being Layer2 Blockchain Inc.;

“**Substantial U.S. Market Interest**” means “substantial U.S. market interest” as that term is defined in Rule 902(j) of Regulation S;

“**Tax Act**” means the *Income Tax Act* (Canada) and all rules and regulations made pursuant thereto, all as may be amended, re-enacted or replaced from time to time and any proposed amendments thereto announced publicly from time to time;

“**Taxes**” shall have the meaning ascribed thereto in subsection 3(t);

“**Transaction Documents**” means, collectively, this Agreement, the Subscription Agreements, any certificates representing the Debentures, the Debenture Indenture, any certificates representing the Warrants, the Warrant Indenture and the Compensation Warrant Certificates;

“**Transfer Agent**” means TSX Trust Company, in its capacity as transfer agent and registrar of the Corporation at its principal offices in the City of Toronto, Ontario;

“**Underlying Shares**” means, collectively, the Debenture Shares issuable upon conversion of the Debentures, the Warrant Shares issuable upon exercise of the Warrants, the Compensation Unit Shares issuable upon exercise of the Compensation Warrants and the Compensation Unit Warrant Shares issuable upon exercise of the Compensation Unit Warrants;

“**Unit Securities**” shall have the meaning ascribed to it above;

“**Units**” shall have the meaning ascribed to it above;

“**United States**” means the United States of America, its territories and possessions and any State of the United States and the District of Columbia;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“**Warrant**” shall have the meaning ascribed to it above;

“**Warrant Agent**” shall have the meaning ascribed to it above;

“**Warrant Indenture**” shall have the meaning ascribed to it above; and

“**Warrant Share**” shall have the meaning ascribed to it above.

TERMS AND CONDITIONS

1. (a) **Sale on Exempt Basis.** The Agents shall use commercially reasonable efforts to arrange for the purchase of the Units which comprise the Offering:

- (i) in the Designated Provinces on a private placement basis in compliance with applicable Securities Laws; and
- (ii) in such other jurisdictions, as may be agreed upon between the Corporation and the Agents, on a private placement basis in compliance with all applicable Securities Laws of such jurisdictions and provided that no prospectus, registration statement or similar document is required to be filed in such jurisdictions, no registration or similar requirement would apply with respect to the Corporation in such other jurisdictions and the Corporation does not thereafter become subject to on-going continuous disclosure obligations in such other jurisdictions.

(b) **Filings.** The Corporation undertakes to file or cause to be filed all forms or undertakings required to be filed by the Corporation in connection with the purchase and sale of the Units so that the distribution of the Units may lawfully occur without the necessity of filing a prospectus, a registration statement or an offering memorandum (other than the Investor Presentation) in Canada, the United States or elsewhere (but on terms that will permit any Unit Securities acquired by the Purchasers and the Agents to be issued to such Purchasers and the Agents subject to, and in compliance with, applicable hold periods and other restrictions under applicable Securities Laws) and the Agents undertake to use commercially reasonable efforts to cause Purchasers under the Offering to complete any forms required by applicable Securities Laws and by the CSE in respect of such distribution. All fees payable in connection with such filings shall be at the expense of the Corporation.

(c) **Offering Memorandum.** Neither the Corporation nor the Agents shall: (i) other than the Investor Presentation, provide to prospective Purchasers any document or other material or information that would constitute an offering memorandum within the meaning of Securities Laws; or (ii) engage in any form of general solicitation or general advertising in connection with the offer and sale of the Units, including, but not limited to, causing the sale of the Units to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display, or conduct any seminar or meeting relating to the offer and sale of the Units whose attendees have been invited by general solicitation or advertising.

2. **Covenants.** The Corporation hereby covenants to the Agents and to the Purchasers, and acknowledges that each of them is relying on such covenants in connection with the Offering, that the Corporation shall:

- (a) allow the Agents and their respective representatives to conduct all due diligence investigations regarding the Corporation and the Subsidiary that the Agents may reasonably require to be conducted up to and prior to the Closing Date;
- (b) use its commercially reasonable efforts to remain a corporation validly subsisting under the *Business Corporations Act* (Ontario), licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the nature of the activities conducted by it makes such licensing, registration or qualification necessary and shall carry on its business in the ordinary course and in compliance in all material respects with all applicable Laws, rules and regulations of each such jurisdiction;

- (c) for a period of 36 months following the Closing Date, use commercially reasonable efforts to maintain its status as a “reporting issuer” under the Securities Laws of the Provinces of British Columbia and Ontario not in default of any requirement of such Securities Laws, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a “reporting issuer” so long as the holders of Common Shares receive securities of an entity which is listed on a recognized stock exchange in Canada or the United States or cash, and the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the CSE (or such other applicable stock exchange upon which the Common Shares are listed or quoted);
- (d) for a period of 36 months following the Closing Date, use commercially reasonable efforts to maintain the listing of the Common Shares on the CSE or any other recognized stock exchange or quotation system, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities of an entity which is listed on a recognized stock exchange in Canada or the United States or cash, and the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the CSE (or such other applicable stock exchange upon which the Common Shares are listed or quoted);
- (e) duly execute and deliver the Subscription Agreements (which the Corporation has determined to accept provided that such Subscription Agreements have been duly completed and executed by the Purchasers). In connection with executing and delivering such Subscription Agreements, the Corporation shall execute and deliver any certificates representing the Debentures and Warrants comprising the Units issued pursuant to such Subscription Agreements at the Closing Time, and comply with and satisfy all terms, conditions and covenants therein and herein contained to be complied with or satisfied by the Corporation, at or prior to the Closing Time;
- (f) from the date hereof until 90 days following the Closing Date, not issue any additional equity or quasi-equity securities without prior written consent of the Lead Agent, such consent not to be unreasonably withheld, except in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to incentive plans of the Corporation and other share compensation arrangements in effect as of the Closing Date; (ii) warrants of the Corporation outstanding on the Closing Date; (iii) obligations in respect of existing agreements existing on the Closing Date; and (iv) the issuance of securities in connection with bona fide property or share acquisitions in the normal course of business;
- (g) on or before the Closing Date, cause each of the directors and officers of the Corporation to execute a lock-up agreement in a form acceptable to the Agents, acting reasonably;
- (h) use commercially reasonable efforts to fulfil or cause to be fulfilled, at or prior to the Closing Time, each of the conditions required to be fulfilled by it set out in Section 6;
- (i) ensure that, as at the Closing Time, the Debentures shall be authorized, validly created and issued and shall have attributes corresponding in all material respects to the description thereof set forth in this Agreement, the Subscription Agreements and the Debenture Indenture;

- (j) ensure that, as at the Closing Time, the Warrants and the Compensation Warrants shall be authorized, validly created and issued and shall have attributes corresponding in all material respects to the description thereof set forth in this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Warrant Certificates, as applicable;
- (k) ensure that, at all times prior to the expiry of the Compensation Warrants, a sufficient number of Compensation Unit Warrants shall be authorized, validly created and reserved for issuance and shall have attributes corresponding in all material respects to the description set forth in this Agreement and the Warrant Indenture;
- (l) ensure that, upon issuance thereof and payment therefor, the Underlying Shares will be duly issued as fully paid and non-assessable shares in the capital of the Corporation;
- (m) ensure that, at all times prior to the Maturity Date, a sufficient number of Debenture Shares are allotted and reserved for issuance upon the conversion of the Debentures in accordance with their terms;
- (n) ensure that, at all times prior to the expiry of the Warrants, a sufficient number of Warrant Shares are allotted and reserved for issuance upon the due exercise of the Warrants in accordance with their terms;
- (o) ensure that (i) at all times prior to the expiry of the Compensation Warrants a sufficient number of Compensation Unit Shares are allotted and reserved for issuance upon the exercise of the Compensation Warrants in accordance with their terms; and (ii) at all times prior to the expiry of the Compensation Unit Warrants (whether or not issued), a sufficient number of Compensation Unit Warrant Shares are allotted and reserved for issuance upon the due exercise of the Compensation Unit Warrants in accordance with their terms;
- (p) execute and file with the Securities Regulators all forms, notices and certificates relating to the Offering required to be filed pursuant to the Securities Laws in the time required by applicable Securities Laws, including, for greater certainty, all forms, notices and certificates set forth in the opinions delivered to the Agents pursuant to this Agreement required to be filed by the Corporation;
- (q) use the net proceeds of the Offering for Layer2 Blockchain Inc.'s liquidity mining operations as well as for general working capital purposes;
- (r) immediately issue a press release upon the Corporation determining to accelerate the expiry date of the Warrants as contemplated in this Agreement and the Warrant Indenture;
- (s) immediately issue a press release upon the Corporation determining to force the conversion of the Debentures as contemplated in this Agreement and the Debenture Indenture;
- (t) (i) subject to applicable Law, obtain the prior approval of the Agents, acting reasonably, as to the content and form of any press release relating to the Offering, such press release to include the following or substantially similar legend: "NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES" and (ii) a disclaimer to the following effect "The securities offered have not been registered under the United States Securities Act of 1933, as amended, or

any state securities law, and may not be offered or sold in the United States absent registration or an exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy in the United States nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful”;

