

## EQUITY LINE FACILITY AGREEMENT

**THIS EQUITY LINE FACILITY AGREEMENT** is made this 6<sup>th</sup> day of June, 2011 (the “**Effective Date**”)

B E T W E E N:

**CENTURION PRIVATE EQUITY, LLC**, a limited liability company  
incorporated pursuant to the laws of the State of Georgia

(the “**Purchaser**”)

- and -

**MAPLE LEAF REFORESTATION INC.**, a corporation incorporated pursuant  
to the laws of Alberta

(the “**Corporation**”)

**WHEREAS** subject to the terms and conditions hereinafter set forth, the Purchaser hereby irrevocably agrees to purchase and the Corporation hereby irrevocably agrees, subject to the making of Draw Downs (as hereinafter defined), to issue and sell from time to time up to an aggregate amount of \$5,000,000 worth of common shares in the capital of the Corporation (the “**Subscription Shares**”), subject, in all cases, to the Trading-Market Limit (as hereinafter defined); and

**WHEREAS** the Purchaser has agreed to enter into this agreement with the Corporation to set forth the terms and conditions relating to the Draw Downs and the issuance of the Subscription Shares upon the completion of a Draw Down.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

### ARTICLE I - DEFINITIONS

#### 1.1 Certain Definitions.

Unless expressly provided otherwise, where used in this Agreement or any schedule hereto, the following terms shall have the following meanings, respectively:

“**1933 Act**” means the United States *Securities Act of 1933*, as amended, and “**1933 Act Regulations**” mean the rules and regulations of the United States Securities and Exchange Commission thereunder;

“**1934 Act**” means the United States *Securities Exchange Act of 1934*, as amended, and “**1934 Act Regulations**” means the rules and regulations of the United States Securities and Exchange Commission thereunder;

“**9.9% Limitation**” has the meaning ascribed thereto in section 8.1(h) hereof;

“**Accredited Investor**” has the meaning ascribed thereto in section 5.1(i) hereof;

**“Adjusted Draw Down Investment Amount”** means the Draw Down Investment Amount, minus the aggregate of the Purchaser Credit Amounts that are applied toward all of the Tranches in that Draw Down.

**“Adjusted Tranche Purchase Price Per Share”** shall mean the Adjusted Tranche Investment Amount divided by the number of Purchaser’s Shares being purchased in the Tranche.

**“Adjusted Tranche Investment Amount”** has the meaning ascribed thereto in Section 8.1(d) hereof;

**“affiliate”** has the meaning ascribed to such term in the *Business Corporations Act* (Alberta);

**“Agreement”** means this equity line facility agreement between the Purchaser and the Corporation dated the date hereof and all schedules annexed hereto, as same may be amended from time-to-time;

**“ASC”** means the Alberta Securities Commission;

**“ASC Decision Document”** means the ASC decision document in respect of the Final Prospectus issued by the ASC pursuant to the Securities Laws;

**“ASC Relief”** means the ASC decision document issued by or on behalf of the Securities Commissions granting the Corporation and the Purchaser relief, as applicable, from certain registration and prospectus requirements under the Securities Laws so as to permit the “equity line of credit” financing contemplated by this Agreement and set out in Schedule “E”;

**“Applied Purchaser Credit Amount”** has the meaning ascribed thereto in Section 8.1(d) hereof;

**“associate”** has the meaning ascribed to such term in the Securities Act (Alberta);

**“Authorized Law Firm”** shall mean an independent law firm representing the Corporation which, as of the date in question, has either (a) at least 20 attorneys as partners or employees of the firm or (b) has (and has represented to the Investor in writing that it has) a liability insurance policy covering any liability the Investor may incur for misstatements or omissions in the Prospectus or otherwise related to the attorney’s issuance of the Put Opinions and Registration Opinions, having no exclusion for such coverage, and having policy limits equal to at least X% of the sum of (x) total Put Dollar Amount of Put Shares that have been purchased by the Investor in all Puts through the date in question, plus (y) the Maximum Put Dollar Amount for the uncompleted Put for which the Put Opinion and Registration Opinion in question are being issued (the sum of “x” and “y” immediately above being referred to as the “Covered Put Amount”), where “X%” equals 100% when the Covered Put Amount at the time of issuance of the opinion of counsel in question equals \$2,000,000 or less and equals 150% when the Covered Put Amount at the time of issuance of the opinion of counsel in question exceeds \$2,000,000 (an **“Authorized Legal Liability Policy”**).

**“Authorized Auditor”** shall mean an independent accounting firm representing the Corporation which, as of the date in question, either (a) has at least 20 independent accountants as partners or employees of the firm or (b) has (and has represented to the Investor in writing that it has) a liability insurance policy covering any liability the Investor may incur for misstatements or omissions in the Prospectus or otherwise related to the accountant’s or the accounting firm’s issuance of Comfort Letters, having no exclusions for such coverage, and having policy limits equal to at least X% of the sum of (x) total Put Dollar Amount of Put Shares that have been purchased by the Investor in all Puts through the date in question, plus (y) the Maximum Put Dollar Amount for the uncompleted Put for which the Put Opinion and Registration Opinion in question are being issued (the sum of “x” and “y” immediately above being

referred to as the “Covered Put Amount”), where “X%” equals 100% when the Covered Put Amount at the time of issuance of the opinion of counsel in question equals \$2,000,000 or less and equals 150% when the Covered Put Amount at the time of issuance of the opinion of counsel in question exceeds \$2,000,000 (an “**Authorized Auditor Liability Policy**”).

“**Average Daily Price**” means the VWAP for the applicable day;

“**Comfort Letter**” has the meaning ascribed thereto in section 7.2(g) hereof;

“**Commitment Amount**” has the meaning ascribed thereto in section 2.1 hereof;

“**Commitment Fee**” has the meaning ascribed thereto in section 11.1(a) hereof;

“**Commitment Period**” means the term of this Agreement as set forth in section 9.1 hereof;

“**Common Shares**” means common shares in the share capital of the Corporation;

“**Corporation Specified Maximum Draw Down Investment Amount**” has the meaning ascribed thereto in section 8.1(b) hereof;

“**Convertible Securities**” means securities of the Corporation or any other issuer that are convertible into, redeemable for, exercisable for or exchangeable for or otherwise carry the right to acquire Common Shares including, with limiting the generality of the foregoing, options issuable pursuant to the Corporation’s stock option plan and warrants to acquire Common Shares and “**Convertible Security**” means any one of them;

“**Corporation’s Information Record**” has the meaning attributed thereto in section 4.1(n) hereof;

“**Designated Provinces**” means, collectively, the provinces in which the Corporation maintains reporting issuer status from time to time;

“**Directors**” means the board of directors of the Corporation for the time being and reference to action by the Directors means action by the Directors as a board or by any authorized committee thereof;

“**Draw Down**” has the meaning ascribed thereto in section 8.1(a) hereof;

“**Draw Down Commencement Date**” shall mean the next Trading Day following the date of the applicable Draw-Down Notice.

“**Draw Down Investment Amount**” means the aggregate sum of the Tranche Investment Amounts for each of the five Tranche-Pricing Periods during a given Draw Down.

“**Draw-Down Notice**” has the meaning ascribed thereto in section 8.1(a) hereof;

“**Effective Date**” shall have the meaning set forth herein above in the recitals to this Agreement.

“**Electronically Available**” has the meaning ascribed thereto in section 8.1(d) hereof;

“**Event of Failure**” shall have the meaning ascribed to it in Section 8.4 hereof.

“**Exchange**” means the TSX Venture Exchange, or if the Common Shares are not then listed on such exchange, such other stock exchange recognized by the Securities Commissions on or through which the

Common Shares are then principally traded in each of the Designated Provinces (provided that the Purchaser shall have expressly consented in writing thereto);

**“Exchange Letter”** has the meaning ascribed thereto in section 7.3(cc) hereof;

**“Exchange Minimum Price”** means the VWAP for the five (5) Trading Days immediately preceding the applicable Draw-Down Notice, less the Permitted Discount, but in no event less than \$0.05 per Common Share or such other minimum price required by the Exchange.

**“Excluded Block Trades”** shall mean any block trades that exceed 20,000 shares of Common Stock (“Excluded Block Trades”).

**“Excluded Trading Days”** shall mean Trading Days during a pricing period where either (i) the lowest intra-day trading price of the Common Shares on the Exchange is below the applicable Trigger Price or (ii) where an Event of Failure is in effect and is continuing.

**“Fees”** has the meaning ascribed thereto in section 11.1(a) hereof;

**“Fee Shares”** has the meaning ascribed thereto in section 11.1(a) hereof;

**“Finder”** has the meaning ascribed thereto in section 11.1(b) hereof;

**“Finder’s Fee”** has the meaning ascribed thereto in section 11.1(b) hereof;

**“Free Trading Deadline”** has the meaning ascribed thereto in section 8.1(e) hereof;

**“Freely Tradeable”** shall mean that the applicable Purchaser’s Shares are properly covered by a valid Base Shelf Prospectus and any required supplements thereto, approved for quotation on the Exchange, listed, free from all resale restrictions, immediately freely tradeable and contain no legends restricting the transfer thereof.

**“GAAP”** means generally accepted accounting principles, applicable to publicly-accountable enterprises, determined with reference to the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time;

**“Governmental Authority”** means any nation or government, any state, province, municipality, region or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing and any department, agency, board, commission, tribunal, committee or instrumentality of any of the foregoing having jurisdiction over the Corporation or its activities;

**“IFRS”** means International Financial Reporting Standards, a set of accounting standards developed by an independent, not-for-profit organization called the International Accounting Standards Board, and presently the applicable accounting standards that govern Canadian publically listed issuers;

**“including”** means including without limitation and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;

**“Indemnified Party”** has the meaning ascribed thereto in section 10.2 hereof;

**“Initial Closing”** has the meaning ascribed thereto in section 3.1 hereof;

**“insider”** has the meaning ascribed to such term in the *Securities Act* (Alberta);

**“Investment Amount”** for a given Tranche shall mean the Tranche Purchase Prices Per Share that the Purchaser must or did pay for all of the Subscription Shares that it is required to purchase in such given Tranche and the **“Investment Amount”** for a Draw Down shall mean the sum of the Investment Amounts for all of the Tranches in such Draw Down.

**“Issuable Tranche Shares”** has the meaning ascribed thereto in section 8.1(c) hereof;

**“knowledge”**, when used in relation to the Corporation, means the actual knowledge of Corporation’s President, Chief Executive Officer or Chief Financial Officer after reasonable inquiry;

**“Late Delivery Fees”** has the meaning ascribed thereto in section 8.1(e) hereof;

**“Line Termination”** has the meaning ascribed thereto in section 9.2(b) hereof;

**“Major Transaction”** means and shall be deemed to have occurred at such time upon any of the following events: (i) a consolidation, merger, amalgamation or other business combination or event or transaction following which the holders of Common Shares immediately preceding such consolidation, merger, amalgamation, business combination or event either (a) no longer hold a majority of the outstanding Common Shares or (b) no longer have the ability to elect a majority of the Directors; (ii) the sale or transfer of a material portion of the Corporation’s assets not in the ordinary course of business; (iii) the purchase of assets by the Corporation not in the ordinary course of business; or (iv) a take-over bid (whether for cash consideration, securities exchange or a combination thereof) made to the holders of outstanding Common Shares;

**“Material Adverse Effect”** means, with respect to a party, any effect on the business, operations, assets, liabilities, financial condition, ownership or capital of such party that is material and adverse to such party and its Subsidiary, taken as a whole and/or any condition, circumstance or situation that would prohibit or otherwise materially interfere with the ability of such party to perform any of its material obligations under any material agreement;

**“Maximum Allowable Draw Down Investment Amount”** has the meaning ascribed thereto in section 8.1(g) hereof;

**“Maximum Tranche Credit Amount”** for a given Tranche shall mean the Tranche Subscription Share Amount multiplied by the difference of (i) the Tranche Purchase Price Per Share for the Tranche, minus (ii) the Exchange Minimum Price, but not to exceed the total amount of accrued and unapplied Purchaser Credit Amount.

**“Maximum Tranche Investment Amount”** means the Corporation Specified Maximum Draw Down Investment Amount, divided by five (5).

**“Maximum Tranche Share Amount”** means a number of shares determined by dividing the Maximum Tranche Investment Amount by the Tranche Purchase Price Per Share for the relevant Tranche.

**“Minimum Price”** means, in relation to each Tranche of a Draw Down and subject to section 8.1(i), the price determined by the Corporation in the applicable Draw-Down Notice, provided that such Minimum Price shall in no case be lower than 50% of the VWAP for the five (5) trading days immediately

preceding the date of the applicable Draw-Down Notice and no greater than 85% of the VWAP for the five (5) Trading Days immediately preceding the date of the Draw-Down Notice but in any event shall be no less than the Exchange Minimum Price. For greater certainty, if the Corporation omits to determine a Minimum Price or determines a Minimum Price that is lower than the Exchange Minimum Price, then the Minimum Price shall be equal to the Exchange Minimum Price;

**“Non-arm’s Length Party”** means any officer or director of the Corporation and that person’s associates, or any beneficial owner of securities carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Corporation and that party’s associates, affiliates and insiders;

**“Notification of Share Electronic Availability”** has the meaning ascribed thereto in section 8.1(d) hereof;

**“Optional Additional Tranche Shares”** has the meaning ascribed thereto in section 8.1(l) hereof;

**“Permitted Advance Long Sales”** means sales by the Purchaser during a Tranche Pricing Period of Subscription Shares to be issued to the Purchaser on the Settlement Date for such Tranche;

**“Permitted Discount”** means the maximum permitted discount under the private placement rules contained in Exchange Policy 4.1 or other applicable stock exchange policy;

**“Permitted Short Sales”** has the meaning ascribed thereto in section 6.3(e) hereof;

**“person”** includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust, investment trust society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

**“Press Release”** shall have the meaning ascribed to it herein in section 8.2(a) hereof;

**“Press Release Deadline”** shall have the meaning ascribed to it herein in section 7.3(h) hereof;

**“Press Release Selling Restrictions”** shall have the meaning ascribed to it herein in section 6.3(e)(ii) hereof;

**“Prospectus”** means, collectively, the preliminary base shelf prospectus of the Corporation (the **“Preliminary Prospectus”**), the (final) base shelf prospectus of the Corporation and each shelf prospectus supplement of the Corporation (the **“Final Prospectus”**), filed from time-to-time in each of the Designated Provinces relating to the distribution to the Purchaser of the Subscription Shares and Fee Shares during the Commitment Period and, unless the context otherwise requires, includes all amendments or supplements thereto;

**“Prospectus Opinion of Counsel”** shall mean an opinion of the Corporation’s Authorized Law Firm, in the form of Schedule “F” hereto;

**“Purchaser Credit Amount”** shall mean, for each Draw Down, an amount equal (i) to the aggregate of the Tranche Investment Amounts for all of the Tranches in that Draw Down, irrespective of any Purchaser Credit Amounts, minus (ii) an amount equal to the product of (A) the aggregate number of Subscription Shares issued to the Purchaser in all Tranches in that Draw Down, multiplied by (B) the greater of (x) 97% of the average of the 3 lowest VWAPs for all of the 15 Trading Days during the Draw Down or (y) the Minimum Price (as reduced, if applicable).