- (u) use its reasonable commercial efforts to maintain the Transfer Agent or a substituted transfer agent and registrar in respect of the Common Shares;
- (v) use its reasonable commercial efforts to maintain the Warrant Agent or a substituted warrant agent in respect of the Warrants until the Expiry Time;
- (w) use its reasonable commercial efforts to maintain the Debenture Trustee or a substituted debenture trustee in respect of the Debentures until the Maturity Date;
- (x) comply with all the covenants of the Corporation as set out in each of the Debenture Indenture and the Warrant Indenture;
- (y) ensure that upon their respective dates of issuance, the Debenture Shares, the Warrant Shares, the Compensation Unit Shares and the Compensation Unit Warrant Shares, if and when issued, are listed and posted for trading on the CSE;
- (z) use its reasonable commercial efforts (including, without limitation, making application to the Securities Regulators for all consents, orders and approvals necessary) to ensure that the Unit Securities will not be subject to any Canadian statutory restricted period (subject to any control person distribution restrictions) applicable to the holders thereof beyond four months and one day following the Closing Date pursuant to NI 45-102;
- (aa) not have taken any action nor will take any action that would cause the exemptions from the prospectus requirements afforded by the Securities Laws to be unavailable for offers and sales of the Units pursuant to this Agreement or for the conversion of the Debentures or for the exercise of the Warrants, the Compensation Warrants and the Compensation Unit Warrants; and
- (bb) ensure that in conducting its business and operations, (i) it and its Subsidiary will apply for and obtain all material Authorizations required from any Governmental Authority having jurisdiction to the extent necessary for the Corporation and the Subsidiary to conduct the business as it is currently conducted and presently proposed to be conducted (provided that it need only obtain such Authorizations in respect of any proposed operations prior to such time as such operations are commenced); (ii) it and its Subsidiary will comply with the terms and conditions of all such Authorizations; and (iii) it and its Subsidiary shall use commercially reasonable efforts to ensure that all of such Authorizations will be valid and in full force and effect as required from time to time.

3. **Representations and Warranties of the Corporation.** The Corporation represents and warrants to the Agents and to the Purchasers, and acknowledges that each of them is relying upon such representations and warranties in connection with the Offering, that:

- (a) each of the Corporation and the Subsidiary has been duly incorporated, or formed, and organized and is validly existing under the laws of the jurisdiction in which it was

incorporated, formed, amalgamated or continued, as the case may be, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Corporation or the Subsidiary;

- (b) the Corporation and the Subsidiary is duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its Assets and Properties requires such qualification and has all requisite corporate power, capacity and authority to conduct its business and own, lease and operate its Assets and Properties and to execute, deliver and perform its obligations under the Transaction Documents to which it is a party and any other document, filing, instrument or agreement delivered in connection with the Offering;
- (c) other than the Subsidiary and the Portfolio Investments, the Corporation has no direct or indirect subsidiaries or any investment or proposed investment in any Person which would otherwise be material to the business and affairs of the Corporation on a consolidated basis;
- (d) the Corporation and the Subsidiary: (i) conducts and has been conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which its business is carried on or in which its services are provided and neither the Corporation nor the Subsidiary has received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such Laws, and (ii) is not in breach or violation of any judgment, order or decree of any Governmental Authority having jurisdiction over the Corporation or the Subsidiary, as applicable;
- (e) the Corporation directly owns all of the issued and outstanding securities of the Subsidiary, all of the issued and outstanding securities of the Subsidiary are issued as fully paid and non-assessable securities, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no Person has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement, for the purchase from the Corporation or the Subsidiary of any interest in any of the securities or other interests in the capital of the Subsidiary;
- (f) (A) the Corporation and the Subsidiary is the absolute legal and beneficial owner, and has good and valid title to, all of the material Assets and Properties thereof as described in the Disclosure Documents, including all Contracts that are material to the business of the Corporation and the Subsidiary taken as a whole, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no other material assets or properties are necessary for the conduct of the business of the Corporation or the Subsidiary as currently conducted and as presently proposed to be conducted, (B) the Corporation does not know of any claim or the basis for any claim that might or could materially and adversely affect the right of the Corporation or the Subsidiary to use, transfer or otherwise exploit such Assets and Properties, and (C) neither the Corporation nor the Subsidiary has any responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any Person with respect to the Assets and Properties thereof;
- (g) the Corporation is a reporting issuer under the Securities Laws of the Provinces of British Columbia and Ontario and is not in default of any requirement of such Securities Laws and is not included on a list of defaulting reporting issuers maintained by the Securities Regulators or other securities regulatory authorities of such Provinces;

- (h) the Common Shares are listed and posted for trading on the CSE;
- (i) the authorized capital of the Corporation consists of an unlimited number of Common Shares without par value, of which, as at the close of business on December 22, 2021, 131,947,212 Common Shares were issued and outstanding. All of the issued and outstanding shares of the Corporation have been duly and validly issued as fully paid and non-assessable, none of the outstanding shares of the Corporation were issued in violation of any pre-emptive or similar rights of any securityholder of the Corporation and no holder of outstanding shares in the capital of the Corporation is entitled to any pre-emptive or any similar rights to subscribe for any shares or other securities of the Corporation or the Subsidiary;
- (j) at the Closing Time, no rights to acquire, or instruments convertible into or exchangeable for, any shares in the capital of the Corporation will be outstanding and no Person has any agreement, option, right or privilege (contractual or otherwise) capable of becoming an agreement for the purchase or acquisition of any interest in the shares or other securities of the Corporation, other than (i) options outstanding to acquire up to 6,525,000 Common Shares, and (ii) Common Share purchase warrants (including broker warrants) outstanding to acquire up to 50,308,493 Common Shares;
- (k) at the Closing Time, all consents, approvals, permits, authorizations or filings as may be required to be made or obtained by the Corporation under applicable Securities Laws and the rules and regulations of the CSE necessary for the execution and delivery of the Transaction Documents and the consummation of the transactions contemplated thereby, including for the listing and posting for trading of the Underlying Shares on the CSE upon the issuance thereof, will have been made or obtained, as applicable (other than the filing of reports required under applicable Securities Laws within the prescribed time periods and the filing of standard documents with the CSE, which documents shall be filed as soon as practicable after the Closing Date and, in any event, within 10 Business Days of the Closing Date or within such other deadline imposed by applicable Securities Laws or the CSE);
- (l) the Debentures and Warrants comprising the Units, the Debenture Shares, the Warrant Shares, the Compensation Warrants, the Compensation Unit Shares and the Compensation Unit Warrants comprising the Compensation Units and the Compensation Unit Warrant Shares will not be subject to a Canadian restricted period or to a statutory hold period under the Securities Laws which extends beyond four months and one day after the Closing Date, subject to the conditions set forth in Section 2.5 of NI 45-102;
- (m) the execution and delivery of each of the Transaction Documents and the performance by the Corporation of its obligations thereunder, the issue and sale of the Debentures and Warrants comprising the Units and the Compensation Warrants and the consummation of the transactions contemplated in this Agreement, including the issuance and delivery of the Debenture Shares, the Warrant Shares, the Compensation Unit Shares, the Compensation Unit Warrants and the Compensation Unit Warrant Shares in accordance with their respective terms do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both) (i) any statute, rule or regulation applicable to the Corporation or the Subsidiary, including, without limitation, the Securities Laws and the policies and rules and regulations of the CSE; (ii) the constating documents, by-laws or resolutions of the

Corporation or the Subsidiary which are in effect at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Corporation or the Subsidiary are a party or by which they are bound; or (iv) any judgment, decree or order binding the Corporation, the Subsidiary or their respective Assets and Properties;

- (n) at the Closing Time, all necessary corporate action will have been taken by the Corporation to validly create and issue the Debentures and Warrants comprising the Units and to allot, authorize and reserve for issuance the Debenture Shares issuable upon conversion of the Debentures and the Warrant Shares issuable upon exercise of the Warrants, and upon the issue thereof such Debenture Shares and Warrant Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation and will not have been issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Corporation;
- (o) at the Closing Time, all necessary corporate action will have been taken by the Corporation to validly create and issue the Compensation Warrants and the Compensation Unit Warrants and to allot, authorize and reserve for issuance the Compensation Unit Shares issuable upon exercise of the Compensation Warrants and the Compensation Unit Warrant Shares issuable upon exercise of the Compensation Unit Warrants, and upon the issuance thereof, the Compensation Unit Shares and Compensation Unit Warrant Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation and will not have been issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Corporation;
- (p) at the Closing Time, each of the Transaction Documents shall have been duly authorized and each of the Transaction Documents to be executed and delivered on the Closing Date shall have been duly executed and delivered by the Corporation and upon the execution and delivery of each Transaction Document, each such Transaction Document shall constitute a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable Law;
- (q) TSX Trust Company, at its principal office in Toronto, Ontario, has been duly appointed as registered transfer agent in respect of the Common Shares, warrant agent under the Warrant Indenture and debenture trustee under the Debenture Indenture;
- (r) there are no contracts or agreements between either the Corporation or the Subsidiary and any Person granting such person the right to require the Corporation or the Subsidiary to file a registration statement under Securities Laws in the United States or a prospectus under Securities Laws in Canada, with respect to any securities of the Corporation or the Subsidiary owned or to be owned by such Person;
- (s) the Corporation has not approved, has not entered into any agreement in respect of, or has any knowledge of:

- (A) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Corporation or the Subsidiary whether by asset sale, transfer of shares or otherwise;
 - (B) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of the Corporation or the Subsidiary or otherwise) of the Corporation or the Subsidiary; or
 - (C) any proposed or planned disposition of shares by any shareholder who owns, directly or indirectly, 10% or more of the outstanding shares of the Corporation or the Subsidiary;
- (t) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable or required to be collected or withheld and remitted, by the Corporation and the Subsidiary have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Corporation have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading or have a Material Adverse Effect. To the knowledge of the Corporation, no examination of any tax return of the Corporation or the Subsidiary is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Corporation or the Subsidiary. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of taxes with respect to the Corporation or the Subsidiary;
- (u) the Corporation and, as applicable, the Subsidiary, has established on its books and records reserves that are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the assets of the Corporation or the Subsidiary, and there are no audits pending of the tax returns of the Corporation or the Subsidiary (whether federal, state, provincial, local or foreign) and there are no claims which have been or may be asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any Governmental Authority of any deficiency that would result in a Material Adverse Effect;
- (v) to the knowledge of the Corporation, the operations of the Corporation and the Subsidiary have been conducted at all times in compliance with the applicable federal and state laws relating to terrorism or money laundering ("**Anti-Terrorism Laws**"), including the financial recordkeeping and reporting requirements of The Bank Secrecy Act of 1970, as amended; Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "**Executive Order**"); the Foreign Corrupt Practices Act; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, and the *Proceeds of Crime (Money*

Laundering) and Terrorist Financing Act (Canada), and neither the Corporation nor the Subsidiary is (i) a person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (ii) a person owned or controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) a person with which the Purchasers are prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (iv) a person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or (v) a person that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control (“OFAC”) at its official website or any replacement website or other replacement official publication of such list or any other person (including any foreign country and any national of such country) with whom the United States Treasury Department prohibits doing business in accordance with OFAC regulations. No action, suit or proceeding by or before any Governmental Authority or body or any arbitrator involving the Corporation or the Subsidiary with respect to Anti-Terrorism Laws is pending or, to the knowledge of the Corporation, threatened. The Corporation will not directly or indirectly use the proceeds, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any sanctions administered by OFAC;

- (w) no legal or governmental actions, suits, judgments, investigations, or proceedings are pending to which the Corporation or the Subsidiary or the directors, officers or employees of the Corporation or the Subsidiary are a party or to which the Corporation’s or the Subsidiary’s property or assets are subject which if finally determined adversely to the Corporation or the Subsidiary would be expected to result in a Material Adverse Effect and, to the knowledge of the Corporation, no such proceedings have been threatened against or are contemplated with respect to the Corporation or the Subsidiary, or with respect to their respective property and assets and the Corporation and the Subsidiary are not subject to any judgment, order, writ, injunction, decree or award of any Governmental Authority, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect;
- (x) neither the Corporation nor the Subsidiary is in violation of its constating documents or is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any Contract or other agreement or instrument to which it is a party or by which it or its property or assets may be bound in any material respect;
- (y) to the knowledge of the Corporation, no counterparty to a Contract of the Corporation or the Subsidiary is in default or breach of such Contract and there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a default or breach by such party under any such Contract except where such default or breach would not be expected to result in a Material Adverse Effect;
- (z) any and all of the agreements and other documents and instruments pursuant to which the Corporation or the Subsidiary holds its property and assets (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable against the Corporation or the Subsidiary, as applicable, in accordance with the terms thereof, neither the Corporation nor the Subsidiary is in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and such properties and

assets are in good standing, in all material respects, under the applicable statutes and regulations of the jurisdictions in which they are situated, all leases, licences and claims pursuant to which the Corporation or the Subsidiary derives its interests in such property and assets are in good standing and there has been no material default under any such lease, licence or claim. None of the properties (or any interest in, or right to earn an interest in, any property) of the Corporation or the Subsidiary is subject to any right of first refusal or purchase or acquisition right;

- (aa) the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2020 and 2019 (the “**Audited Financial Statements**”) and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 (collectively, the “**Financial Statements**”) have been prepared in accordance with IFRS and present fairly, in all material respects, the financial condition of the Corporation and the Subsidiary, taken as a whole, as at the dates thereof and reflect all assets, liabilities or objectives (absolute, accrued, contingent or otherwise) of the Corporation and the Subsidiary and the results of the operations and cash flows of the Corporation and the Subsidiary for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation, as applicable, that are required to be disclosed in such financial statements and there has been no material change in accounting policies or practices of the Corporation since December 31, 2020;
- (bb) the description of the assets and liabilities (absolute, accrued, contingent or otherwise) of the Corporation and the Subsidiary set forth in the Financial Statements fairly represents, in accordance with IFRS, the financial position and condition of the Corporation and the Subsidiary (taken as a whole) at the dates thereof and reflects all material liabilities (direct, indirect, absolute, accrued, contingent or otherwise) of the Corporation and the Subsidiary, on a consolidated basis, as at the dates thereof and the Corporation and the Subsidiary, on a consolidated basis, have no material liabilities (absolute, accrued, contingent or otherwise) which are not disclosed in the Financial Statements and the assets of the Corporation and the Subsidiary, on a consolidated basis, are in all material respects as disclosed in the Financial Statements;
- (cc) the Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management’s general or specific authorization, and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets;
- (dd) the Corporation’s Auditors who audited the Audited Financial Statements and who provided their audit report thereon are independent public accountants as required under applicable Securities Laws and there has never been a reportable event (within the meaning of NI 51-102) between the Corporation and the Corporation’s Auditors;
- (ee) since December 31, 2020, (A) there has been no material change (actual, proposed or prospective, whether financial or otherwise) in the business, business prospects, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Corporation or the Subsidiary to the date of this Agreement that has not been generally disclosed, and (B) no transactions have been entered into by the Corporation or the Subsidiary other than in the ordinary course of business, except as has been disclosed in the Disclosure Documents;

- (ff) there is no material fact known to the Corporation which the Corporation has not disclosed to the Agents which materially and adversely affects, or would reasonably be expected to materially and adversely affect, the assets, liabilities (contingent or otherwise), affairs, business, prospects, operations or condition (financial or otherwise) of the Corporation or the Subsidiary, on a consolidated basis, or the ability of the Corporation to perform its obligations under the Transaction Documents;
- (gg) since December 31, 2020, the Corporation has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of the Common Shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its securities or agreed to do so or otherwise effected any return of capital with respect to such securities;
- (hh) other than the terms of the Offering which were subsequently updated by way of a news release of the Corporation dated December 9, 2021 and in the Subscription Agreements, the statements set forth in the Investor Presentation in relation to the Offering and the Corporation are true and correct in all material respects and do not contain any misrepresentations;
- (ii) no material fact has been omitted from the Investor Presentation that is required to be stated in the document or is necessary to make the statements made therein in relation to the Offering and the Corporation not misleading in light of the circumstances in which they were made;
- (jj) to the knowledge of the Corporation, the Investor Presentation complies in all material respects with applicable Securities Laws;
- (kk) to the knowledge of the Corporation, the statistical, industry and market related data included in the Investor Presentation are derived from sources which the Corporation reasonably believes to be accurate, reasonable and reliable, and such data agrees with the sources from which it was derived;
- (ll) there are no material third party consents required to be obtained in order for the Corporation to create and issue the Unit Securities;
- (mm) the Corporation and the Subsidiary: (i) have conducted and are conducting their respective businesses in compliance with all applicable Laws of each jurisdiction in which it carries on business; (ii) have not received any correspondence or notice from any Governmental Authority alleging or asserting noncompliance with any applicable Laws or any licences, certificates, approvals, clearances, authorizations, permits, qualifications, consents and supplements or amendments thereto required by any such applicable Laws (collectively, “**Authorizations**”) and to the knowledge of the Corporation, there are no facts that could give rise to such non-compliance which would be expected to result in a Material Adverse Effect; (iii) possess all Authorizations required for the conduct of their respective business, and such Authorizations are valid and subsisting and in good standing and in full force and effect and the Corporation and the Subsidiary are not in violation of any term of any such Authorization; (iv) have not received notice of any pending or threatened claim, suit, proceeding, hearing, enforcement, audit, investigation, arbitration or other action from any Governmental Authority or third party alleging that any operation or activity of the

Corporation or the Subsidiary is in violation of any applicable Laws or Authorizations and have no knowledge or reason to believe that any such Governmental Authority or third party is considering any such claim, suit, proceeding, hearing, enforcement, audit, investigation, arbitration or other action; (v) have not received notice that any Governmental Authority has taken, is taking or intends to take action to limit, suspend, modify, cancel or revoke any material Authorizations and/or will not grant any required Authorization and have no knowledge or reason to believe that any such Governmental Authority is considering such action; and (vi) have, or have had on their behalf, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any applicable Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were materially complete and correct on the date filed (or were corrected or supplemented by a subsequent submission);