**“Purchaser Debit Amount”** has the meaning ascribed thereto in section 8.1(d) hereof;

**“Purchaser’s Group”** means collectively, the Purchaser, its affiliates, associates, partners and insiders;

**“Purchaser’s Shares”** means all Subscription Shares and Fee Shares;

**“Redemption Upon Event of Failure”** shall have the meaning ascribed to it in Section 8.4 hereof.

**“Redemption Price Upon Event of Failure”** shall have the meaning ascribed to it in Section 8.4 hereof.

**“Regular Sales”** has the meaning set forth in section 6.3(h);

**“Regulation S”** means Regulation S under the 1933 Act;

**“Renewal Prospectus”** means the (final) base shelf prospectuses of the Corporation to be filed in each of the Designated Provinces relating to the distribution to the Purchaser of the Subscription Shares during the 25-month period following the initial 25 months of the Commitment Period and, unless the context otherwise requires, includes all amendments or supplements thereto, and collectively, the **“Renewal Prospectuses”**;

**“Restricted Period”** has the meaning set forth in section 6.3(e);

**“Securities Commissions”** means, collectively, the securities commissions or other securities regulatory authorities in each of the Designated Provinces, and **“Securities Commission”** means any one of the Securities Commissions;

**“Securities Laws”** means, collectively, the applicable securities laws of each of the Designated Provinces and the respective regulations and rules made and forms prescribed thereunder together with all applicable published policy statements, blanket orders and rulings of the Securities Commissions and the by-laws, regulations and rules of the Exchange;

**“Settlement Date”** has the meaning ascribed thereto in section 8.1(c) hereof;

**“Shares”** means the Common Shares to be issued from time-to-time hereunder pursuant to Draw Downs;

**“Share Availability Deadline”** has the meaning ascribed thereto in section 8.1(c) hereof;

**“Subscription Shares”** means the Common Shares issuable pursuant to a duly-completed Tranche in respect of a Draw Down;

**“Subsidiary”** has the meaning ascribed thereto in section 4.1(b) hereof;

**“Taxes”** means all taxes, duties, levies, imposts, deductions, charges or withholdings imposed by the federal laws of Canada, or the laws of any province or territory thereof, that arise from any payment under this Agreement or from the execution, delivery, enforcement or registration of, or otherwise with respect to, this Agreement;

**“Trading Day”** means any day on which the Exchange is open for business;

**“Trading-Market Limit”** means that, in any twelve-month period, the aggregate number of Subscription Shares plus Fee Shares that may be issued to the Purchaser may not exceed 19.9% of the aggregate number of Common Shares outstanding at the start of such period;

**“Tranche Commencement Date”** shall mean the first day of the Tranche Pricing Period for each Tranche, respectively, in a Draw Down;

**“Tranche Investment Amount”** means the aggregate of the Tranche Purchase Prices Per Share of the Subscription Shares that the Purchaser is required to purchase with respect to a given Tranche (prior to the application of any Purchaser Credit Amount) and shall equal the number of Subscription Shares that the Purchaser is required to purchase with respect to a given Tranche-Pricing Period, multiplied by the Tranche Purchase Price Per Share that the Purchaser is required to pay for such shares, prior to the application of any Purchaser Credit Amount.

**“Tranche Market Price”** means the lowest Average Daily Price during the Tranche-Pricing Period,

**“Tranche-Pricing Period”** means during the Commitment Period, in respect of each Draw Down, five (5) consecutive periods, each such period consisting of three (3) consecutive Trading Days (each a **“Tranche”**) the first of which commences on the Draw Down Commencement Date ;

**“Tranche Purchase Price Per Share”** means, in relation to each Tranche of a Draw Down and with respect to Subscription Shares purchased, a price per share equal to the lesser of (i) 97% of the Tranche Market Price, or (ii) the Tranche Market Price, minus \$0.01;

**“Tranche Share Volume Limit”** means a number of Common Shares equal to 15% of the trading volume, excluding Excluded Block Trades, of the Common Shares for each Trading Day during the relevant Tranche-Pricing Period, as reported by Bloomberg Financial L.P. (based on a trading day from 7:30 a.m. to 2:00 p.m. Mountain Standard Time), excluding Excluded Trading Days.

**“Tranche Subscription Share Amount”** shall have the meaning ascribed to it in Section 8.1(c) hereof.

**“Trigger Price,”** for any Tranche-Pricing Period, means the greater of (i) the Minimum Price divided by 0.97, or (ii) the Minimum Price, plus \$0.01.

**“U.S. Securities Laws”** means all of the applicable federal securities laws and regulations of the United States, including without limitation the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations;

**“Variable Equity Securities”** has the meaning ascribed thereto in section 6.1(h) hereof;

**“Volume Limit Waiver Shares”** has the meaning ascribed thereto in section 8.1(l) hereof;

**“VWAP”** means the daily volume-weighted average trading price for the Common Shares on the Exchange as reported by Bloomberg Financial, L.P. (based on a Trading Day from 7:30 a.m. time to 2:00 p.m. Mountain Standard Time), excluding Excluded Block Trades; and

1.2 Schedules. The following are the schedules annexed to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

- Schedule “A” - Form of Draw-Down Notice
- Schedule “B” - Settlement Sheet
- Schedule “C” - Form of Officers’ Certificate
- Schedule “D” - Form of Opinion of the Corporation’s Counsel
- Schedule “E” - ASC Decision Document
- Schedule “F” - Form of Prospectus Opinion of the Counsel



## ARTICLE II - COMMITMENT TO PURCHASE SUBSCRIPTION SHARES

### 2.1 Commitment for the Purchase and Sale of Subscription Shares.

Subject to the terms and conditions set forth herein, the Corporation may from time-to-time during the Commitment Period issue and sell to the Purchaser, and the Purchaser shall acquire from the Corporation, for a maximum aggregate consideration of five million dollars (\$5,000,000) (the “**Commitment Amount**”), Subscription Shares based on Draw Downs hereunder, subject, in all cases, to the Trading-Market Limit, the 9.9% Limitation, and the Tranche Share Volume Limit.

## ARTICLE III - INITIAL CLOSING

### 3.1 Initial Closing.

The delivery of the Final Prospectus and all other documents, instruments, certificates, undertakings and opinions required under this Agreement shall take place at the offices of the Corporation’s Authorized Law Firm, at 9 a.m. (Mountain Standard Time) on the first Trading Day following the date of the ASC Decision Document in respect of the Final Prospectus or such other time and place as the Purchaser and the Corporation may mutually agree upon (the “**Initial Closing**”).

Each party hereto shall deliver all documents, instruments and writings required to be delivered by such party pursuant to this Agreement at or prior to the date of the Initial Closing.

## ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

### 4.1 Representations and Warranties of the Corporation.

The Corporation hereby represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying upon the following representations and warranties in connection with its purchase of Subscription Shares hereunder:

- (a) Good Standing. The Corporation as of the date hereof is a corporation duly incorporated and organized and validly existing under the laws of Alberta, is duly qualified to carry on its business and is in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification, and has all requisite corporate power, authority and capacity to carry on its business as now conducted and to own, lease and operate its property and assets and to enter into, execute, deliver and perform its obligations under this Agreement pursuant to its terms.
- (b) Subsidiary. The Corporation has the following Subsidiary: INNER MONGOLIA MAPLE LEAF FORESTRY CO., LTD. (the “**Subsidiary**”) and the Corporation does not have any other Subsidiary. The Corporation does not, directly or indirectly, own, nor has it agreed to acquire, any equity or debt interests or securities convertible into, or exchangeable or exercisable for, equity or debt interests of any other entity. The Subsidiary is duly incorporated and organized and validly existing under the laws of the Province of Inner Mongolia, China, is duly qualified to carry on its business and is in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification, and has all requisite corporate power, authority and capacity to carry on its business as now conducted and to own, lease and operate its property and assets. The Corporation is the sole registered and beneficial owner of all of the issued and outstanding securities of the Subsidiary, free and clear of all liens, hypothecs, mortgages, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no person has or will have

any agreement, option or right to acquire from the Corporation all or any of the issued or unissued securities of the Subsidiary. All of the issued and outstanding shares of the Subsidiary have been validly issued and are outstanding as fully paid and non-assessable.

- (c) Compliance with Laws. Each of the Corporation and the Subsidiary is conducting its businesses in compliance in all material respects with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on, and all licenses, registrations and qualifications of the Corporation and the Subsidiary are valid, subsisting and in good standing.
- (d) Authorization, Enforcement. The execution and delivery of this Agreement by the Corporation and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary corporate and shareholder action and no further consent or authorization of the Corporation, its Directors or its shareholders is required, and (ii) this Agreement has been duly executed and delivered by the Corporation and is a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, receivership or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.
- (e) Authorized and Issued Capital of the Corporation. The authorized capital of the Corporation consists of an unlimited number of Common Shares of which there were, as of the Effective Date, 80,682,875 Common Shares issued and outstanding. Except for the Purchaser, as contemplated by this Agreement, no person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase from the Corporation, of any Common Shares or other securities of the Corporation other than 7,185,000 Common Shares issuable on the exercise of outstanding stock options, 13,867,546 Common Shares issuable on the exercise of outstanding warrants of the Corporation and 1,025,000 Common Shares issuable on the conversion of \$102,500 worth of Convertible Securities. There are no securities or other instruments containing anti-dilution or similar provisions that will be triggered by the execution of this Agreement or the issuance of the Subscription Shares or Fee Shares. No person, including current or former shareholders of the Corporation, underwriters, brokers, agents or other third parties has any right of first refusal, pre-emptive right, right of participation or any similar right to participate in the financing contemplated by this Agreement. As of the date of this Agreement, there are no other financings currently pending or contemplated by the Corporation.
- (f) Reporting Issuer Status. As of the date hereof, the Corporation is a "reporting issuer" (or the equivalent thereof), not in default, in each of Alberta and British Columbia, being the Designated Provinces on the date hereof.
- (g) Trading of Common Shares. The issued and outstanding Common Shares are listed and posted for trading on the Exchange and no order ceasing or suspending trading in any securities of the Corporation or prohibiting the sale of the Subscription Shares pursuant to Draw Downs hereunder or the trading of any of the Corporation's issued securities has been issued and no proceedings for such purpose are pending or, to the Corporation's knowledge, threatened. The Corporation has not received any notice from the Exchange questioning or threatening the continued listing of its Common Shares on such exchange and the Corporation is not in default of any rules, regulations or policies of the Exchange that could result in the Exchange delisting the Common Shares from the Exchange or

otherwise, whether individually or taken together, have a Material Adverse Effect on the Corporation.

- (h) No Bankruptcy. The Corporation has not committed an act of bankruptcy or sought protection from its creditors from any court or pursuant to any legislation, proposed a compromise or arrangement to its creditors generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound up, as the case may be, taken any proceeding to have a receiver appointed over any part of its assets, had any encumbrancer or receiver take possession of any of its property, had an execution or distress become enforceable or levied upon any portion of its property or had any petition for a receiving order in bankruptcy filed against it, and as of the date hereof, the Corporation is not an insolvent person (as that term is defined in the *Bankruptcy and Insolvency Act* (Canada)).
- (i) No Shareholder or Voting Trust Agreements. To the Corporation's knowledge, no agreement exists among any of the shareholders of the Corporation in respect of the Corporation.
- (j) No Conflicts. The execution, delivery and performance of this Agreement by the Corporation and the consummation by the Corporation of the transactions contemplated herein do not and will not (i) violate any term or provision of the constating documents, by-laws or resolutions of the Directors and shareholders of the Corporation, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, mortgage, deed of trust, indenture, note, bond, license, lease agreement, instrument or obligation to which the Corporation or the Subsidiary is a party or is otherwise bound, (iii) create or impose a lien, charge or encumbrance on any property of the Corporation or the Subsidiary under any agreement or any commitment to which the Corporation or the Subsidiary is a party or by which the Corporation or the Subsidiary is bound or by which any of their respective properties or assets are otherwise bound, or (iv) result in a violation of any federal, provincial, local or foreign statute, rule, regulation, order, judgment or decree (including any Securities Laws) applicable to the Corporation, or by which any property or asset of the Corporation or the Subsidiary is bound or affected, except, in all cases, for such conflicts, defaults, terminations, amendments, accelerations and cancellations as would not, individually or in the aggregate, have a Material Adverse Effect on the Corporation. The Corporation is not required under any federal, provincial, local or foreign law, rule or regulation to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement, or issue and sell the Subscription Shares pursuant to Draw Downs hereunder (other than the filing of the Final Prospectus and all necessary related documents thereto in each of the Designated Provinces to qualify the distribution of the Subscription Shares and the Fee Shares in each of the Designated Provinces, obtaining the ASC Relief and the making or obtaining, as the case may be, of all other filings or approvals which are required to be made by the Corporation with the Securities Commissions and with the Exchange incidental hereto or thereto).
- (k) No Material Adverse Effect or Major Transactions. Since August 31, 2010, no Material Adverse Effect has occurred or exists with respect to the Corporation except as disclosed in the Final Prospectus or the Corporation's Information Record. As of the date of this Agreement, there are no other Major Transactions currently pending or contemplated by the Corporation.

- (l) No Undisclosed Events or Circumstances. Since August 31, 2010, no event or circumstance has occurred or exists with respect to the Corporation or its assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, prospects, condition (financial or otherwise) or results of operations, that, under applicable law, rule or regulation (including the Securities Laws), requires public disclosure or announcement by the Corporation but which has not been so publicly announced or disclosed in the Corporation's Information Record. The Corporation has not provided to the Purchaser any information which, according to applicable law, rule or regulation (including the Securities Laws), should have been disclosed publicly by the Corporation but which has not been so disclosed, other than with respect to the transactions contemplated by this Agreement.
- (m) Information Record. The Corporation has, in accordance with the Securities Laws, filed with the Securities Commissions and the Exchange, as applicable, true and complete copies of all forms, reports, schedules, financial statements, material change reports, circulars, press releases, prospectuses and all other documents required to be filed by it with the Securities Commissions and the Exchange, as applicable, since the date it became a reporting issuer under the Securities Laws (such documents, including any schedules included therein, are referred to herein as the "**Corporation's Information Record**"). As of their respective filing dates, the Corporation's Information Record complied in all material respects with the requirements of applicable Securities Laws, and, as of their respective filing dates, the Corporation's Information Record did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Corporation has not filed any confidential material change reports with any Securities Commission that at the date hereof remains confidential.
- (n) Financial Statements. The consolidated financial statements of the Corporation included in the Corporation's Information Record comply as to form in all material respects with applicable accounting requirements, Securities Laws or other applicable rules and regulations with respect thereto. The audited and unaudited consolidated financial statements of the Corporation have been prepared in accordance with GAAP or IFRS, as applicable, applied on a consistent basis during the periods covered thereby (except as may be otherwise indicated in such financial statements or the notes thereto), and present, in all material respects, fully, fairly and correctly the assets, liabilities and financial position of the Corporation on a consolidated basis as at the dates thereof and the results of their operations and cash flows for the periods then ended.
- (o) Accounting Controls. The Corporation maintains, and will maintain, a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP or IFRS, as applicable and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Corporation has identified no material weakness related to the design of its internal controls over financial reporting.
- (p) Actions Pending. As of the date hereof, there is no action, suit, claim, investigation or other proceeding pending or, to the Corporation's knowledge, threatened against the

Corporation or the Subsidiary which questions the validity of this Agreement or the transactions contemplated hereby or any action taken or to be taken pursuant hereto, including any which would reasonably restrain or otherwise prevent, in any manner, the Corporation from effectually and legally issuing to the Purchaser the Subscription Shares pursuant to Draw Downs hereunder. There is no action, suit, claim, investigation or proceeding pending or, to the Corporation's knowledge, threatened, against or involving the Corporation or the Subsidiary or any of their respective properties or assets, which action, suit, claim, investigation or proceeding would have a Material Adverse Effect on the Corporation, taken as a whole. There are no outstanding orders, judgments, injunctions, awards or decrees of any court, arbitrator or governmental or regulatory body against the Corporation or the Subsidiary.

- (q) No Undisclosed Liabilities. Except as disclosed in the Corporation's Information Record, the Corporation has no liabilities, obligations, claims or losses (whether liquidated or unliquidated, secured or unsecured, absolute, accrued, contingent or otherwise) that would, individually or in the aggregate (on a consolidated basis), be required to be disclosed on a consolidated balance sheet of the Corporation (including the notes thereto) in conformity with GAAP or IFRS, as applicable which are not disclosed in the Corporation's Information Record, other than those incurred in the ordinary course of business of the Corporation since such date and which, either individually or in the aggregate, has a Material Adverse Effect on the Corporation.
- (r) Certain Fees. Except for the fee referred to in section 11.1(b), no brokers', finders' or financial advisory fees or commissions will be payable by the Corporation with respect to the transactions contemplated by this Agreement.
- (s) Disclosure. To the Corporation's knowledge, neither this Agreement nor the schedules hereto nor the Corporation's Information Record contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein or therein, in the light of the circumstances under which they were made herein or therein, not misleading.
- (t) Operation of Business. The Corporation and the Subsidiary own or possess all patents, trademarks, service marks, trade names, copyrights, licenses and authorizations as set forth in the Corporation's Information Record, and all other rights which are necessary for the conduct of their respective businesses as now conducted or as are reflected in the Corporation's Information Record as being contemplated. The Corporation does not have any knowledge of any infringement by the Corporation or the Subsidiary of trademark, trade name rights, patents, patent rights, copyrights, inventions, licenses, service names, service marks, service-mark registrations, trade secret or other similar rights of others, or of any such development of similar or identical trade secrets or technical information by others and there is no claim, action or proceeding being made or brought against, or to the Corporation's knowledge, being threatened against, the Corporation or the Subsidiary regarding trademark, trade name, patents, patent rights, invention, copyright, license, service names, service marks, service-mark registrations, trade secret or other infringement; and the Corporation is unaware of any facts or circumstances which might give rise to any of the foregoing.
- (u) Foreign Corrupt Practices. Neither the Corporation nor the Subsidiary, nor any director, officer, agent, employee or other person acting on behalf of the Corporation or the Subsidiary has, in the course of its actions for, or on behalf of, the Corporation or the Subsidiary, used any corporate funds for any unlawful contribution, gift, entertainment or

other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. *Foreign Corrupt Practices Act of 1977*, as amended, or the *Corruption of Foreign Public Officials Act (Canada)*, as amended; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

- (v) Interests of Insiders. To the knowledge of the Corporation, other than as described in the Corporation's Information Record, no insider of the Corporation or any associate or affiliate of any insider of the Corporation has any material interest, direct or indirect, in any material transaction or any proposed material transaction which, as the case may be, materially affected, is material to or will materially affect the Corporation.
- (w) Acknowledgment Regarding Purchaser's Purchase of Securities. The Corporation acknowledges that the Purchaser is acting solely in the capacity of an arm's length purchaser with respect to this Agreement and the transactions contemplated hereunder. The Corporation further acknowledges that the Purchaser is not acting as a financial advisor or fiduciary of the Corporation (or in any other similar capacity) with respect to this Agreement and the transactions contemplated hereunder and any advice given by the Purchaser or any of its representatives or agents in connection with this Agreement and the transactions contemplated hereunder is merely incidental to purchase of the Subscription Shares by the Purchaser. The Corporation further acknowledges that the Corporation's decision to enter into this Agreement has been based solely on its independent evaluation.
- (x) Resale. Except as noted in the Exchange Letter and the ASC Relief, no documents are required to be filed in connection with the resale of the Subscription Shares in the Designated Provinces under applicable Securities Laws, provided the resale is not a "control distribution" as defined under applicable Securities Laws.
- (y) Attributes of Securities. The attributes of the Purchaser's Shares conform in all material respects with the description thereof in this Agreement and in the Final Prospectus.
- (z) Final Prospectus and Renewal Prospectus. All information and statements contained in the Final Prospectus and any Renewal Prospectus will be, as of each Tranche Commencement Date (except as the Final Prospectus may be supplemented in connection with the related Draw Down) and as of each applicable Settlement Date, as the case may be, and on all dates in between and until the Purchaser has sold all Subscription Shares or Fee Shares or, if sooner, through the termination of this Agreement, true and correct in all material respects and will contain no misrepresentation, and will constitute full, true and plain disclosure of all material facts relating to the Corporation and will not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made.
- (aa) Dilution. The Corporation understands and acknowledges that the number of Common Shares issuable upon purchases pursuant to this Agreement will increase in certain circumstances including, but not necessarily limited to, the circumstance wherein the trading price of the Common Shares declines during the period between the Effective Date and the end of the Commitment Period. The Corporation's executive officers and Directors have studied and fully understand the nature of the transactions contemplated by this Agreement and recognize that they have a potential dilutive effect on the shareholders of the Corporation. The Board of Directors of the Corporation has

concluded, in its good-faith business judgment, and with full understanding of the implications, that such issuance is in the best interests of the Corporation. The Corporation specifically acknowledges that, subject to such limitations as are expressly set forth in this Agreement, its obligation to issue Common Shares upon purchases pursuant to this Agreement is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Corporation.

- (bb) Resales. Upon a resale of the Purchaser's Shares by the Purchaser through the facilities of the Exchange in Regular Sales, such sales will not be subject to any other resale restrictions imposed by the Securities Laws, Exchange policies, or the terms of this Agreement and the Purchaser's Shares shall contain no legends restricting the transfer thereof.
- (cc) Taxes. All issuances of Common Shares, or all payments, to be made hereunder by the Corporation (including but not limited to, the issuance of Subscription Shares and Fee Shares) shall be made free and clear of, and without deduction or withholding for or on account of, any present or future Taxes. If any Taxes are required to be withheld from any issuance or payment hereunder, the Corporation shall (i) increase the amount of such payment or issuance such that the Purchaser will receive the same amount or number of Common Shares (after deduction and withholding of all Taxes) equal to the amount otherwise due hereunder; (ii) pay such Taxes to the appropriate taxing authority for the account of the Purchaser; and (iii) as promptly as possible thereafter, send the Purchaser an original receipt showing payment thereof, together with such additional documentary evidence as the Purchaser may from time to time reasonably require.

## **ARTICLE V - REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

5.1 The Purchaser hereby represents and warrants to the Corporation as follows and acknowledges that the Corporation is relying upon the following representations and warranties in connection with the issuance of the Purchaser's Shares:

- (a) Organization, Residency, and Standing of the Purchaser. The Purchaser is duly and validly organized, validly existing and in good standing as a limited liability company under the laws of the State of Georgia.
- (b) Authorization and Power. The Purchaser has the corporate power and capacity to enter into, and to perform its obligations under this Agreement. This Agreement has been duly authorized, executed and delivered by the Purchaser and is a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, receivership or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.
- (c) No Conflicts. The execution, delivery and performance of this Agreement by the Purchaser and the consummation by the Purchaser of the transactions contemplated herein do not and will not violate any term or provision of the constating documents of the Purchaser.
- (d) Financial Risks. The Purchaser acknowledges that it is able to bear the financial risks associated with an investment in the Subscription Shares issuable pursuant to Draw

Downs hereunder. The Purchaser is capable of evaluating the risks and merits of an investment in the Subscription Shares by virtue of its experience as an investor and its knowledge, experience, and sophistication in financial and business matters and the Purchaser is capable of bearing the entire loss of its investment in same.

- (e) Limitation on Short Sales. The Purchaser agrees not to short-sell shares except in Permitted Short Sales, and agrees not to sell Shares between the time of delivery of a Draw-Down Notice and the filing of the Press Release announcing the Draw Down, unless Draw-Down Notice is deemed to be withdrawn, in which case the Purchase may sell Shares anytime after such deemed withdrawal.
- (f) Actions Pending. As of the date hereof, there is no action, suit, claim, investigation or other proceeding pending or, to the Purchaser's knowledge, threatened against the Purchaser which questions the validity of this Agreement or the transactions contemplated hereby or any action taken or to be taken pursuant hereto, including any which would restrain or otherwise prevent, in any manner, the Purchaser from effectually and legally purchasing from the Corporation the Subscription Shares pursuant to Draw Downs hereunder.
- (g) Financial Resources. The Purchaser has, and shall continue to have, the financial resources and/or funding capability necessary to complete its obligations under this Agreement. The Corporation agrees and acknowledges that the Purchaser has not represented, and does not now represent, that it now has or at any time in the future will have assets at any given time equal to the full Commitment Amount available for investment pursuant to this Agreement, but only covenants that it has, and shall continue to have, the financial resources and/or funding capability necessary to make payment of the applicable Tranche Purchase Price Per Share for the Subscription Shares for each Tranche when due under the terms of this Agreement.
- (h) Purchase as Principal. The Subscription Shares will be purchased by the Purchaser as principal for its own account and not for the benefit of any other party.
- (i) Accredited Investor. The Purchaser is an accredited investor ("Accredited Investor"), as defined in Rule 501 of Regulation D.
- (j) No General Solicitation. This Agreement was not offered to the Purchaser through, and the Purchaser is not aware of, any form of general solicitation or general advertising, including, without limitation, (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, and (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.
- (k) Restricted Securities. The Purchaser understands that this Agreement is, and the Purchaser's Shares delivered on each Settlement Date will be characterized as, "restricted securities" under U.S. Securities Laws inasmuch as they are being acquired from the Corporation in a transaction exempt from the registration requirements of U.S. Securities Laws and that under U.S. Securities Laws such securities may not be transferred or resold in the United States without registration under the 1933 Act or pursuant to an exemption therefrom. In this connection, the Purchaser represents that it is familiar with Rule 144 under the 1933 Act, as presently in effect, and understands the resale limitations imposed thereby and by the 1933 Act. However the Purchaser's shares shall not contain any legend restricting the transfer thereof.