- (nn) neither the Corporation nor the Subsidiary is aware of any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Authority having jurisdiction over the Corporation or the Subsidiary presently in force or to the knowledge of the Corporation, proposed to be brought into force that the Corporation anticipates it or the Subsidiary will be unable to comply with, to the extent that compliance is necessary, which would reasonably be likely to result in a Material Adverse Effect;
- (oo) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened by any regulatory authority;
- (pp) the Corporation is not party to any agreement, nor is the Corporation aware of any agreement, which in any manner affects the voting control of any of the securities of the Corporation;
- (qq) none of the directors, officers or employees 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 which materially affects, is material to or will materially affect the Corporation;
- (rr) no union has been accredited or otherwise designated to represent any employees of the Corporation or the Subsidiary and, to the knowledge of the Corporation, no accreditation request or other representation question is pending with respect to the employees of the Corporation or the Subsidiary and no collective agreement or collective bargaining agreement or modification thereof has expired or is in effect in any of the facilities of the Corporation or the Subsidiary and none is currently being negotiated by the Corporation or the Subsidiary;
- (ss) there has not been in the last two years and there is not currently any labour disruption or conflict between the Corporation (or any predecessor to the Corporation) and the employees of the Corporation which could reasonably be expected to have a Material Adverse Effect;

- (tt) the Disclosure Documents disclose, to the extent required by applicable Securities Laws, each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Corporation or the Subsidiary or for the benefit of any current or former director, officer, employee or consultant of the Corporation or the Subsidiary (the “**Employee Plans**”), each of which have been maintained in all material respects with its terms and with the requirements prescribed by any and all Laws that are applicable to such Employee Plan;
- (uu) the Corporation and the Subsidiary are each in compliance in all material respects with all Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages and have not and are not engaged in any unfair labour practice;
- (vv) with respect to each premises of the Corporation or the Subsidiary which is material to the Corporation and the Subsidiary, taken as a whole, and which the Corporation or the Subsidiary occupies as tenant (collectively, the “**Leased Premises**”), the Corporation or the Subsidiary, as applicable, occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Corporation and/or the Subsidiary occupies the Leased Premises is in good standing and in full force and effect;
- (ww) neither the Corporation nor the Subsidiary owns any real property;
- (xx) none of the directors, officers or employees of the Corporation or the Subsidiary, any Person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation or securities of any person exchangeable for 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 transaction or any proposed transaction (including, without limitation, any loan made to or by any such Person) with the Corporation or the Subsidiary which, as the case may be, materially affects, is material to or would reasonably be expected to materially affect the Corporation, on a consolidated basis;
- (yy) there are no actions, suits, judgments, investigations, inquiries or proceedings of any kind whatsoever outstanding (whether or not purportedly on behalf of the Corporation or the Subsidiary), pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation, the Subsidiary or any of their respective directors or officers, at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the knowledge of the Corporation, there is no basis therefor and neither the Corporation nor the Subsidiary is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, may affect, is material to or will materially affect the Corporation or the Subsidiary or their respective property or assets or could adversely affect the ability of the Corporation to perform its obligations under this Agreement;
- (zz) the Corporation’s and its Subsidiary’s insurance policies are valid and enforceable and in full force and effect, are underwritten by unaffiliated and reputable insurers, are sufficient for all requirements of applicable Law and provide insurance, including liability and

product liability insurance, in such amounts and against such risks as is customary for corporations engaged in businesses similar to that carried on by the Corporation and the Subsidiary. The Corporation and the Subsidiary are not in default in any material respect with respect to the payment of any premium or compliance with any of the provisions contained in any such insurance policy and have not failed to give any notice or present any claim within the appropriate time therefor. There are no circumstances under which the Corporation or the Subsidiary would be required to or, in order to maintain its coverage, should give any notice to the insurers under any such insurance policy which has not been given. The Corporation and the Subsidiary have not received notice from any of the insurers regarding cancellation of such insurance policy;

- (aaa) to the knowledge of the Corporation, except for such matters as would not, individually or in the aggregate, have a Material Adverse Effect (i) neither the Corporation nor the Subsidiary are in violation of any Environmental Laws, (ii) the Corporation and the Subsidiary have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, and (iii) there are no pending administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, orders, directions, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Law against the Corporation or the Subsidiary, and there are no facts or circumstances which would reasonably be expected to form the basis for any such administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, orders, directions, notices of non-compliance or violation, investigation or proceedings;
- (bbb) neither the Corporation nor the Subsidiary has made any loans to, or guaranteed the obligations of, any Person;
- (ccc) the minute books and records of the Corporation and the Subsidiary for the period from their respective dates of incorporation to the date hereof and made available to the Agents and their counsel are all of the minute books and records of the Corporation and the Subsidiary and contain copies of all proceedings, other than in respect of the Offering (or certified copies thereof or drafts thereof pending approval), of the shareholders, the directors and all committees of directors of the Corporation and the Subsidiary to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of the Corporation and the Subsidiary during such period not reflected in such minute books and other records, other than those which are not material to the Corporation and the Subsidiary, taken as a whole;
- (ddd) all information which has been prepared by the Corporation relating to the Corporation, the Subsidiary and their respective business, property and liabilities and made available to the Agents, including the Investor Presentation and all financial, marketing, sales and operational information related to the Corporation, the Subsidiary and their respective business provided to the Agents was as of the date of such information and is, as of the date hereof, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information materially misleading and did not contain a misrepresentation;
- (eee) the Corporation is in compliance in all respects with its timely and continuous disclosure obligations under the Securities Laws of the Provinces of British Columbia and Ontario and the policies, rules and regulations of the CSE and, without limiting the generality of

the foregoing, there has not occurred any material adverse change in the assets, liabilities (contingent or otherwise), business, condition (financial or otherwise), capital or prospects of the Corporation and the Subsidiary, taken as a whole, since December 31, 2020, which has not been publicly disclosed and, except as may have been corrected by subsequent disclosure, the statements set forth in the Disclosure Documents were true, correct and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Corporation has not filed any confidential material change reports since the date of such statements which remain confidential as at the date hereof;

- (fff) neither the Corporation nor the Subsidiary or to the knowledge of the Corporation their officers or directors is aware of any circumstances presently existing under which liability is or would reasonably be expected to be incurred under Part 16 – *Civil Liability* of the *Securities Act* (British Columbia) or comparable legislation under the applicable Securities Laws of the Designated Provinces;
- (ggg) other than the Agents, there is no Person acting or purporting to act at the request or on behalf of the Corporation that is entitled to any brokerage or finder’s fee or other compensation in connection with the transactions contemplated by this Agreement;
- (hhh) the Debentures, Warrants, Warrant Shares and Debenture Shares will be qualified investments under the Tax Act, eligible for investment in a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a deferred profit sharing plan and a tax-free savings account;
- (iii) the Corporation is a Foreign Issuer and reasonably believes that there is no Substantial U.S. Market Interest with respect to any class of securities of the Corporation to be offered, sold or issued pursuant to Regulation S;
- (jjj) the Corporation is not, and after giving effect to the Offering and the application of the proceeds of the Offering, will not be, registered or required to register as an “investment company” as such term is defined under the United States Investment Company Act of 1940, as amended, under such Act;
- (kkk) the Corporation and the Subsidiary have complied with all applicable privacy and consumer protection legislation and have not collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner. The Corporation and the Subsidiary have taken all reasonable steps to protect the personal information under their respective custody or control by making reasonable security arrangements to prevent unauthorized access, collection, disclosure, copy use, modification or disposal or similar risks;
- (III) the Corporation or the Subsidiary owns all right, title and interest in and to the Company Owned IP, free and clear of all liens and each of the Corporation and the Subsidiary has the right to use all the Company Intellectual Property used by it in carrying on its business as currently conducted. The Company Owned IP is valid and enforceable and all registrations, if any, and filings necessary to preserve the rights of the Corporation and the Subsidiary in such Company Owned IP have been made and are in good standing. The Corporation has taken all reasonable steps to protect the Corporation’s rights in and to the Company Intellectual Property, in each case in accordance with industry practice;