- (l) Foreign Issuer Resale Restrictions. The Purchaser acknowledges and understands that the Purchaser's Shares, as restricted securities under U.S. Securities Laws, may be transferred only: (A) to the Corporation, (B) outside the United States in accordance with Regulation S and pursuant to Securities Laws, Exchange policy, and the terms of this Agreement, and the Corporation acknowledges that Regular Sales by the Purchaser into the Exchange shall be deemed to comply with the requirements of this clause (B), (C) within the United States in accordance with the exemption from registration under the 1933 Act provided by Rule 144 thereunder, if available, and in compliance with any applicable state securities laws, or (D) in a transaction that does not require registration under the 1933 Act or any applicable United States state laws and regulations governing the offer and sale of securities and the Purchaser has furnished to the Corporation an opinion of counsel of recognized standing reasonably satisfactory to the Corporation.
- (m) Resale Indemnification. Subject to the Corporation upholding its obligations under section 4.1(cc), the Purchaser acknowledges that the Corporation shall not be liable to the Purchaser for any costs or damages incurred by the Purchaser or any of its affiliates as a result of resale restrictions being imposed on the Subscription Shares by U.S. Securities Laws.
- (n) Obligation to Purchase. The Purchaser acknowledges that it is irrevocably committed to purchase the Subscription Shares pursuant to duly and validly-delivered Draw-Down Notices on the terms and conditions set forth herein notwithstanding any change in circumstances or other factors affecting the Corporation, subject to the conditions set forth in this Agreement.
- (o) Information. The Purchaser and its advisors (and its counsel), if any, have been furnished with all materials relating to the business, finances and operations of the Corporation and information the Purchaser deemed material to making an informed investment decision. The Purchaser and its advisors, if any, have been afforded the opportunity to ask questions of the Corporation and its management. Neither such inquiries nor any other due-diligence investigations conducted by such Purchaser or its advisors, if any, or its representatives shall modify, amend or affect the Purchaser's right to rely on the Corporation's representations and warranties contained in this Agreement. The Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to this transaction.
- (p) Not an Affiliate. The Purchaser is not an officer, director or a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Corporation or any "Affiliate" of the Corporation (as that term is defined in Rule 405 of the 1933 Act).
- (q) No Legal Advice From the Corporation. The Purchaser acknowledges that it had the opportunity to review this Agreement and the transactions contemplated by this Agreement with its own legal counsel and investment and tax advisors. The Purchaser is relying solely on such counsel and advisors and not on any statements or representations of the Corporation or any of the Corporation's representatives or agents for legal, tax or investment advice with respect to this investment, the transactions contemplated by this Agreement or the securities laws of any jurisdiction.
- (r) Trading Activities. The Purchaser may resell the Purchaser's Shares in Regular Sales through the facilities of the Exchange without any restrictions on resale under the Securities Laws. Any trading activities with respect to the Common Shares other than

Regular Sales through the facilities of the Exchange shall be conducted by the Purchaser only if they are in compliance with all applicable Securities Laws and U.S. Securities Laws and the rules and regulations of the Exchange on which the Common Shares are listed or traded. Since the time that the Purchaser first learned of the transactions contemplated with the Corporation hereby, neither the Purchaser nor any affiliate of the Purchaser which (x) had knowledge of the transactions contemplated hereby, (y) has or shares discretion relating to such Purchaser's investments or trading or information concerning such Purchaser's investments, including in respect of the Common Shares, and (z) is subject to such Purchaser's review or input concerning such affiliate's investments or trading (collectively, "**Trading Affiliates**") has directly or indirectly, nor any person acting on behalf of or pursuant to any understanding with such Purchaser or Trading Affiliate, has effected or agreed to effect any purchases or sales of the securities of the Corporation (including, without limitation, any short sales involving the Corporation's securities). Other than to other persons party to this Agreement, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction).

## ARTICLE VI - COVENANTS

### 6.1 Covenants of the Corporation.

The Corporation covenants with the Purchaser as follows:

- (a) Securities and Exchange Compliance. The Corporation shall take or use its commercially-reasonable efforts to cause to be taken all necessary action and proceedings as may be required and permitted by applicable law, rule and regulation for the legal and valid creation and issuance of the Subscription Shares and Fee Shares to the Purchaser, provided that the Corporation shall not be entitled to initiate a Draw Down until all such actions have been successfully completed. The Corporation will use its commercially-reasonable efforts to arrange for the listing and posting for trading of the Subscription Shares and Fee Shares on the Exchange as soon as possible following their issue, provided that the Corporation shall not be entitled to initiate a Draw Down until all actions or matters which can be completed prior to first Settlement Date of a Draw Down and are required to list and post for trading such Common Shares on the Exchange have been successfully completed.

The Corporation shall take or use its commercially-reasonable efforts to file the Final Prospectus and to obtain an ASC Decision Document therefor as soon as practicable after the date hereof and to file a Renewal Prospectus and to obtain an ASC Decision Document therefor before the date that is less than twenty-five (25) months from the date that a receipt for the Final Prospectus is received by the Corporation, and the Corporation will promptly take, or cause to be taken, all steps and proceedings that may from time to time be required under applicable Securities Laws to maintain the Final Prospectus and any Renewal Prospectus in good standing throughout the Commitment Period. The Corporation shall not be entitled to issue a Draw-Down Notice at any time if the Final Prospectus or any Renewal Prospectus, as the case may be, ceases to be effective or is not in good standing.

At the respective times of filing and at all times subsequent to the filing thereof during the distribution of the Purchaser's Shares, the Final Prospectus and each Renewal Prospectus (i) will comply with the requirements of the Securities Laws pursuant to which it has been filed and the ASC Relief; (ii) will provide full, true and plain disclosure

of all material facts relating to the Corporation, the Fee Shares issuable pursuant to this Agreement, the Subscription Shares issuable pursuant to Draw Downs hereunder as required by the Securities Laws; and (iii) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

In accordance with the ASC Relief, in connection with each Tranche (or if the ASC Relief allows a single new or amended Final Prospectus or Renewal Prospectus, as applicable, to be filed at the end of the Draw Down which would qualify the distribution at any time during the Draw Down of all of the Purchaser's Shares issuable in such Draw Down, then in connection with each Draw Down) hereunder, the Corporation shall prepare and file a new or amended Final Prospectus or Renewal Prospectus, as applicable, and shall comply with all other applicable filing and other requirements under the Securities Laws in connection therewith, on or prior to the first Settlement Date of the Draw Down, and as required by the ASC Relief, the Corporation shall file a prospectus supplement in respect of each Settlement for a Tranche and as otherwise required by the ASC Relief, in each such case within the time stipulated in the ASC Relief, such that the Final Prospectus or Renewal Prospectus, as applicable, is current at such date in accordance with Securities Laws and the ASC Relief (qualifying the distribution of the Subscription Shares and the Fee Shares and Permitted Advance Long Sales issuable on such Draw Down (or Tranche, as the case may be). In connection with this Agreement and the transactions contemplated hereby, the Corporation shall comply with all requirements of the ASC Relief and the Securities Laws as at the dates of each Settlement.

- (b) The Subscription Shares. As of each applicable Settlement Date, the Corporation will have authorized, free of pre-emptive rights, a sufficient number of authorized but unissued Common Shares to cover the Common Shares issuable to the Purchaser in connection with the applicable Tranche. The Subscription Shares and Fee Shares issued upon any Tranche, when paid for and issued in accordance with the terms hereof, shall be duly and validly issued and outstanding as fully paid and non-assessable, and each Subscription Share and Fee Share shall entitle the holder to all the rights attributed to a Common Share under the Corporation's constating documents and shall not be subject to any resale restrictions under the Securities Laws for Regular Sales by the Purchaser into the Exchange, Permitted Advance Long Sales by the Purchaser into the Exchange, or Permitted Short Sales into the Exchange) or the Laws and based upon the Purchaser's intended method of disposition (Regular Sales into the Exchange) the Subscription Shares shall be free of any legends restricting the resale thereof.
- (c) Notice of Certain Events. The Corporation will immediately notify the Purchaser upon the occurrence of any of the following events in respect of the Final Prospectus or Renewal Prospectus, as applicable, or the Common Shares: (i) if the Final Prospectus or any Renewal Prospectus is not in good standing, is no longer effective or is otherwise required to be amended (ii) any amendment to the Final Prospectus or any Renewal Prospectus; (iii) any communication or notice from the Securities Commissions that the Final Prospectus or any Renewal Prospectus shall cease to be effective or is no longer effective, or the initiation of proceedings by the Securities Commissions to have the Final Prospectus or any Renewal Prospectus cease to be effective; (iv) the issuance by any of the Securities Commissions of an order ceasing the trading of the Common Shares or the initiation of proceedings for that purpose; (v) delivery of a written notice by the

Exchange of the intention to suspend from trading or delisting of the outstanding Common Shares on the Exchange; and (vi) any filing by the Corporation for protection from creditors under any applicable law. The Corporation shall not deliver a Draw-Down Notice during the continuation of any of the foregoing events.

- (d) Listing of Common Shares. During the Commitment Period, the Corporation shall take all commercially-reasonable steps necessary to continue the listing and trading of its Common Shares (including the Subscription Shares and Fee Shares) on the Exchange or another stock exchange or over-the-counter market acceptable to the Purchaser as freely-tradable Common Shares and shall comply in all respects with its reporting, filing and other obligations under the by-laws, rules and policies of such exchange or market. The Corporation shall not, at any time during the Commitment Period, voluntarily delist the Common Shares from the Exchange, unless the Corporation's Common Shares are, at the time of delisting, listed on the Nasdaq Global Market, Nasdaq SmallCap Market, the American Stock Exchange or the Toronto Stock Exchange and the Corporation has delivered an opinion of counsel in a form satisfactory to the Purchaser, acting reasonably, that the Subscription Shares may be resold through the facilities of such exchange without any additional resale restrictions.
- (e) Compliance with Laws. The Corporation shall comply with all applicable laws, rules, regulations and orders, non-compliance with which could have a Material Adverse Effect on the Corporation.
- (f) Reporting Issuer Status. During the Commitment Period, the Corporation shall use its commercially-reasonable efforts to maintain its status as a reporting issuer (or its equivalent) not in default under the Securities Laws.
- (g) Limitation on Future Financing. The Corporation agrees that it will not enter into any "equity line" forms of financing for the sale of its securities for cash at a discount to the then current market price until the earlier of (i) thirty-eight (38) months from the date hereof, (ii) sixty (60) days after the entire Commitment Amount has been purchased by the Purchaser, or (iii) the date this Agreement is terminated pursuant to the terms herein and if the Corporation does breach the prohibitions of this subsection, then in addition to any other rights and remedies the Purchaser may have, the Corporation shall not be entitled to deliver a Draw-Down Notice to the Purchaser and the Purchaser shall not be required to purchase any Subscription Shares so long as any portion of such "equity line" form of financing remains outstanding.
- (h) Capital Raising Limitations. Notwithstanding anything to the contrary herein, if the Corporation issues any Variable Equity Securities (as defined below) anytime after the date hereof, the Corporation shall not be entitled to deliver a Draw-Down Notice to the Purchaser and the Purchaser shall not be required to purchase any Subscription Shares so long as any portion of such Variable Equity Securities (as defined below) remain outstanding. For purposes hereof, the following shall be collectively referred to herein as, the "**Equity Securities**": (i) Common Shares or any other equity securities, (ii) any debt or equity securities which are convertible into, exercisable or exchangeable for, or carry the right to receive additional Common Shares or other equity securities, or (iii) any securities of the Corporation pursuant to an equity line structure or format similar in nature to this Offering. For purposes hereof, the following shall be collectively referred to herein as, the "**Variable Equity Securities**": any debt or Equity Securities which are convertible into, exercisable or exchangeable for, or carry the right to receive additional Common Shares either (i) at any conversion, exercise or exchange rate or other price that

is based upon and/or varies with the trading prices of or quotations for Common Shares at any time after the initial issuance of such debt or equity security, or (ii) with a fixed conversion, exercise or exchange price that is subject to being reset at some future date at any time after the initial issuance of such debt or equity security or upon the occurrence of specified contingent events directly or indirectly related to the business of the Corporation or the market for the Common Shares.

- (i) Purchaser's Financing Right. For any private capital raising transactions of Equity Securities which close after the date hereof and on or prior to the date that is sixty (60) days after the date on which this Agreement terminates, the Corporation agrees to deliver to Purchaser, at least ten (10) days prior to the closing of such transaction, written notice describing the proposed transaction, including the terms and conditions thereof, and providing the Purchaser and its affiliates an option (the "**Financing Right**") during the ten (10) day period following delivery of such notice to purchase an equivalent number of Equity Securities being offered to other parties in such transaction on the same terms as contemplated by such transaction.
- (j) Exceptions to Financing Right. Notwithstanding the above, the Financing Right shall not apply to any transaction involving issuances of securities by the Corporation to an entity (or the security holders of such entity) being acquired by the Corporation, as payment to such entity (or its security holders) for such acquisition, in connection with a merger, amalgamation, consolidation, acquisition or sale of assets, or in connection with any strategic partnership or joint venture (the primary purpose of which is not to raise equity capital), or in connection with the disposition or acquisition of a business, product or license by the Corporation or exercise of options by employees, or directors, of the Corporation, or a primary underwritten offering of the Corporation's Common Shares. The Financing Right also shall not apply to (a) the issuance of securities upon exercise or conversion of the Corporation's options, warrants or other convertible securities outstanding as of the date hereof, (b) the grant of additional options or warrants, or the issuance of additional securities, under any Corporation stock option or restricted stock plan for the benefit of the Corporation's employees or directors, or (c) the issuance of debt securities, with no equity feature, incurred solely for working capital purposes.
- (k) Issuance of Securities during Tranche-Pricing Periods and Lock Up. The Corporation agrees that, except as required pursuant to the terms of this Agreement or any previously-issued Convertible Securities, it will not issue any Common Shares or any other securities of the Corporation during any Tranche-Pricing Period and for the five (5) consecutive Trading Days immediately preceding and immediately following such Tranche-Pricing Period. The Corporation shall cause its officers, Directors and any other persons under control of the Corporation, to refrain from selling Common Shares during each Tranche-Pricing Period, and the Corporation shall use its best efforts to cause other insiders or affiliates to refrain from selling any Common Shares during each Tranche-Pricing Period.
- (l) TSX Venture Exchange and Securities Commission Requirements. The Corporation shall provide the Exchange and the Securities Commissions with such information, undertakings, assurances and documentation as may be stipulated by the Exchange in the Exchange Letter or the Securities Commissions in the ASC Relief, respectively, or otherwise in connection with the transactions contemplated herein.
- (m) Access to Information. Subject to section 6.2 hereof, at all times the Corporation shall provide the Purchaser and its representatives with access to the minute books, material contracts, corporate records and any other document or information reasonably requested

by the Purchaser in connection with the conduct of the Purchaser's due-diligence investigations with respect to, and the Purchaser's review of, any Draw Down, Preliminary Prospectus or Final Prospectus. The Purchaser and its advisors shall also be afforded the opportunity to ask questions to the Corporation and its management, as appropriate.

- (n) Maximum Number of Shares. The Corporation may not and will not issue to the Purchaser hereunder a number of Purchaser's Shares that is greater than the Trading-Market Limit.
- (o) Material Non-Public Information. Notwithstanding any other provision of this Agreement, the Corporation shall not deliver a Draw-Down Notice during the period beginning ten (10) Trading Days before the Corporation's next subsequent annual financial statements or quarterly financial statements are to be publicly released and ending two (2) Trading Days after such report is released, or during any other period in which the Corporation is in possession of material non-public information.
- (p) Non-Exchange Quotation or Listing. If, after the date hereof, and subject to the express written consent of the Purchaser, any marketable securities of the Corporation become listed or posted for trading on, or if the Corporation becomes listed on, any stock exchange or other financial market other than the Exchange, the Corporation shall deliver to the Purchaser a legal opinion in form satisfactory to the Purchaser duly executed by the Corporation's legal counsel in the relevant jurisdiction or jurisdictions and dated the date of the Settlement Date that the issue of the Subscription Shares:
  - (i) does not contravene any provision of any agreement to which the Corporation is a party;
  - (ii) does not contravene any provision of any applicable law of the relevant jurisdiction or jurisdictions;
  - (iii) does not contravene any judicial order;
  - (iv) does not contravene any provision of any corporate consent, contractual consent or government consent relating to the Corporation or the issue of the Subscription Shares; or
  - (v) does not adversely effect the Purchaser's right to purchase, receive and resell the Subscription Shares and Fee Shares as contemplated in this Agreement, without any additional resale restrictions or restrictions on pricing.
- (q) Opinion of Counsel. As promptly as practicable but in any event within one (1) business day of any such request by the Corporation's transfer agent, the Corporation shall obtain, at the Corporation's expense, any and all opinions of counsel which may be required by the Corporation's transfer agent from time to time to issue Subscription Shares free of restrictive legends, or to remove legends from such Subscription Shares, in each case provided that the Prospectus is effective or such Subscription Shares may otherwise be sold by the Purchaser in accordance with the Securities Laws.
- (r) Litigation. Promptly following the commencement thereof, the Corporation shall provide the Purchaser written notice and a description in reasonable detail of any litigation or proceeding to which the Corporation or the Subsidiary is a party in which the amount

involved is \$100,000 or more and which is not covered by insurance or in which injunctive or similar relief is sought, or where the litigation should reasonably be considered by the Corporation as material to its ongoing business operations, regardless of amount.

- (s) Trading by Purchaser. The Corporation agrees and acknowledges that, upon their issuance, the Purchaser's Shares shall be immediately resellable without resale restrictions imposed by the Securities Laws and that the Purchaser may sell the Purchaser's Shares, without any resale restrictions imposed by the Securities Laws, at any time after their issuance, including but not limited to during any Tranche-Pricing Period (subject to any restrictions imposed by the ASC Relief, and except that it may not sell during the time after receipt of a Draw-Down Notice until receipt of the associated Press Release), and that it may freely short sell Purchaser's Shares, without any restriction, before their issuance in Permitted Short Sales (as defined herein) and may resell Purchaser's Shares in Permitted Advance Long Sales, including but not limited to during any Tranche-Pricing Period (subject to any restrictions imposed by the ASC Relief limiting the number or dollar amount of Shares that the Purchaser may sell during a Tranche-Pricing Period, so long as such restrictions do not prohibit the Purchaser from selling at least a number of Common Shares equal to at least the number of Purchaser's Shares to be purchased by the Purchaser pursuant to such Tranche).

## 6.2 Non-Public Information.

- (a) Prohibition. The Corporation must not directly or indirectly at any time from the date of this Agreement, without the prior consent of the Purchaser, disclose material non-public information to the Purchaser.
- (b) Review Procedure. If the Corporation wants to disclose material non-public information to the Purchaser with the prior consent of the Purchaser, the Corporation must identify such information as being material non-public information and provide the Purchaser with the opportunity to accept or refuse to accept such material non-public information for review.

## 6.3 Covenants of the Purchaser.

The Purchaser covenants with the Corporation as follows:

- (a) Non-arm's Length Party. The Purchaser will not enter into an agreement or arrangement of any kind, written or otherwise with a Non-arm's Length Party, to sell any Subscription Shares to such Non-arm's Length Party.
- (b) No Voting Trust Agreement. The Purchaser shall not enter into any agreement or arrangement with the Corporation regarding the voting of any outstanding securities of the Corporation beneficially owned by the Purchaser, directly or indirectly.
- (c) Securities Commission Requirements. The Purchaser shall provide the Securities Commissions and the Exchange with such information, undertakings, assurances and documentation as may be stipulated in the ASC Relief and the Exchange Letter in connection with the transactions contemplated herein.
- (d) Confidentiality. The Purchaser shall not, and shall cause its Trading Affiliates not to, engage, directly or indirectly, in any transactions in the Corporation's securities

(including, without limitation, any short sales involving the Corporation's securities) during the period from the date hereof until the earlier of such time as (i) the transactions contemplated by this Agreement are first publicly announced by the Corporation, or (ii) this Agreement is terminated in full pursuant to Article IX below. The Purchaser covenants that until such time as the transactions contemplated by this Agreement are publicly announced by the Corporation, the Purchaser will maintain the confidentiality of the existence and terms of this transaction. The Corporation agrees to publicly announce the transactions contemplated by this Agreement not later than five (5) Business Days after the Effective Date hereof and if the Corporation shall fail to do so, the Corporation hereby authorizes the Purchaser to make its own public announcement of the transactions contemplated by this Agreement.

- (e) Selling Restrictions. The Purchaser covenants that from and after the date hereof until the termination of this Agreement (the "**Restricted Period**"), the Purchaser and its Trading Affiliates shall not hold a Net Short Position in the Common Shares. For purposes hereof, a "**Net Short Position**" means that the Purchaser's Aggregate Sold Shares exceeds the Purchaser's Aggregate Deemed Purchased Shares, where for purposes hereof: (A) "**Purchaser's Aggregate Sold Shares**" shall mean the total number of Common Shares sold by the Purchaser Group or for which the Purchaser has granted any right or option to purchase Common Shares since the Effective Date, whether through long sales, covered long sales of Common Shares that the Purchaser has an obligation to purchase but which have not yet been issued, borrowed short sales of Common Shares, or Common Shares otherwise disposed for value, and (B) "**Purchaser's Aggregate Deemed Purchased Shares**" shall mean the total number of Common Shares purchased or acquired by the Purchaser or for which the Purchaser Group has acquired any right to acquire since the Effective Date, whether purchased from the Corporation as Subscription Shares, issued by the Corporation as Fee Shares, bought by the Purchaser in the open market to cover a borrowed short sale, or Common Shares otherwise acquired, plus the total number of Subscription Shares and Fee Shares that are issuable to the Purchaser pursuant to any Tranche in respect of which the Tranche Commencement Date has occurred but the Settlement Date has not yet occurred. Prior to and during the Restricted Period, the Purchaser shall not grant any option to purchase or acquire any right to dispose or otherwise dispose for value of any securities of the Corporation or any securities convertible into or exercisable or exchangeable for, or warrants to purchase, any securities of the Corporation, or enter into any swap, hedge or other agreement that transfers, in whole or in part, the economic risk of ownership of any securities of the Corporation, except for such sales expressly permitted by this section 6.3(e). Notwithstanding the foregoing, the Purchaser may ("**Permitted Short Sales**"), after the receipt of a Draw-Down Notice, sell or short-sell Shares to be subscribed for under the Draw Down, or engage in hedging strategies, in order to reduce the economic risk associated with its commitment to subscribe for Shares, provided that:

- (i) the Purchaser complies with applicable rules of the Exchange and applicable Securities Laws;
- (ii) notwithstanding the foregoing, the Purchaser Group will not, directly or indirectly, sell Shares or grant any right to purchase or acquire any right to dispose of, nor otherwise dispose for value of, any Shares or any securities convertible into or exchangeable for, any Shares, between the time of delivery of a Draw-Down Notice and the filing of the Press Release announcing the Draw Down (the "**Press Release Selling Restrictions**"), provided that if the Press



Release in respect of the Draw-Down Notice is not issued and filed by 3:00 p.m. Mountain Standard Time on the Trading Day following the delivery of the Draw-Down Notice, the Corporation shall be deemed to have withdrawn the Draw-Down Notice and the restrictions in this section 6.3(e)(ii) shall cease to apply; and

- (iii) provided that such Permitted Short Sales do not result in the Purchaser Group holding a Net Short Position at any time during the term of this Agreement.
- (f) Limit of Ownership. The Purchaser, directly or indirectly, together with any member of the Purchaser's Group, shall not be required to purchase and shall not purchase Common Shares that would result in the Purchaser's Group owning Common Shares representing more than 9.9% of all issued and outstanding Common Shares from time to time, and the Corporation shall not be entitled to require the Purchaser to purchase Subscription Shares to the extent that such purchase would cause the Purchaser to exceed the above referenced ownership limitation.
- (g) Restrictions on Resales. In effecting any resales of Subscription Shares, the Purchaser will cause the Purchaser's Group not to engage in any sales, marketing or solicitation activities of the type undertaken by underwriters in the context of a public offering. The Purchaser will cause the Purchaser's Group not to:
  - (i) advertise or otherwise hold itself out as a dealer;
  - (ii) purchase or sell securities as principal from or to customers;
  - (iii) carry a dealer inventory in securities;
  - (iv) quote a market in securities;
  - (v) extend or arrange for the extension of credit in connection with securities transactions;
  - (vi) run a book of repurchase and reverse-repurchase agreements;
  - (vii) use a carrying broker (as such term is used by IIROC) for securities transactions;
  - (viii) lend securities to customers;
  - (ix) guarantee contract performance or indemnify the Corporation for any loss or liability from the failure of the transaction to be successfully consummated;
  - (x) participate in a selling group;
  - (xi) effect any disposition of Subscription Shares which would not be in compliance with applicable Securities Laws and U.S. Securities Laws;
  - (xii) provide investment advice; or
  - (xiii) issue or originate securities.

- (h) Unaffiliated Dealer. The Purchaser will not solicit offers to purchase Common Shares and will effect all sales of Common Shares through a dealer unaffiliated with the Purchaser's Group and the Corporation and appropriately registered under applicable Securities Laws (collectively, "**Regular Sales**").
- (i) United States Resale Restrictions. The Purchaser will not transfer the Subscription Shares other than (A) to the Corporation, (B) outside the United States in accordance with Regulation S and pursuant to applicable laws (including applicable Securities Laws), Exchange policy, and the terms of this Agreement, (C) within the United States in accordance with the exemption from registration under the 1933 Act provided by Rule 144 thereunder, if available, and in compliance with any applicable state securities laws, or (D) in a transaction that does not require registration under the 1933 Act or any applicable United States state laws and regulations governing the offer and sale of securities and the Purchaser has furnished to the Corporation an opinion of counsel of recognized standing reasonably satisfactory to the Corporation.

## ARTICLE VII - CONDITIONS TO INITIAL CLOSING AND DRAW DOWNS

### 7.1 Conditions Precedent to the Obligation of the Corporation to Close at the Initial Closing.

The obligation hereunder of the Corporation to perform its obligations under this Agreement is subject to the satisfaction or waiver, on or before the date of the Initial Closing, of each of the conditions set forth below. These conditions are for the Corporation's sole benefit and may be waived, in whole or in part, by the Corporation, except for the conditions set forth in sections 7.1(c) and (d) hereof, at any time in its sole discretion:

- (a) Accuracy of the Purchaser's Representation and Warranties. Each of the representations and warranties of the Purchaser shall be true and correct in all material respects (or, if qualified by materiality, in all respects) as of the date when made and as at the date of the Initial Closing as though made at that time, except for the representations and warranties that speak as of a particular date.
- (b) Performance by the Purchaser. The Purchaser shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Purchaser on or prior to the date of the Initial Closing.
- (c) No Injunction. No statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.
- (d) Approvals. The ASC Relief, the ASC Decision Document respecting the Final Prospectus and all Exchange, regulatory, corporate and shareholder approvals or consents required to be obtained in respect of the subject issuance shall have been obtained and be in full force and effect.

### 7.2 Conditions Precedent to the Obligation of the Purchaser to Close at the Initial Closing.

The obligation hereunder of the Purchaser to perform its obligations under this Agreement is subject to the satisfaction or waiver, on or before the date of the Initial Closing, of each of the conditions set forth

below. These conditions are for the Purchaser's sole benefit and may be waived, in whole or in part, by the Purchaser, except for the conditions set forth in section 7.2(c) hereof, at any time in its sole discretion:

- (a) Accuracy of the Corporation's Representation and Warranties. Each of the representations and warranties of the Corporation shall be true and correct in all material respects (or, if qualified by materiality, in all respects) as of the date when made and as at the date of the Initial Closing as though made at that time, except for the representations and warranties that speak as of a particular date.
- (b) Performance by the Corporation. The Corporation shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation on or prior to the date of the Initial Closing.
- (c) No Injunction. No statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.
- (d) No Proceedings or Litigation. No action, suit or proceeding before any court, arbitrator or any governmental authority shall have been commenced, and no investigation by any governmental authority shall have been threatened, against the Purchaser, the Corporation or any of their respective officers, directors or affiliates seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking damages in connection with such transactions.
- (e) Officer's Certificate. At the Initial Closing, the Corporation shall have delivered an executed officer's certificate addressed to the Purchaser, dated the date of the Initial Closing, substantially in the form of Schedule "C" hereto.
- (f) Opinions of Counsel. At the Initial Closing, the Purchaser shall have received a favourable legal opinion from the Corporation's Authorized Law Firm, counsel to the Corporation, addressed to the Purchaser and the Purchaser's counsel, dated the date of the Initial Closing, substantially in the form of Schedule "D" hereto. In giving the portions of such opinions that relate to the Securities Laws of any province in which counsel to the Corporation is not licensed or qualified to practice law, counsel to the Corporation shall be entitled to rely, to the extent appropriate in the circumstances, upon local counsel (such local counsel to have been approved by the Purchaser), and shall be entitled as to matters of fact to rely upon a certificate of fact from officers of the Corporation in a position to have knowledge of such facts and their accuracy after due inquiry.
- (g) Comfort Letter from Auditor. Concurrently with the filing of the Final Prospectus with the Securities Commissions, a "long form" comfort letter (a "**Comfort Letter**") dated the date of the Final Prospectus, in form and substance satisfactory to the Purchaser, acting reasonably, addressed to the Purchaser from the Corporation's Authorized Auditor with respect to financial and accounting information contained in or incorporated by reference into the Final Prospectus, which letter shall be based on a review by the Corporation's Authorized Auditor within a cut-off date of not more than one Trading Day prior to the date of the letter.
- (h) Approvals. The ASC Relief, the ASC Decision Document respecting the Final Prospectus and any Renewal Prospectus and all Exchange, regulatory, corporate and

shareholder approvals or consents required to be obtained in respect of the subject issuance shall have been obtained and be in full force and effect. The Directors shall have authorized and approved this Agreement and any other agreements pursuant to which the Subscription Shares are to be issued, the issuance of the Subscription Shares (with respect to the issuance of the Subscription Shares, as fully-paid and non-assessable Common Shares) and all matters relating to the foregoing.