- (mmm) the Corporation and the Subsidiary have entered into valid and enforceable agreements pursuant to which the Corporation and the Subsidiary, as applicable have been granted all licenses and permissions to use, reproduce, sub-license, sell, modify, update, enhance or otherwise exploit any element of the Licensed IP to the extent required for the operation, conduct and maintenance of the Corporation's and the Subsidiary's business. The outbound licenses and inbound licenses are valid, binding and enforceable on all parties thereto in accordance with their respective terms and there exists no event or condition that violates or breaches or will result in a violation or breach of, or otherwise constitutes (with or without due notice or lapse of time or both) a default by any party thereunder. To the knowledge of the Corporation, all registrations, if any, and filings necessary to preserve the rights of the Corporation and the Subsidiary in the Licensed IP have been made and are in good standing;
- (nnn) neither the Corporation nor the Subsidiary is a party to or bound by any Contract or other obligation that limits or impairs its ability to use, exploit, sell, transfer, assign or convey, or that otherwise affects, any of the (A) Company Owned IP, or (B) any material Intellectual Property used by the Corporation or the Subsidiary. Neither the Corporation nor the Subsidiary has granted to any Person any right, license or permission to use all or any portion of, or otherwise encumbered any of its rights in or to, any of the Company Owned IP. Other than inbound licenses relating to off-the-shelf, commercially available software that has not been customized for the Corporation or the Subsidiary, the Corporation is not obligated to pay any royalties, fees or other compensation to any person in respect of its ownership, use or license of any Company Intellectual Property. Without limiting the generality of the foregoing:
- a. no third party that has licensed Intellectual Property to the Corporation or the Subsidiary has ownership or license rights to improvements or derivative works made by the Corporation or the Subsidiary in or to the Intellectual Property owned by such third party and licensed to the Corporation or the Subsidiary;
 - b. no Contracts to which the Corporation or the Subsidiary is a party or is otherwise bound grants any third party exclusive rights to or under any Company Owned IP or the right to sublicense any Company Owned IP; and
 - c. each of the Corporation and the Subsidiary has obtained non-terminable (other than for cause) licenses (sufficient for the conduct of its business) to all Intellectual Property owned by any third party that is incorporated into, integrated or bundled by, the Corporation or the Subsidiary with any products or services;
- (ooo) the transaction contemplated by this Agreement and the continued operation of the Corporation's and the Subsidiary's business does not breach the terms of any inbound license or outbound license, or entitle any other party to any such license relating to the Intellectual Property to terminate or modify it, or otherwise adversely affect the Corporation's rights under it or result in the loss or impairment of any Company Intellectual Property;
- (ppp) each of the Corporation and the Subsidiary has taken commercially reasonable steps (including security precautions) to maintain the confidentiality of confidential or non-public information included in the Company Intellectual Property, including trade secrets, and to maintain its rights therein, including by requiring all persons having access thereto

to execute a binding and written agreement which includes confidentiality and non-disclosure provisions. All of the Corporation's and the Subsidiary's employees or contractors involved in the creation of Intellectual Property have transferred and assigned all of their rights in to and such Company Owned IP to the Corporation pursuant to written assignment agreements and have waived their moral rights and rights of a similar nature in and to such Intellectual Property;

- (qqq) the Company Owned IP and all Licensed IP licensed by the Corporation pursuant to inbound licenses constitutes all Intellectual Property that is necessary for the operation, conduct and maintenance of the Corporation's business and the consummation of the transactions contemplated herein will not impair, alter or limit in any way, such ownership or rights;
- (rrr) the Company Owned IP does not infringe the Intellectual Property rights of any person. None of the Company Owned IP is subject to any outstanding order, and to the knowledge of the Corporation, no claims are pending or threatened, which: (A) challenge the validity, enforceability, use, ownership or right in or to any such Intellectual Property, (B) allege that the operation of the Corporation's and the Subsidiary's business as now conducted infringes or otherwise violates any Intellectual Property or other proprietary rights(s) of a third party, and the Corporation has no knowledge of any facts which would form a valid basis for any such claim; or (C) contest the right of the Corporation or the Subsidiary to sell, license or use any material products or services of the Corporation or the Subsidiary. To the knowledge of the Corporation, no Person is infringing upon or otherwise violating the Company Owned IP. The Corporation has not brought or threatened any action, suit or proceeding for unauthorized use, disclosure, infringement or misappropriation of any Company Owned IP or breach of any license or agreement involving such Company Owned IP against any third party;
- (sss) no funding from a governmental entity, facilities of a university, college, other educational institution or research center, or funding from third parties was used in the development of any Company Owned IP; (B) no Person who was involved in, or who contributed to, the creation or development of any Company Owned IP has performed services for a governmental entity, university, college, or other educational institution or research center in a manner that would affect the Corporation's rights in such Company Owned IP; and (C) neither the Corporation nor the Subsidiary is nor has ever been a member or promoter of, or a contributor to, any industry standards body or similar organization that could compel the Corporation to grant or offer to any third person any license or right to any Company Owned IP;
- (ttt) neither the Corporation nor the Subsidiary has used open source Software in any manner where such use would require disclosure or distribution in source code form, require the licensing thereof for the purpose of making derivative works, impose any restriction on the consideration to be charged for the distribution thereof, create, or purport to create, obligations for the Corporation or the Subsidiary with respect to the Intellectual Property owned by either of them or grant, or purport to grant, to any third party, any rights or immunities under Intellectual Property owned by the Corporation or the Subsidiary nor impose any other material limitation, restriction or condition on the rights of the Corporation or the Subsidiary with respect to use or distribution. With respect to any open source Software that is or has been used by the Corporation or the Subsidiary in any way, such use has been and is in compliance with all applicable licenses with respect thereto;

- (uuu) the Corporation has taken all commercially reasonable steps to back up all material Software and databases (including information used therein) used by the Corporation and the Subsidiary and maintain such backups at a secure off-site location. Each of the Corporation and the Subsidiary has taken all reasonable steps (i) to maintain the integrity and security of their systems and network infrastructure in connection with the collection, transmission and storage of electronic data, including video and imagery, (ii) to block the distribution of sensitive imagery which may be harmful to or breach the security interests of any country, and (iii) to protect the information technology and communication systems used in connection with their operations and business from contamination, corruption, computer viruses, firewall breaches, sabotage, hacking or other Software routines or hardware components that would permit material unauthorized access or the unauthorized disablement, theft or erasure of its information technology systems, communication systems, imagery, products or Software. The Corporation and the Subsidiary have disaster recovery and security plans and procedures in place and there have been no material unauthorized intrusions or breaches of the security of the information technology or communication systems used in connection with their operations and business;
- (vvv) since the date the Due Diligence Materials were provided to the Agents, there has not been any material change in the business, operations, condition or prospects (financial or otherwise) or results of the operations of the Corporation or the Subsidiary, on a consolidated basis, and to the best of the knowledge, information and belief of the Corporation, there have been no material facts, transactions, events or occurrences which could reasonably materially and adversely affect such capital, assets, liabilities (absolute, accrued, contingent or otherwise), obligations, business, operations, condition or prospects (financial or otherwise) of the Corporation or the Subsidiary which have not been disclosed in writing to the Agents; and
- (www) the information and statements set forth in the Due Diligence Materials do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

It is further agreed by the Corporation that all representations and warranties of the Corporation in this Section 3 made by the Corporation to the Agents shall also be deemed to be made for the benefit of the Purchasers as if the Purchasers were also parties hereto (it being agreed that the Agents are acting for and on behalf of the Purchasers for this purpose).

4. Representations, Warranties and Covenants of the Agents. Each of the Agents hereby, severally and not jointly nor jointly and severally, represents, warrants and covenants to the Corporation, and acknowledges that the Corporation is relying upon such representations, warranties and covenants in connection with the Offering, that:

- (a) it has been duly incorporated, or formed, and organized and is validly existing under the laws of the jurisdiction in which it was incorporated or formed, as the case may be and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of such Agent;
- (b) it has good and sufficient right and authority to enter into this Agreement and to complete the transactions contemplated under this Agreement and any other documents in connection with the Offering to which it is a party;

- (c) it will use its commercially reasonable efforts to arrange for Purchasers in the Selling Jurisdictions;
- (d) it has complied and will comply, and shall require any Selling Firm to comply, with all applicable Securities Laws in connection with the sale of the Units, and shall offer the Units for sale directly and through Selling Firms upon the terms and conditions set out in this Agreement. Any Selling Firm appointed by such Agent shall be compensated by such Agent from its compensation hereunder;
- (e) it and its representatives (including any Selling Firms) have not engaged in or authorized, and will not engage in or authorize any form of general solicitation or general advertising in connection with or in respect of the Units in any newspaper, magazine, printed media of general and regular paid circulation or any similar medium, or broadcast over radio, television or otherwise conducted any seminar or meeting concerning the offer or sale of the Units whose attendees have been invited by any general solicitation or general advertising;
- (f) it has not and will not: (i) provide prospective Purchasers with any document or other material that would constitute an offering memorandum within the meaning of applicable Securities Laws, other than the Investor Presentation; or (ii) solicit offers to purchase or sell the Units so as to require the filing of a prospectus or registration statement with respect thereto or the provision of a contractual right of action (as defined in Ontario Securities Commission Rule 14-501) or a statutory right of action under the laws of any jurisdiction;
- (g) it is acquiring the Compensation Warrants as principal for its own account and not for the benefit of any other Person and is acquiring the Compensation Warrants for investment only and not with a view to resale or distribution of the Compensation Warrants and the Agent is an “accredited investor” as such term is defined in NI 45-106; and
- (h) the Lead Agent is acquiring the Corporate Finance Fee Units as principal for its own account and not for the benefit of any other Person and is acquiring the Corporate Finance Fee Units for investment only and not with a view to resale or distribution of the Corporate Finance Fee Units

5. **Closing Deliveries.** The purchase and sale of the Units shall be completed electronically at the Closing Time on the Closing Date, or at such other place as the Agents and the Corporation may agree. At or prior to the Closing Time, the Corporation shall deliver to the Agents:

- (a) the opinions, certificates and agreements referred to in Section 6 and all other documents required to be provided by the Corporation to the Agents pursuant to this Agreement and the Subscription Agreements;
- (b) other than in respect of Direct Settlers, certificates representing the Debentures and Warrants comprising the Units registered in the name of “CDS & Co.” or any Purchaser or in such other name or names as the Agents may direct. Notwithstanding the foregoing, if the Agents and the Corporation determine to issue any of the Debentures and Warrants comprising the Units issued to Purchasers who are not Direct Settlers as book-entry only securities in accordance with the “non-certificated inventory” rules and procedures of CDS, then as an alternative or in addition to the Corporation delivering one or more definitive certificates representing such Debentures and Warrants comprising the Units, the

Corporation will provide a direction to CDS with respect to the crediting of the Debentures and Warrants comprising the Units to the accounts of participants of CDS as shall be designated by the Agents in writing in sufficient time prior to the Closing Date to permit such crediting;

- against
- (c) the Corporation's receipt for payment by the Agents of an amount equal to the aggregate purchase price for the Units sold to Purchasers who are not Direct Settlers pursuant to the Offering less an amount equal to the Commission, the Advisory Fee and the costs and expenses of the Agents provided for in Section 12; and
 - (d) such further documentation as may be contemplated by this Agreement or as counsel to the Agents or the applicable regulatory authorities may reasonably require;
 - (e) all duly completed Subscription Agreements tendered by the Purchasers who are not Direct Settlers for the Units being issued and sold and, where applicable, all completed forms, schedules and certificates contemplated by the Subscription Agreements;
 - (f) wire transfer of immediately available funds in an amount equal to the aggregate purchase price for the Units sold to Purchasers who are not Direct Settlers pursuant to the Offering, less an amount equal to the Commission, the Advisory Fee and the costs and expenses of the Agents provided for in Section 12; and
 - (g) the Agent's receipt for the Commission, the Advisory Fee the costs and expenses of the Agents provided for in Section 12 and the Units delivered to the Agents in accordance with this Section 5.

6. **Closing Conditions.** Each Purchaser's obligation to purchase the Units at the Closing shall be conditional upon the fulfilment at or before the Closing Time of the following conditions:

- (a) the Agents shall have received at the Closing Time a certificate dated the Closing Date, signed by an appropriate officer or officers of the Corporation addressed to the Agents, with respect to the constating documents of the Corporation, all resolutions of the Corporation's board of directors relating to the Transaction Documents and otherwise pertaining to the purchase and sale of the Units and the transactions contemplated hereby and thereby, the incumbency and specimen signatures of signing officers and such other matters as the Agents may reasonably request;
- (b) the Agents shall have received a certificate, dated as of the Closing Date, signed by the Chief Executive Officer and the Chief Financial Officer of the Corporation, or such other officer or director of the Corporation as the Agents may agree, certifying for and on behalf of the Corporation, without personal liability, to the best of the knowledge, information and belief of the persons so signing, that:
 - (i) the Corporation has complied with all the terms, covenants and conditions of this Agreement on its part to be complied with up to the Closing Time;
 - (ii) the representations and warranties of the Corporation contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if

made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement; and

- (iii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officer, contemplated or threatened by any regulatory authority;
- (c) the Agents shall have received satisfactory evidence that notice of the Offering has been provided to the CSE, and all requisite filings have been made with the CSE in order to complete the Offering, in each case in accordance with the applicable policies of the CSE;
- (d) the Agents shall have received satisfactory evidence that all requisite approvals and consents have been obtained by the Corporation in order to complete the Offering and remain in full force and effect;
- (e) each of the Transaction Documents shall be in a form acceptable to the Agents, acting reasonably, and shall have been executed and delivered by the Corporation;
- (f) the Agents shall have received a certificate from TSX Trust Company as to the number of Common Shares issued and outstanding as at a date not more than two Business Days prior to the Closing Date;
- (g) the Agents shall have received legal opinions addressed to the Agents and the Purchasers, in form and substance satisfactory to the Agents, acting reasonably, dated as of the Closing Date, from Irwin Lowy LLP, counsel to the Corporation, or local counsel with respect to those matters governed by the laws of jurisdictions other than the jurisdictions in which it is qualified to practice, which counsel in turn may rely, as to matters of fact, on certificates of public officials and officers of the Corporation, as appropriate, with respect to the following matters:
 - (i) the incorporation and valid existence of the Corporation;
 - (ii) the authorized and issued and outstanding capital of the Corporation immediately prior to the Closing Time;
 - (iii) the corporate power and capacity of the Corporation to execute and deliver the Transaction Documents and to perform all of its obligations thereunder and to create and issue the Unit Securities;
 - (iv) the Corporation has the corporate power and capacity under the laws of the Province of Ontario and the federal laws of Canada applicable therein to carry on business as presently carried on and to own, lease and operate its Assets and Properties;
 - (v) all necessary corporate action has been taken by the Corporation to authorize the execution and delivery of the Transaction Documents and the performance by the Corporation of its obligations thereunder;

- (vi) each of the Transaction Documents to be executed and delivered on the Closing Date has been authorized, executed and delivered by the Corporation, and constitute, and each certificate representing Warrants that is executed and delivered following the Closing Date will constitute, a valid and legally binding agreement of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable Law;
- (vii) the Debentures, the Warrants and the Compensation Warrants have been authorized, created and validly issued by the Corporation;
- (viii) the Compensation Unit Warrants have been authorized, created and reserved for issuance by the Corporation;
- (ix) the Debenture Shares have been reserved for issuance and such Debenture Shares, when issued and delivered by the Corporation in accordance with the terms of the Debenture Indenture, will be validly issued as fully paid and non-assessable shares in the capital of the Corporation;
- (x) the Warrant Shares have been reserved for issuance and such Warrant Shares, when issued and delivered by the Corporation in accordance with the terms of the Warrant Indenture, will be validly issued as fully paid and non-assessable shares in the capital of the Corporation;
- (xi) the Compensation Unit Shares have been reserved for issuance and, when issued and delivered by the Corporation in accordance with the terms of the Compensation Warrants, will be validly issued as fully paid and non-assessable shares in the capital of the Corporation;
- (xii) the Compensation Unit Warrant Shares have been reserved for issuance and, when issued and delivered by the Corporation in accordance with the Warrant Indenture, will be validly issued as fully paid and non-assessable shares in the capital of the Corporation;
- (xiii) each of: (A) the execution and delivery of the Transaction Documents; (B) the performance by the Corporation of its obligations thereunder; and (C) the sale or issuance of the Unit Securities do not and will not conflict with or result in a breach of, or constitute (with or without notice or lapse of time or both) a default under any of the provisions of: (i) any applicable Laws of the Province of Ontario and the federal Laws applicable thereon; (ii) the articles and by-laws of the Corporation; or (iii) any resolution of shareholders or directors of the Corporation;
- (xiv) the appointment of TSX Trust Company as (i) transfer agent of the Common Shares; (ii) debenture trustee under the Debenture Indenture; and (iii) warrant agent under the Warrant Indenture;

- (xv) the issuance and sale of the Debentures, Warrants and Compensation Warrants being exempt from the prospectus requirements of applicable Securities Laws in the Designated Provinces and no filing, proceeding, approval, permit, consent or authorization being required to be made, taken or obtained by the Corporation under applicable Securities Laws in connection with such issuance and sale;
 - (xvi) the issuance of the Debenture Shares upon conversion of the Debentures in accordance with the Debenture Indenture, the Warrant Shares upon the exercise of the Warrants in accordance with the Warrant Indenture, the Compensation Unit Shares and Compensation Unit Warrants upon exercise of the Compensation Warrants in accordance with the terms of the Compensation Warrant Certificates and the Compensation Unit Warrant Shares upon exercise of the Compensation Unit Warrants in accordance with the terms of the Warrant Indenture will be exempt from the prospectus requirements of applicable Securities Laws in the Designated Provinces and no filing, proceeding, approval, permit, consent or authorization being required to be made, taken or obtained by the Corporation under applicable Securities Laws in connection with such issuance;
 - (xvii) that, based on the current provisions of the Tax Act, the Debentures, Warrants, Warrant Shares and Debenture Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans and tax free saving accounts;
 - (xviii) the first trade of the Unit Securities in the Designated Provinces; and
 - (xix) the Corporation is a reporting issuer under applicable Securities Laws in each of the Designated Provinces and is not on the list of defaulting issuers maintained under such legislation.
- (h) the Agents shall have received a favourable legal opinion addressed to the Agents and the Purchasers, in form and substance satisfactory to the Agents, acting reasonably, dated as of the Closing Date, from counsel to the Subsidiary, which counsel in turn may rely, as to matters of fact, on certificates of auditors, public officials and officers of the Subsidiary, as appropriate, with respect to the following matters:
- (i) the incorporation and valid existence of the Subsidiary;
 - (ii) the Subsidiary is a corporation existing under the laws of the jurisdiction in which it was incorporated, amalgamated or continued, as the case may be, and has all requisite corporate power to carry on its business as now conducted and to own, lease and operate its property and assets;
 - (iii) as to the authorized and issued and outstanding capital of the Subsidiary; and
 - (iv) all of the issued and outstanding shares of the Subsidiary are registered, directly or indirectly, in the name of the Corporation;
- (i) the Agents shall have received a certificate of status (or the equivalent) in respect of the Corporation and the Subsidiary dated the Business Day immediately prior to the Closing Date or such other date as the Corporation and the Agents may agree;

- (j) the Agents shall have received from the officers and directors of the Corporation, the lock-up agreements pursuant to Section 2.2(i) of this Agreement; and
- (k) the Agents shall be satisfied in their sole discretion with their due diligence review and investigations of the Corporation, the Subsidiary, and their respective business and affairs or otherwise.