- (i) Consolidation; Merger. The Corporation shall not have announced or the Directors of the Corporation shall not have taken any action to effect any Major Transaction.

7.3 Conditions Precedent to the Obligation of the Purchaser to Accept a Draw Down and Purchase Subscription Shares.

The obligation hereunder of the Purchaser to accept a Draw Down request and to acquire and pay for the Subscription Shares to the extent of such Draw Down request will be subject to the satisfaction, both on the date of the applicable Draw-Down Notice and each applicable Settlement Date in respect of each Tranche pursuant to such Draw-Down Notice, of each of the conditions set forth below. These conditions are for the Purchaser's sole benefit and may be waived, in whole or in part, by the Purchaser at any time in its sole discretion:

- (a) Accuracy of the Corporation's Representation and Warranties. Each of the representations and warranties of the Corporation shall be true and correct in all material respects (or, if qualified by materiality, in all respects) as of the date when made and as of each applicable Tranche Commencement Date and Settlement Date as though made at that time, except for the representations and warranties that speak as of a particular date.
- (b) Performance by the Corporation. The Corporation shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation at or prior to each applicable Tranche Commencement Date and Settlement Date.
- (c) No Suspension. Trading in the Common Shares shall not have been suspended by any of the Securities Commissions or the Exchange (except for any suspension of trading of limited duration agreed to by the Corporation, which suspension shall have been terminated prior to the delivery of such Draw-Down Notice), and, at any time prior to such Draw-Down Notice, trading in securities generally as reported on the Exchange shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported on the Exchange unless the general suspension or limitation shall have been terminated prior to the delivery of such Draw-Down Notice.
- (d) No Proceedings or Litigation. No action, suit or proceeding before any court, arbitrator or any governmental authority shall have been commenced, and no investigation by any governmental authority shall have been threatened, against the Purchaser, the Corporation or any of their respective officers, directors or affiliates seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking damages in connection with such transactions.
- (e) No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.

- (f) Draw-Down Notice. The Corporation shall have duly delivered to the Purchaser and the Exchange, a Draw-Down Notice pursuant to Article VIII hereof.
- (g) Approvals. The ASC Relief, the ASC Decision Document respecting the Final Prospectus and any Renewal Prospectus required to be filed to qualify the distribution of the Subscription Shares and Fee Shares, if applicable, and all Exchange, regulatory, corporate and shareholder approvals or consents required to be obtained in respect of the subject issuance shall have been obtained and shall be in full force and effect.
- (h) Press Release. The Press Release announcing a Draw-Down Notice shall have been filed as soon as possible after issuance of the Draw-Down Notice and not later than 3:00 p.m. Mountain Standard Time on the Trading Day following delivery of the Draw-Down Notice (the “**Press Release Deadline**”), and the Tranche-Price Period shall not commence unless the Press Release has been filed by the Press Release Deadline.
- (i) Major Transaction. Following delivery by the Corporation of a Draw-Down Notice and for the five (5) consecutive Trading Days immediately preceding such Draw-Down Notice and immediately following the final Settlement Date in respect of such Draw-Down Notice, the Corporation shall not have announced or the Directors of the Corporation shall not have taken any action to effect any Major Transaction.
- (j) No Change in Common Shares. None of the following shall have occurred:
  - (i) the Corporation has announced a subdivision or combination, including a reverse split, of its Common Shares or has subdivided or combined its Common Shares anytime during the period from beginning five (5) Business Days prior to the date of a Draw Down Date and ending five (5) Business Days after the Settlement Date of any Draw Down;
  - (ii) the Corporation has paid a dividend of its Common Shares or has made any other distribution of its Common Shares; or
  - (iii) the Corporation has made a distribution of all or any portion of its assets or evidences of indebtedness to the holders of its Common Shares;
- (j) Time Since Prior Draw-Down Notice. At least five (5) Trading Days shall have passed since the final Tranche-Pricing Period of the previous Draw Down until the date of the Draw-Down Notice for the proposed Draw Down.
- (k) Trading-Market Limit. The issuance of the Subscription Shares pursuant to the proposed Draw Down would not exceed the Trading-Market Limit.
- (l) 9.9% Limit Not Exceeded. The aggregate number of Purchaser’s Shares to be issued pursuant to the Proposed Draw Down, when combined with the number of Common Shares then beneficially owned by the Purchaser Group would not result in the Purchaser Group beneficially owning more than 9.9% of the outstanding Common Shares, as determined in accordance with section 8.1(h).
- (m) CDS Eligible. The Purchaser’s Shares to be delivered to the Purchaser are eligible to be deposited with the CDS Clearing and Depository Services Inc. and can be immediately converted into electronic form.

- (n) Fees. The Corporation shall have paid to the Purchaser the portion of the Fees that are then due to the Purchaser by issuing to the Purchaser the applicable portion of the Fee Shares, or by making the applicable cash payment pursuant to section 11.1(a).
- (o) Initial Closing. An Initial Closing shall have occurred.
- (p) Permitted Discount. The Permitted Discount, as defined herein, shall not be less than 15%.
- (q) Withholding Taxes. With respect to the first Draw-Down Notice, the Corporation shall certify to the Purchaser, in writing, that the issuances of shares to, and payments to, the Purchaser will not be subject to any withholding of Taxes of any kinds, including but not limited to withholdings imposed under the *Income Tax Act* (Canada) or any other provincial tax statute or law, in conjunction with a Draw Down, the issuance of the Subscription Shares, the issuance of the Fee Shares, or otherwise, and shall promptly advise the Purchaser if the Purchaser shall thereafter become subject to any such withholding taxes.
- (r) Prior Shares Delivered. The Corporation shall have delivered to the Purchaser all Subscription Shares and Fee Shares that the Purchaser is entitled to receive from prior Draw Downs, and shall have paid any accrued and unpaid Late Delivery Fees to the Purchaser, in full.
- (s) VWAP is Less than \$0.05. The Corporation shall not submit a Draw-Down Notice, and no Draw Down shall be permitted, if the VWAP for the five (5) trading days immediately preceding the proposed date of delivery of the Draw-Down Notice is less than \$0.05.
- (t) No Line Termination. No Line Termination shall have occurred.
- (u) No Selling Restrictions. At no time shall the Purchaser have been prevented or prohibited by the Corporation, the Exchange Letter, the ASC Relief or otherwise from selling the Purchaser's Shares through the facilities of the Exchange without any resale restrictions imposed by U.S. Securities Laws or the Securities Laws, including (i) Regular Sales of previously issued Purchaser's Shares, during a Tranche-Pricing Period or otherwise, and (ii) Permitted Short Sales.
- (v) Shares Listed. The Purchaser's Shares to be issued in the Draw Down, along with all Fee Shares shall have been listed and posted for trading on the Exchange prior to the Corporation's delivery of a Draw-Down Notice, subject only to the requirement that the Corporation file with the Exchange any documents required by the Exchange Letter which can only be filed after the applicable Settlement Date.
- (w) No Resale Restrictions. The resale of Subscription Shares or Fee Shares by the Purchaser through the facilities of the Exchange in Regular Sales shall not be subject to any restrictions under the Securities Laws, U.S. Securities Laws, the policies of the Exchange or the terms of this Agreement, and for the purpose of U.S. Securities Laws such Subscription Shares or Fee Shares as restricted securities under U.S. Securities Laws, shall be considered to have been transferred outside the United States in accordance with Regulation S.
- (x) Prospectus Opinion of Counsel. If the aggregate of the Adjusted Investment Amount for the applicable Draw-Down Notice together with the Investment Amount for all prior

Draw-Down Notices since the most recent Prospectus Opinion of Counsel from the Corporation's Authorized Law Firm is greater than \$500,000 or if more than six (6) months have passed since the date of the last Prospectus Opinion of Counsel to the Purchaser, then the Corporation's Authorized Law Firm shall have issued a Prospectus Opinion of Counsel, dated the date of the applicable Draw-Down Notice, addressed to the Purchaser and the Purchaser's counsel, dated the date of the applicable Draw-Down Notice, substantially in the form of Schedule "F" hereto, which shall provide, inter alia, that, as of the date of the applicable Draw-Down Notice, the Final Prospectus together with any Renewal Prospectus is current (except as the Final Prospectus may be supplemented in connection with the related Draw Down) and effective to qualify the distribution of the Subscription Shares and the Fee Shares in each of the Designated Provinces and that all information and statements contained in the Final Prospectus and any Renewal Prospectus will be, as of the date of the applicable Draw-Down Notice (except as the Final Prospectus may be supplemented in connection with the related Draw Down) and as of each applicable Settlement Date, as the case may be, and on all dates in between and until the Purchaser has sold all Subscription Shares or Fee Shares or, if sooner, through the termination of this Agreement, true and correct in all material respects and will contain no misrepresentation, and will constitute full, true and plain disclosure of all material facts relating to the Corporation and will not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made. The Corporation shall cause its Authorized Law Firm to provide a copy of its Authorized Legal Liability Policy to the Investor and shall cause its Authorized Auditor to provide the Investor with a copy of its Authorized Auditor Liability Policy each time the Investor requests a copy, promptly following each time that the Corporation changes its Authorized Law Firm or Authorized Auditor, and promptly following each time that the liability policy coverage of either the Authorized Law Firm or Authorized Auditor materially changes.

- (y) Comfort Letter. If the aggregate of the Adjusted Investment Amounts for the applicable Draw-Down Notice together with the Investment Amount for all prior Draw-Down Notices since the most recent Comfort Letter issued by the Corporation's Authorized Auditor is greater than \$500,000 or if more than six (6) months have passed since the date of the last Comfort Letter to the Purchaser, then the Corporation's Authorized Auditors shall have issued a Comfort Letter to the Purchaser dated the date of the applicable Draw-Down Notice, in form and substance satisfactory to the Purchaser, acting reasonably, with respect to financial and accounting information contained in or incorporated by reference into the Final Prospectus, which letter shall be based on a review by the Corporation's Authorized Auditor within a cut-off date of not more than one Trading Day prior to the date of the applicable Draw-Down Notice.
- (z) Officers' Certificate. At the date of the applicable Draw-Down Notice, the Corporation shall have delivered an executed officer's certificate addressed to the Purchaser, dated the date of the applicable Draw-Down Notice, substantially in the form of Schedule "C" hereto.
- (aa) No Event of Failure. No Event of Failure shall be in effect as of the date of the Draw Down Notice or as of any date during the Draw Down.
- (bb) Cash Fees. The Corporation shall have paid to the Purchaser (1) any Redemption Price Upon Event of Failure, (2) any Late Delivery Fees, (3) any Buy-In amounts, (4) any Fees

that are then due and payable in cash, and (5) any other cash amounts that are due and owing to the Purchaser under this Agreement.

- (cc) Listing of Purchaser's Shares. The Exchange shall have conditionally approved the listing of the Fee Shares and the Subscription Shares issuable upon the completion of Draw Downs as contemplated hereunder and except as noted in any of the Exchange's conditional listing approval letters (collectively, the "**Exchange Letter**"), no other Exchange approvals will be required prior to the issuance or the resale of the Fee Shares and Subscription Shares.
- (dd) No Restrictions on Resales. Any and all Purchaser's Shares that have been issued to the Purchaser in the past or are issuable to the Purchaser in conjunction with the current Draw Down shall be Freely Tradeable and there shall be no restriction (either from the Securities Commissions, the Exchange, the Securities Laws, the U.S. Securities Laws or otherwise) which prohibits the Purchaser from selling any of its Purchaser's Shares in Regular Sales by the Purchaser into the Exchange at any time, including but not limited during any Tranche-Pricing Period, other than a restriction (if so required by the ASC Relief or the ASC Decision Document), which limits the number of shares that the Purchaser can sell during a Draw Down to a number of shares not to exceed the number of shares to be purchased in the Draw Down.

## ARTICLE VIII - DRAW DOWN TERMS

### 8.1 Draw-Down Terms.

Subject to the satisfaction of the conditions and subject to the limitations set forth in this Agreement:

- (a) provided that the Corporation has received all prior written approvals from the Exchange and the Securities Commissions, the Corporation will be entitled, in its sole discretion, to exercise a draw down (a "**Draw Down**") and issue a Draw-Down Notice, in the form of Schedule "A" hereto (a "**Draw-Down Notice**"), which Draw Down the Purchaser will be obligated to accept during the Commitment Period, subject to the conditions and limitations set forth in this Agreement. In the Draw-Down Notice, the Corporation shall specify, among other things, the maximum dollar amount of the Draw Down and the Minimum Price of the Draw Down. The Draw-Down Notice shall be dated as of the date that it is delivered to the Purchaser.
- (b) the Corporation shall inform the Purchaser, the Market Surveillance division of Investment Industry Regulatory Organization of Canada and, if requested to do so, the Securities Commissions of a Draw Down by delivering the Draw-Down Notice to the Purchaser and such other entities, via facsimile or other acceptable electronic transmission with receipt confirmed, as to the maximum dollar amount of the Draw Down (the "**Corporation Specified Maximum Draw Down Investment Amount**") the Corporation wishes to exercise at, or prior to, 3:00 p.m. (Mountain Standard Time) on the Trading Day prior to the Draw Down Commencement Date, provided that the Corporation Specified Maximum Draw Down Investment Amount shall not exceed the Maximum Allowable Draw Down Investment Amount. The Draw Down Commencement Date shall occur on the Trading Day immediately following the date that the Draw-Down Notice is delivered to the Purchases, provided that if the associated Press Release has not been issued by 3:00 p.m. Mountain Standard Time on the Trading Day following the date that the Draw-Down Notice is delivered to the Purchaser, then the Draw-Down Notice



shall be deemed to have been automatically withdrawn (and the Corporation shall promptly notify the Purchaser in writing) and the Draw Down shall not commence, and the Corporation may not submit another Draw-Down Notice for at least another five (5) Trading Days.