7. **Termination Events.**

(a) Each of the Agents shall be entitled to terminate its obligations hereunder and the obligations of the Purchasers in relation to the Offering by written notice to that effect given to the Corporation at or prior to any Closing Time if:

- (i) there should occur any material change (actual, contemplated or threatened) or any change in a material fact or occurrence of a new or previously undisclosed material fact or event in the business, operations, assets, affairs, capital or condition (financial or otherwise) of the Corporation or the Subsidiary which, in the reasonable opinion of such Agent, would reasonably be expected to have a significant adverse effect on the business, affairs or profitability of the Corporation or on the market price or value of the securities of the Corporation;
- (ii) such Agent is not satisfied, in its sole discretion, acting reasonably and in good faith with the results of its due diligence review;
- (iii) the Corporation is in breach of a term, condition or covenant of this Agreement and/or the Engagement Letter or any representation or warranty given by the Corporation herein or therein becomes or is false, untrue or misleading;
- (iv) the state of the national or international financial markets is such that, in the reasonable opinion of such Agent, the Units cannot be profitably marketed;
- (v) any order to cease trading in securities of the Corporation is made or threatened by a regulatory authority;
- (vi) any inquiry, action, suit, proceeding or investigation (whether formal or informal) (including matters of regulatory transgression or unlawful conduct) is commenced, announced or threatened in relation to the Corporation or any one of the officers or directors of the Corporation or any of its promoters or principal shareholders which, in the sole opinion of such Agent, acting reasonably, has or would be expected to have a significant adverse effect on the market price or value of the securities of the Corporation or on the marketability of the Offering; or
- (vii) there should develop, occur or come into effect any event, action, state of any nature, including without limitation, terrorism, accident, or new or change in governmental law or regulation or other condition or financial occurrence of national or international consequence which, in the sole opinion of such Agent, acting reasonably, has or would be expected to have a significant adverse effect on the financial markets generally or the business, affairs, operations or profitability of the Corporation or the market price or value of the securities of the Corporation or the marketability of the Offering.

(b) The Corporation agrees that: (i) all material terms and conditions in this Agreement shall be construed as conditions and complied with so far as the same relate to acts to be performed or caused to be performed by the Corporation; (ii) it will use commercially reasonable efforts to cause such conditions to be complied with; and (iii) any breach or failure by the Corporation to comply with any of such conditions shall entitle any Agent, at its option in accordance with Section 7, to terminate its obligations under this Agreement (and the obligations of the Purchasers arranged by them to purchase the Units) by notice to that effect given to the Corporation at or prior to the Closing Time. The Agents may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to their rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon the Agents only if the same is in writing and signed by the Agents.

8. **Exercise of Termination Right.** The rights of termination contained in Section 7 may be exercised by each of the Agents acting alone and are in addition to any other rights or remedies the Agents may have in respect of any of the matters contemplated by this Agreement or otherwise. Any such termination shall not discharge or otherwise affect any obligation or liability of the Corporation provided herein or prejudice any other rights or remedies any party may have as a result of any breach, default or non-compliance by any other party. In the event of any such termination by the Agents, there shall be no further liability on the part of the Agents to the Corporation or on the part of the Corporation to the Agents except in respect of any liability which may have arisen or may arise after such termination in respect of acts or omissions prior to such termination under Sections 10, 11 and 12.

9. **Survival of Representations, Warranties and Covenants.** All terms, warranties, representations, covenants and agreements herein contained or contained in any documents delivered pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Units and continue in full force and effect for the benefit of the Agents, the Purchasers and/or the Corporation, as the case may be, regardless of the Closing of the Offering for a period of three years following the Closing Date and regardless of any investigations which may be carried out by the Agents or on their behalf and shall not be limited or prejudiced by any investigation made by or on behalf of the Agents in connection with the purchase and sale of the Units or otherwise. In this regard, the Agents shall act as trustee for the Purchasers and accept these trusts and shall hold and enforce such rights on behalf of the Purchasers. Notwithstanding the foregoing, any provisions of this Agreement in any manner relating to indemnification or contribution obligations shall survive and continue, in full force and effect, indefinitely.

10. **Indemnity.** The Corporation and its affiliated companies agree to indemnify and hold harmless the Agents and their respective affiliates and syndicate or selling group members and each of their respective directors, officers, employees, partners, agents and shareholders (collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**”), to the full extent lawful, from and against any and all expenses, losses (other than a loss of profits of such Indemnified Party), fees, claims, actions (including shareholder actions, derivative actions or otherwise), damages, obligations and liabilities, whether joint or several, (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending and/or settling any action, suit, proceeding, investigation or claim (collectively, the “**Claims**”) that may be made or threatened against any Indemnified Party by a third party) to which any Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as the Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the performance of professional services rendered to the Corporation by the Indemnified Parties hereunder, arising out of any statement or information or omission or alleged omission or misrepresentation or alleged misrepresentation contained in the Disclosure Documents, the Investor Presentation or the Due Diligence Materials or otherwise in connection with the matters set out in

this Agreement, provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

- (i) an Indemnified Party has been grossly negligent or has committed wilful misconduct or any fraudulent act in the course of such performance; and
- (ii) the Claims to which the Indemnified Party makes a claim for indemnification were directly caused by the gross negligence, willful misconduct for fraud referred to in (i) immediately above.

The Corporation agrees to waive any right the Corporation might have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other Person before claiming under this indemnity.

The Corporation agrees that in case any legal proceeding shall be brought against the Corporation and/or any Indemnified Party by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, or if any such entity shall investigate the Corporation and/or any Indemnified Party and an Indemnified Party and any of its personnel shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of this Agreement, the Engagement Letter, or the performance of professional services rendered to the Corporation by the Agents hereunder and thereunder, such Indemnified Party or its personnel shall have the right to employ its own counsel in connection therewith, provided that the Indemnified Party acts reasonably in selecting such counsel, and the reasonable fees and expenses of such counsel as well as the reasonable costs (at normal per diem rates) and out-of-pocket expenses incurred by the Indemnified Party and any of its personnel in connection therewith shall be paid by the Corporation as they occur.

Promptly after receiving notice of an action, suit, proceeding or claim against an Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Corporation, the Indemnified Party will notify the Corporation in writing of the commencement and particulars thereof, will provide copies of all relevant documentation to the Corporation and, unless the Corporation assumes the defence thereof (as contemplated below), will keep the Corporation advised of the progress thereof and will discuss all significant actions proposed. However, the omission to so notify the Corporation shall not relieve the Corporation of any liability which the Corporation may have to the Indemnified Party. The Corporation shall, on behalf of itself and the Indemnified Party, be entitled (but not required), at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel acceptable to the Indemnified Party, acting reasonably. Upon the Corporation notifying the Indemnified Party in writing of its election to assume the defence and retaining counsel, the Corporation shall not be liable to such Indemnified Party for any legal expenses subsequently incurred by it in connection with such defence. If such defence is assumed by the Corporation, the Corporation throughout the course thereof will provide copies of all relevant documentation to the Indemnified Party, will keep the Indemnified Party advised of the progress thereof and will discuss with the Indemnified Party all significant actions proposed.

Notwithstanding the foregoing paragraph, any Indemnified Party shall have the right, at the Corporation's expense, to employ counsel of such Indemnified Party's choice (provided that such counsel is acceptable to the Corporation, acting reasonably), in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Corporation; or (ii) the Corporation has not assumed the defence and employed counsel therefor within a reasonable time after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the

Corporation has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate for any reason, including without limitation because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Corporation (in which event and to that extent, the Corporation shall not have the right to assume or direct the defence on the Indemnified Party's behalf) or that there is a conflict of interest between the Corporation and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in either of which events the Corporation shall not have the right to assume or direct the defence on the Indemnified Party's behalf).

No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties. No admission of liability shall be made and the Corporation shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent.

With respect to any Indemnified Party who is not a party to this Agreement, the Agents shall obtain and hold the rights and benefits of this Section 10 and Section 11 in trust for and on behalf of such Indemnified Party.