- (c) after the Corporation exercises a Draw Down hereunder, it may not deliver additional Draw-Down Notices until the Purchaser has confirmed the receipt of (i) the full amount of the Subscription Shares in relation to any previous Draw Down and (ii) any Late Share Delivery Fees. Upon receipt of a Draw-Down Notice, the Purchaser shall be irrevocably bound to purchase the Subscription Shares pursuant to such Draw-Down Notice in accordance with the terms and conditions of this Agreement. The number of Subscription Shares that the Purchaser is required to purchase with respect to each Tranche of a Draw Down (the **“Tranche Subscription Share Amount”**) shall equal the lesser of (i) the Maximum Tranche Share Amount, and (ii) the Tranche Share Volume Limit, subject in all cases, to the Trading-Market Limit and the 9.9% Limitation. During the Tranche-Pricing Period for which the conditions set forth in section 7.3 have been satisfied, the Purchaser and the Corporation shall have an unconditional contract for the purchase and sale of the Subscription Shares pursuant to this Agreement with delivery of such Subscription Shares to take place on the relevant Settlement Date (as set forth below).
- (d) at the end of each Draw Down, the Corporation shall calculate a Purchaser Credit Amount. For each Draw Down that occurs while there is an accrued and unapplied Purchaser Credit Amount, an amount of the accrued and unapplied Purchaser Credit Amount equal to the Maximum Tranche Credit Amount (the **“Applied Purchaser Credit Amount”**) shall be applied toward the Purchaser’s payment of the Tranche Investment Amount such that the aggregate Tranche Purchase Price Per Share that the Purchaser Shall be required to pay for the Tranche Subscription Share Amount of Subscription Shares shall equal the Tranche Investment Amount minus the Applied Purchaser Credit Amount, if any (the **“Adjusted Tranche Investment Amount”**) and the purchase price per share for the Tranche Investment Amount of shares shall equal the Adjusted Tranche Purchase Price Per Share, provided that the Applied Purchaser Credit Amount shall be adjusted as necessary such that the Adjusted Tranche Purchase Price Per Share shall not be less than the Exchange Minimum Price. For purposes of clarity, if the calculation of the Purchaser Credit Amount yields a negative amount (a **“Purchaser Debit Amount”**), then the absolute value of such amount shall (i) first be applied to reduce the amount of any accrued and unapplied Purchaser Credit Amount and (ii) if any Purchaser Debit Amount thereafter remains, such amount shall be added to the Tranche Investment Amount for the first Tranche of the next Draw Down. The application of any Applied Purchaser Credit Amount shall take precedence over the issuance of any Commitment Shares, and no Commitment Shares shall be issued until after there remains not accrued and unapplied Purchaser Credit Amount

On the 4<sup>th</sup> Trading Day after each Tranche-Pricing Period commences (the **“Share Availability Deadline”**), the Corporation shall make all of the Subscription Shares and Fee Shares that are required to be issued in conjunction with a given Tranche (the **“Issuable Tranche Shares”**) Electronically Available (as defined below) for immediate delivery to the Purchaser, without any legends restricting the transfer thereof, subject to payment of the Adjusted Tranche Investment Amount. For purposes hereof, Purchaser’s Shares shall be deemed to be **“Electronically Available”** if the Corporation (i) shall have taken all necessary action to make such shares available for immediate delivery to the

Purchaser from Clearing and Depository Services, Inc. (“CDS”), without any restrictions on transfer and without any legends restricting the transfer thereof, subject to payment by the Purchaser of the Adjusted Tranche Investment Amount, such that the Purchaser’s IIROC approved broker can cause CDS to immediately transfer such shares to the Purchaser’s account by placing a corresponding request with CDS and making payment of the Adjusted Tranche Investment Amount, and (ii) shall have notified the Purchaser or its broker in writing that such shares are Electronically Available (“**Notification of Electronic Share Availability**”). Within one Trading Day of the Purchaser’s receipt of the Notification of Electronic Share Availability, the Purchaser shall pay the Adjusted Tranche Investment Amount as payment for the Purchaser’s Shares issuable in conjunction with the Tranche and simultaneously upon receipt of such payment the Corporation shall deliver, or shall cause CDS to deliver, all of the Issuable Shares to the Purchaser (the date of each such settlement is referred to as a “**Settlement Date**”).

- (e) in the event that the requisite number of Issuable Tranche Shares shall not have been made immediately Electronically Available (as defined herein) to the Purchaser, with no restrictive legends and no restrictions on resale, by the applicable Share Availability Deadline, or if the Issuable Tranche Shares delivered to the Purchaser are not Freely Tradeable (as defined in Section 1.1 hereof) by the date that is two (2) Trading Days following the Settlement Date (the “**Free Trading Deadline**”), in each such case the Corporation shall pay to the Purchaser an amount equal to \$500 for each \$10,000 worth of Subscription Shares (i) for each Trading Day for which the Issuable Tranche Shares have not been made Electronically Available by the Share Availability Deadline, until such shares are made Electronically Available and (ii) for each additional Trading Day, if any, after the Free Trading Deadline for which such Issuable Tranche Shares are not Freely Tradeable (collectively, “**Late Delivery Fees**”). Any Late Delivery Fees shall be due and payable within two Trading Days of the date they accrued.
- (f) in addition to any other rights available to the Purchaser, if the Corporation fails for any reason to make the requisite number of Issuable Tranche Shares Electronically Available to the Purchaser and Freely Tradeable (as defined in Section 1.1 hereof), excluding resale restrictions imposed by U.S. Securities Laws, and free from any restrictive legends, and properly covered by a valid **Base Shelf Prospectus**, by the applicable Share Availability Deadline pursuant to Section 8.1(d) above, or if such Subscription Shares are not properly listed and quoted for resale on the **Exchange** by no later than on the second Business Day immediately after a Settlement Date, and if after such Share Availability Deadline the Purchaser is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Purchaser’s brokerage firm otherwise purchases, Common Shares to deliver in satisfaction of a sale by the Purchaser of the Subscription Shares which the Purchaser was entitled to receive upon payment of the applicable Adjusted Tranche Investment Amount on the applicable Share Availability Deadline (each, a “**Buy-In**”), then the Corporation shall (A) pay in cash to the Purchaser (in addition to any other remedies available to or elected by the Purchaser) the amount by which (x) the Purchaser’s total purchase price (including any brokerage commissions) for the Common Shares so purchased exceeds (y) the product of (1) the aggregate number of Common Shares so purchased multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Purchaser, if applicable, deliver to the Purchaser the number of Common Shares that would have been issued if the Corporation had timely complied with its delivery requirements under section 8.1(c). For example, if the Purchaser purchases Common Shares having a total purchase price of \$11,000 to

cover a Buy-In with respect to an attempted sale of Subscription Shares not delivered on or prior to the Share Availability Deadline with respect to which the actual sale price of the Subscription Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay the Purchaser \$1,000. The Purchaser shall provide the Corporation written notice indicating the amounts payable to the Purchaser in respect of the Buy-In and, upon request of the Corporation, evidence of the amount of such loss. Nothing herein shall limit the Purchaser's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver certificates (or other evidence of beneficial ownership) representing Subscription Shares as required pursuant to the terms hereof. Nothing herein shall limit the Purchaser's right to pursue actual damages pursuant to the terms hereof for the Corporation's failure to deliver Subscription Shares within the period specified herein and the Purchaser shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Purchaser from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

- (g) the maximum Tranche Investment Amount for each Tranche of a Draw Down shall be two hundred thousand dollars (\$200,000) (for an aggregate maximum of one million dollars (\$1,000,000) in respect of each Draw Down) (the **"Maximum Allowable Draw Down Investment Amount"**), subject to the condition that in respect of each Tranche the number of Purchaser's Shares purchased by the Purchaser shall not exceed the lesser of the Trading Market Limit, the 9.9% Limitation and the Tranche Share Volume Limit; and provided that maximum Tranche Investment Amount for any Tranche shall not be greater than the remaining portion of the Commitment Amount.
- (h) notwithstanding anything to the contrary in this Agreement, in no event shall the Purchaser be required to purchase, and the Investment Amount of a Draw-Down Notice shall be deemed to be reduced to such an amount, such that the Purchaser's Shares required to be purchased by the Purchaser pursuant to such Draw-Down Notice, when added to the number of Common Shares then beneficially owned by the Purchaser's Group, would exceed 9.9% of the number of Common Shares outstanding (as calculated for the purpose of the insider reporting requirements of the Securities Laws) on the date on which the Draw-Down Notice is delivered to the Purchaser (the **"9.9% Limitation"**). Each Draw-Down Notice shall include a representation of the Corporation as to the outstanding Common Shares on the date such Draw-Down Notice is delivered to the Purchaser. In the event that the number of outstanding Common Shares is different on any date during a Tranche-Pricing Period than on the date on which the Draw-Down Notice was delivered to the Purchaser, then the Corporation shall immediately deliver to the Purchaser written notice of such change in the number of outstanding Common Shares and the number of Common Shares actually outstanding on such date during such Tranche-Pricing Period shall govern for purposes of determining whether the number of Common Shares beneficially owned by the Purchaser Group following the issuance of the subject Purchaser's Shares, would constitute in excess of 9.9% of the Outstanding Common Shares.
- (i) on mutual written consent of the Corporation and the Purchaser, the Minimum Price set forth in a Draw-Down Notice may be amended during the applicable Tranche-Pricing

Period; provided that the amended Minimum Price can in no case be lower than the Exchange Minimum Price, and provided further that, unless otherwise agreed by the Purchaser, such new Minimum Price shall apply only with respect to future Tranches in that Draw Down for which the Tranche-Pricing Period has not yet begun and shall not apply to the then current Tranche or any past Tranches.

- (j) following the end of the Tranche-Pricing Period, the Purchaser shall issue to the Corporation a settlement sheet, in the form of Schedule “B” hereto.
- (k) on the Share Availability Deadline for each Tranche the Corporation shall make all of the Subscription Shares and Fee Shares issuable in conjunction with a given Tranche available for Immediate Electronic delivery upon payment by the Purchaser of the Adjusted Tranche Investment Amount, or shall otherwise immediately issue and deliver the Subscription Shares and any Fee Shares registered as directed by the Purchaser upon payment by the Purchaser of the Adjusted Tranche Investment Amount.
- (l) notwithstanding anything to the contrary herein, upon written notice to the Corporation at any time prior to 6:00 p.m., Mountain Standard Time, on the last Trading Day of any Tranche-Pricing Period, the Purchaser, at its option, may elect to purchase all or any portion of the additional number of Subscription Shares that would be issuable in that Tranche without regard to the Tranche Share Volume Limit (the “**Volume Limit Waiver Shares**”) and may additionally elect to purchase any number of additional Subscription Shares (the “**Optional Additional Tranche Shares**”), beyond the number of Subscription Shares that it is required to purchase in the Tranche, at the Tranche Purchase Price Per Share for that Tranche, up to a number of Subscription Shares (disregarding any Tranche Share Volume Limits) that would have an aggregate Tranche Purchase Price Per Share, when aggregated with the Tranche Purchase Prices Per Share of all other Subscription Shares that the Purchaser has purchased in that Tranche and previous Tranches in respect of the same Draw-Down Notice, equal to the Corporation Specified Maximum Draw Down Investment Amount. In the event that the Purchaser exercises this option, then the available dollar amount of each subsequent Tranche in that Draw Down would be reduced pro-rata by an aggregate amount equal to the aggregate Tranche Purchase Price Per Share of such additional Subscription Shares. For purposes of clarification, all Volume Limit Waiver Shares and Optional Additional Tranche Shares (if any) shall be considered to be “Subscription Shares” for all purposes under this Agreement.

## 8.2 Issuance of Press Releases.

- (a) Immediately following delivery of a Draw-Down Notice to the Purchaser, but not later than 3:00 p.m. Mountain Standard Time on the same Trading Day, the Corporation shall forthwith issue a press release (“**Press Release**”) as required by the ASC Relief and by the Exchange in connection with the Exchange Letter: (i) announcing the delivery of the Draw-Down Notice, the amount of the Draw Down, the maximum number of Common Shares to be sold and the Minimum Price; and (ii) stating that the Final Prospectus relating to the Draw Down will be available on the SEDAR website.
- (b) Immediately following each closing of the purchase and sale of Subscription Shares on the Settlement Date of each Tranche-Pricing Period, the Corporation shall forthwith issue a press release in the form submitted to and approved by the Securities Commissions in connection with the ASC Relief and by the Exchange in connection with the Exchange Letter: (i) announcing the closing of the applicable Tranche, the number of Common

Shares issued and the price per Common Share; (ii) stating that the Final Prospectus relating to the Tranche is available on the SEDAR website, and (iii) disclosing the amended statement of rights as required by the ASC Relief.

### 8.3 Fractional Shares.

In connection with any Draw Down or Tranche hereunder, the Corporation shall not be required to issue fractions of Common Shares or cause the issuance of certificates which evidence fractional Common Shares. With respect to any fraction of a Common Share called for in connection with any Draw Down or Tranche hereunder, the Purchaser shall be entitled to round-up the number of Subscription Shares due pursuant to the applicable Draw Down or Tranche.

8.4 Redemption Upon Event of Failure. In addition to any other rights or remedies that the Purchaser may have under this Agreement, including but not limited to Late Delivery Fees, anytime that any Event of Failure (as defined below) has occurred is continuing five (5) Business Days or more after the applicable deadline, the Purchaser may, at its option in its sole and absolute discretion, by delivering a written redemption notice to the Corporation, require the Corporation to redeem (each a **“Redemption Upon Event of Failure”**) all or any portion of the Purchaser’s Shares to which such Event of Failure relates, for a price per share equal to the VWAP for trading day immediately preceding the date of such notice (the **“Redemption Price Upon Event of Failure”**). Any Redemption Price Upon Event of Failure shall be due and payable to the Purchaser by not later than three (3) Business Days following the Purchaser’s written notice of such redemption. For purposes hereof, **“Event of Failure”** shall mean that either: (i) the Corporation has failed to successfully obtain quotation of any Subscription Shares or Fee Shares issued under this Agreement on the Exchange or to have them properly listed and posted for trading by applicable Draw Down Commencement Date, (ii) the Final Prospectus or any Renewal Prospectus or supplement thereto required to be filed to qualify the distribution of the Subscription Shares and Fee Shares is not effective to qualify the distribution of such shares, (iii) the Corporation shall not have made the requisite number of Subscription Shares, without restrictive legends, Electronically Available to the Purchaser by the applicable Share Availability Deadline or (iv) the Subscription Shares or the Fee Shares, for whatever reason, are not Freely Tradable in Regular Sales into the Exchange by the Purchaser.