The indemnity and contribution obligations of the Corporation shall be in addition to any liability which the Corporation may otherwise have, shall extend upon the same terms and conditions to those Indemnified Parties who are not signatories to this Agreement and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Corporation and the Indemnified Parties.

The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement and continue in full force and effect, indefinitely.

11. (a) **Contribution.** In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in Section 10 would otherwise be available in accordance with its terms but is, for any reason, held to be unavailable to or unenforceable by the Agents or enforceable otherwise than in accordance with its terms, the Corporation and the Agents shall contribute to the aggregate of all claims, expenses, costs and liabilities (including any legal expenses reasonably incurred by the Indemnified Party in connection with any claim which is the subject of this Section 10) and all losses (other than loss of profits) of a nature contemplated in Section 10 in such proportions as are appropriate to reflect not only the relative benefits received by the Corporation on the one hand and the Agents on the other hand, but also the relative fault of the Corporation and the Agents, as well as any relevant equitable consideration. The Agents shall not in any event be liable to contribute, in the aggregate, any amounts in excess of such aggregate fees or any portion of such fees actually received by the Agents pursuant to this Agreement. However, no party who has engaged in any fraud, fraudulent misrepresentation, wilful misconduct or gross negligence shall be entitled to claim contribution from any Person who has not engaged in such fraud, fraudulent misrepresentation, wilful misconduct or gross negligence.

(b) **Right of Contribution in Addition to Other Rights.** The rights to contribution provided in this Section 11 shall be in addition to and not in derogation of any other right to contribution which the Agents may have by statute or otherwise at law.

(c) **Calculation of Contribution.** In the event that the Corporation may be held to be entitled to contribution from the Agents under the provisions of any statute or at law, and provided that the Agents have not engaged in any fraud, fraudulent misrepresentation, wilful misconduct or gross negligence the Corporation shall be limited to contribution in an amount not exceeding the lesser of:

- (i) the portion of the full amount of the loss or liability giving rise to such contribution for which the Agents are responsible, as determined in Section 11(a) above; and
- (ii) the amount of the aggregate fee actually received by the Agents from the Corporation under this Agreement.

(d) **Notice.** If the Agents have reason to believe that a claim for contribution may arise, it shall give the Corporation notice of such claim in writing, as soon as reasonably possible, but failure to notify the Corporation shall not relieve the Corporation of any obligation which it may have to the Agents under this Section 11, unless the Corporation is materially prejudiced by such failure to notify.

12. **Expenses.** Whether or not the Offering is completed, the Corporation will bear all of the Agents' reasonable expenses and fees in connection with the Offering and the qualification of the distribution of the Units, including, but not limited to: (i) all expenses of or incidental to the issue, sale or distribution of the Units; (ii) the fees of the Agent's legal counsel, all disbursements of such legal counsel and all applicable taxes on such fees and disbursements, subject to the limitation set out in the Engagement Letter; and (iii) all costs incurred in connection with the preparation of documentation relating to the Offering. All fees and expenses incurred by the Agents or on their behalf shall be payable by the Corporation immediately upon receiving an invoice therefor from the Agents, and in any event no later than 15 days following receipt of an invoice from the Agents in respect of such fees, disbursements and expenses. At the option of the Agents, such fees and expenses may be deducted from the gross proceeds otherwise payable to the Corporation at the Closing.

13. **Advertisements.** The Corporation acknowledges that the Agents shall have the right after the Closing, subject always to Sections 1(a) and (c) of this Agreement, at their own expense, subject to the prior consent of the Corporation, such consent not to be unreasonably withheld or delayed, to place such advertisement or advertisements relating to the purchase and sale of the Units contemplated herein as the Agents may consider desirable or appropriate and as may be permitted by applicable Law. The Corporation and the Agents each agree that they will not make or publish any advertisement in any media whatsoever relating to, or otherwise publicize, the transaction provided for herein so as to result in any exemption from the prospectus and registration or other similar requirements under applicable Securities Laws in any of the provinces of Canada or any other jurisdiction in which the Units shall be offered and sold being unavailable in respect of the sale of the Units to prospective purchasers.

14. **Notices.** Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "notice") shall be in writing addressed as follows:

- (a) if to the Corporation, to:

Prophecy Defi Inc.
87 Scollard Street, Suite 100
Toronto, ON M5R 1G4

Attention: John A. McMahon, Chief Executive Officer
Email: [Redacted]

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

Irwin Lowy LLP
217 Queen Street West, Suite 401
Toronto, ON M5V 0R2

Attention: Riccardo Forno
Email: [Redacted]

(b) if to the Agents, to:

Canaccord Genuity Corp.
Brookfield Place
161 Bay Street, Suite 3000
Toronto, ON M5J S1

Attention: Graham Saunders
Email: [Redacted]

INFOR Financial Inc.
200 Bay Street, Suite 2350
Toronto, ON M5J 2J2

Attention: Neil Selfe
Email: [Redacted]

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

Wildeboer Dellelce LLP
Wildeboer Dellelce Place
365 Bay Street, Suite 800
Toronto, ON M5H 2V1

Attention: Sanjeev Patel
Email: [Redacted]

or to such other address as any of the parties may designate by notice given to the others.

Each notice shall be personally delivered to the addressee or sent by electronic transmission to the addressee and: (i) a notice which is personally delivered shall, if delivered on a Business Day before 5:00 p.m., 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 (ii) a notice which is sent by electronic transmission on a Business Day before 5:00 p.m., 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.

15. **Obligations of the Agents.** In performing their respective obligations under this Agreement, the Agents shall be acting severally and neither jointly nor jointly and severally. Nothing in this Agreement is intended to create any relationship in the nature of a partnership, or joint venture among any of the Agents. The Agents' respective obligations and rights and benefits hereunder shall be as to the following percentages:

Canaccord Genuity Corp.	-	75%
INFOR Financial Inc.	-	25%

16. **Agents' Authority.** The Corporation shall be entitled to and shall act on any notice, request,

direction, consent, waiver, extension and other communication given or agreement entered into by or on behalf of the Agents by the Lead Agent who shall represent the Agents and have authority to bind all the Agents hereunder. In all cases, the Lead Agent shall use its best efforts to consult with the other Agents prior to taking any action contemplated herein.

17. **Right of First Refusal.** From the date of this Agreement until the date that is one year from the Closing Date, the Lead Agent shall be provided the exclusive right and opportunity to act as sole lead and sole bookrunner for any offering of securities of the Corporation to be issued and sold in Canada or the United States by private placement or public offering or to provide professional, sponsorship or advisory services performed (or normally performed) by a broker or investment dealer. If the Corporation intends to proceed with any such issuance or has received a proposal for any such issuance, the Corporation shall provide to the Lead Agent notice of the terms thereof (including the commission payable to such broker or investment dealer proposed to be engaged) and the Lead Agent shall have an opportunity to respond to the Corporation within five Business Days that it is desirous of acting as agent or participating, as the case may be, in such offering on behalf of the Corporation on the terms and conditions contained therein. If the Lead Agent declines, in writing, the Corporation may proceed with such offering through another agent or underwriter, provided the arrangements with such agent or underwriter are entered into within 30 days thereafter (it being acknowledged and agreed by the Lead Agent that if the Corporation issues any securities to which the foregoing would apply, but does not retain or utilize a registered dealer as agent therefor, the foregoing shall not apply to such issuance, unless any of the subscribers to the issuance of such securities is a subscriber or beneficial purchaser of Units pursuant to the Offering). It is understood that the terms and conditions and related fees payable in connection with the services described above will be negotiated in good faith and be consistent with then prevailing market practice.

18. **Time of the Essence.** Time shall, in all respects, be of the essence hereof.

19. **Canadian Dollars.** All references herein to dollar amounts are to lawful money of Canada.

20. **Headings.** The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

21. **Singular and Plural, etc.** Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

22. **Entire Agreement.** This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings including for greater certainty, the Engagement Letter. This Agreement may be amended or modified in any respect by written instrument only.

23. **Severability.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

24. **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.

25. **Successors and Assigns.** The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Corporation, the Agents and the Purchasers and their respective executors, heirs, successors and permitted assigns including any resulting issuer; provided that, except as provided herein or in the Subscription Agreements, this Agreement shall not be assignable by any party without the written consent of the others.

26. **Further Assurances.** Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

27. **Effective Date.** This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

28. **Language.** The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. Les parties reconnaissent avoir expressment demandées que la présente convention ainsi que tout avis, tout état de compte et tout autre document a être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.

29. **Counterparts and Email Copies.** This Agreement may be executed in any number of counterparts and by electronic transmission, which taken together shall form one and the same agreement.

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If the Corporation is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Agents.

Yours very truly,

CANACCORD GENUITY CORP.

Per: (signed) "Graham Saunders"
Authorized Signing Officer

INFOR FINANCIAL INC.

Per: (signed) "Neil Selfe"
Authorized Signing Officer

The foregoing is hereby accepted on the terms and conditions therein set forth.

DATED as of the 23 day of December, 2021.

PROPHECY DEFI INC.

Per: (signed) "John A. McMahon"
Authorized Signing Officer