## ARTICLE IX - TERMINATION

### 9.1 Commitment Period.

The term of this Agreement shall be thirty-six (36) months (the **“Commitment Period”**) commencing on the date hereof, unless earlier terminated as set forth in this Article.

### 9.2 Other Termination.

- (a) This Agreement shall terminate on receipt by the Corporation of the Commitment Amount in respect of the purchase of Subscription Shares pursuant to the terms hereof.
- (b) The Purchaser may terminate this Agreement (a **“Line Termination”**) upon one (1) Trading Day’s notice if:
  - (i) any order to cease or suspend trading in the Common Shares is made by the Exchange, any other stock exchange, Securities Commission or other regulatory

authority, for a duration exceeding three (3) Trading Days, and such order has not been rescinded, revoked or withdrawn;

- (ii) the Common Shares are delisted from the Exchange, except as provided under section 6.1(d);
- (iii) a covenant stipulated in section 6.1 is breached by the Corporation or not wholly performed, and has not been cured by the Corporation for a period of two (2) Trading Days after having received written notice thereof from the Purchaser;
- (iv) there is material non-compliance by the Corporation with, or the fact of material inaccuracy of, any representation made or deemed to be made by the Corporation in this Agreement, or in any document delivered to the Purchaser under or in connection with this Agreement;
- (v) a receiver is appointed over, or possession is taken by any secured party of, any asset of the Corporation or the Subsidiary and is not dismissed or terminated within thirty (30) days from commencement of such proceeding;
- (vi) the Corporation or the Subsidiary files for protection from its creditors under any applicable law;
- (vii) any legal action is commenced, judicial order is made or resolution passed for the liquidation of the Corporation or the Subsidiary and is not dismissed or terminated within thirty (30) days from commencement of such proceeding;
- (viii) the Corporation or the Subsidiary enters into any debt arrangement with its creditors generally or any class of creditors;
- (ix) the Corporation or the Subsidiary ceases to do business generally;
- (x) a Major Transaction is announced or occurs during any Tranche-Pricing Period.
- (xi) in the event that either (i) the Corporation fails, on three or more different Tranches (in either the same or different Draw Downs) to deliver or make Electronically Available the requisite number of Subscription Shares to the Purchaser by the applicable Share Availability Deadline or fails, on any occasion, to deliver the Subscription Shares within 5 Trading Days of the date such delivery is due; or
- (xii) the Corporation fails to pay (in cash or Fee Shares as required hereunder) the Fees, or any portion thereof, within five (5) Trading Days of the date such payment is due, or fails to pay any Late Share Delivery Fee, Buy-In amount, Redemption Price Upon Event of Failure or any other cash payments that are due and owing to the Purchasers within five (5) Trading Days of the date such payment is due or if on three separate occasions any other Event of Failure occurs and is not cured within five (5) Trading Days.
- (xiii) by the date that is six (6) months from the date hereof, either (i) the ASC Relief, the ASC Decision Document respecting the Final Prospectus or any Renewal Prospectus required to be filed to qualify the distribution of the Subscription Shares and Fee Shares, if applicable, or any Exchange, regulatory, corporate and

shareholder approvals or consents required to be obtained in respect of the issuance of the Purchaser's Shares shall not have been obtained or shall not be in full force and effect, or (ii) the Exchange Letter shall not have been received from the Exchange.

### 9.3 Termination by the Corporation.

The Corporation may, without the payment of any fee or penalty, save and except for the full payment of the amounts provided for in section 11.1 and the settlement of any outstanding Draw Down, terminate this Agreement at any time following the Initial Closing upon five (5) Trading Day's notice.

### 9.4 Effect of Termination.

In the event of the termination of this Agreement by the Corporation or the Purchaser, written notice thereof shall forthwith be given to the other party and the transactions contemplated by this Agreement shall be terminated without further action by the parties. If this Agreement is terminated as provided in sections 9.2 or 9.3 herein, this Agreement shall become null and void and of no further force and effect, except for Articles IX and X herein and section 11.1(a), and section 11.1(b). Nothing in this section shall be deemed to release the Corporation or the Purchaser from any liability for any breach under this Agreement, or to impair the rights of the Corporation or the Purchaser to compel specific performance by the other party of its obligations under this Agreement subsequent to termination. For purposes of clarity, following any termination of this Agreement (whether by the Purchaser pursuant to its right to terminate this Agreement or by the Corporation pursuant to its right to terminate this Agreement), the Purchaser shall retain its Fees, including all Fee Shares, and the Corporation shall be required to pay any unpaid balance of the Fees to the Purchaser, in cash, within five (5) Trading Days after such termination.

## **ARTICLE X - INDEMNIFICATION AND SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS**

### 10.1 General Indemnity.

- (a) The Corporation agrees to indemnify and hold harmless the Purchaser and its shareholders, directors, officers, employees, affiliates, agents, successors and assigns (and all employees, agents or representatives of its shareholders) from and against any and all direct losses, liabilities, deficiencies, costs, claims, actions, damages and expenses (including, without limitation, reimbursement of the aggregate amount paid in settlement of any actions, suits, proceedings or claims and the reasonable fees and expenses of counsel that may be incurred in advising with respect to and/or defending any claim to which any such indemnified party may become subject or otherwise involved in any capacity under any statute or common law or otherwise) incurred by such parties as a result or by reason of:
  - (i) any statement contained in the Prospectus or Renewal Prospectus, which constitutes or is alleged to constitute a misrepresentation;
  - (ii) any statement contained in the Corporation's Information Record which, at the time and in the light of the circumstances under which it was made, contains or is alleged to contain a misrepresentation;
  - (iii) the omission or alleged omission to state in the Prospectus, Renewal Prospectus, or any certificate of the Corporation delivered hereunder or pursuant hereto any

material fact required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances under which it was made;

- (iv) any order made or inquiry, investigation or proceeding commenced or threatened by any Securities Commission or other competent authority based upon any misrepresentation or alleged misrepresentation in the Prospectus or Renewal Prospectus which prevents or restricts the trading in or the distribution or distribution to the public, as the case may be, of the Subscription Shares in any of the Designated Provinces;
- (v) any inaccuracy in or breach of the representations, warranties or covenants made by the Corporation herein or any other document delivered to the Purchaser in accordance with this Agreement;
- (vi) any incremental Taxes, or interest or penalties that may become payable by the Purchaser as a result or by reason of or any inaccuracy in or breach of section 4.1(cc) or any other provision of this Agreement; or
- (vii) in connection with any proposed Draw Down under this Agreement, the Exchange not approving the issuance of the Subscription Shares or delivery of the Subscription Shares not being effected on the Settlement Date in respect of the applicable Tranche, except where it results from a breach by the Purchaser of any representation or covenant herein. For the avoidance of doubt, such loss shall include any loss directly or indirectly incurred by the Purchaser resulting from:
  - (A) the Purchaser being unable to complete a sale of any Common Shares;
  - (B) the Purchaser, in its absolute and unfettered discretion, purchasing Common Shares in the market so as to enable the Purchaser to complete any such sale of any Common Shares; and
  - (C) the Purchaser, in its absolute and unfettered discretion, rescinding or terminating any such sale of any Common Shares,

in each case, which the Purchaser made in expectation of delivery of the Subscription Shares on the Settlement Date, provided such sales of any Common Shares were made in compliance with section 6.3(h).

- (b) The Purchaser agrees to indemnify and hold harmless the Corporation and its Directors, officers, employees, affiliates, agents, successors and assigns from and against any and all direct losses, liabilities, deficiencies, costs, claims, actions, damages and expenses (including, without limitation, reimbursement of the aggregate amount paid in settlement of any actions, suits, proceedings or claims and the reasonable fees and expenses of counsel that may be incurred in advising with respect to and/or defending any claim to which any such indemnified party may become subject or otherwise involved in any capacity under any statute or common law or otherwise) incurred by such parties as result of any inaccuracy in or breach of the representations, warranties or covenants made by the Purchaser herein or in any document delivered to the Corporation in accordance with this Agreement.



## 10.2 Indemnification Procedure.

Any party entitled to indemnification under this Article (an “**Indemnified Party**”) shall give written notice to the indemnifying party of any matters giving rise to a claim for indemnification; provided, that the failure of any party entitled to indemnification hereunder to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Article except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any action, proceeding or claim is brought against an Indemnified Party in respect of which indemnification is sought hereunder, the indemnifying party shall be entitled to participate in and, unless in the reasonable judgment of counsel to the Indemnified Party a conflict of interest between it and the indemnifying party may exist with respect of such action, proceeding or claim, to assume the defence thereof with legal counsel reasonably satisfactory to the Indemnified Party. In the event that the indemnifying party advises an Indemnified Party that it will contest such a claim for indemnification hereunder, or fails, within thirty (30) days of receipt of any indemnification notice to notify, in writing, such person of its election to defend, settle or compromise, at its sole cost and expense, any action, proceeding or claim (or discontinues its defence at any time after it commences such defence), then the Indemnified Party may, at its option, defend, settle or otherwise compromise or pay such action or claim. In any event, unless and until the indemnifying party elects in writing to assume and does so assume the defence of any such claim, proceeding or action, the Indemnified Party’s costs and expenses arising out of the defence, settlement or compromise of any such action, claim or proceeding shall be losses subject to indemnification hereunder. The Indemnified Party shall cooperate fully with the indemnifying party in connection with any settlement negotiations or defence of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party which relates to such action or claim. The indemnifying party shall keep the Indemnified Party fully apprised at all times as to the status of the defence or any settlement negotiations with respect thereto. If the indemnifying party elects to defend any such action or claim, then the Indemnified Party shall be entitled to participate in such defence with legal counsel of its choice at its sole cost and expense. The indemnifying party shall not be liable for any settlement of any action, claim or proceeding effected without its prior written consent, which shall not be unreasonably withheld. Notwithstanding anything in this Article to the contrary, the indemnifying party shall not, without the Indemnified Party’s prior written consent, settle or compromise any claim or consent to entry of any judgment in respect thereof which imposes any future obligation on the Indemnified Party or which does not include, as an unconditional term thereof, the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such claim. The indemnification required by this Article shall be made by periodic payments of the amount thereof during the course of investigation or defence, as and when bills are received or expense, loss, damage or liability is incurred, within ten (10) days of written notice thereof to the indemnifying party so long as the Indemnified Party irrevocably agrees to refund such moneys if it is ultimately determined by a court of competent jurisdiction that such party was not entitled to indemnification. The indemnity agreements contained herein shall be in addition to (a) any cause of action or similar rights of the Indemnified Party against the indemnifying party or others, and (b) any liabilities the indemnifying party may be subject to.

## 10.3 Survival of Representations, Warranties and Covenants.

To the extent that they have not been fully performed at or prior to the date hereof, the covenants, representations and warranties contained in this Agreement, including in any schedule hereto, and in any agreement, instrument, certificate or other document to be executed and delivered pursuant to this Agreement and in any documents executed and delivered in connection with the completion of the transactions contemplated herein shall survive the closing on each Settlement Date pursuant hereto and, notwithstanding the closing on each such Settlement Date, shall continue in full force and effect for a period of twenty-four (24) months from the applicable Settlement Date for the benefit of the Corporation or the Purchaser, as the case may be.

## ARTICLE XI - MISCELLANEOUS

### 11.1 Fees and Expenses

- (a) Fees. The Corporation shall pay to the Purchaser a commitment fee of one hundred thousand dollars (\$100,000) (the “**Commitment Fee**”). The Commitment Fee is referred to as the “**Fees**”. The Corporation will pay the Fees by issuing at each Settlement Date the maximum number of Common Shares (the “**Fee Shares**”) that the Corporation can issue such that the Adjusted Tranche Investment Amount for the applicable Tranche (after the application of any unapplied Purchaser Credit Amount) divided by the total number of Subscription Shares, Volume Limit Waiver Shares (if any), Optional Additional Tranche Shares (if any) and Fee Shares issued in conjunction with such Tranche shall equal but not be less than the Exchange Minimum Price, provided that no Fee Shares may be issued so long as there exists any unapplied Purchaser Credit Amount. Upon each issuance of Fee Shares, the Commitment Fee shall be deemed to have been reduced by an amount equal to the number of Fee Shares issued in a given Tranche, multiplied by the Adjusted Tranche Purchase Price Per Share for the Tranche in conjunction with which such Fee Shares are being issued. Notwithstanding the foregoing, if prior to the Fee Cash Payment Date the Corporation has not for any reason issued, or is not legally able to issue (or for any other reason fails to issue), a sufficient number of Fee Shares to pay the full Fees, or any balance owing in respect of the Fees, as the case may be, the balance owing in respect of the Fees shall be paid by the Corporation to the Purchaser in cash on the date which is 6 months after the Effective Date. For purposes hereof, (i) if the Corporation files the Preliminary Base Shelf Prospectus with the ASC on or prior to the date that is three (3) calendar months after the Effective Date hereof and uses commercially reasonable efforts to have it approved as promptly as possible thereafter, the “Fee Cash Payment Date” shall mean the date which is twelve (12) calendar months after the Effective Date hereof and (ii) if the Corporation has not filed the Preliminary Base Shelf Prospectus with the ASC on or prior to the date that is three (3) calendar months after the Effective Date hereof, or if the Corporation fails to use commercially reasonable efforts to have it approved as promptly as possible after its filing, the “Fee Cash Payment Date” shall mean the date which is six (6) calendar months after the Effective Date hereof. The Corporation shall not be responsible for payment of the Commitment Fee to the Purchaser, by way of cash or the Fee Shares if the Preliminary Base Shelf Prospectus is filed with the ASC but a receipt for the Final Prospectus is not received as a result of the ASC or the Exchange not accepting the specific terms of this Agreement or the general structure of the equity funding facility contemplated by this Agreement, provided that the Corporation shall have filed the Preliminary Base Shelf Prospectus by not later than the date that is four (4) months from the date hereof and shall have used its commercially reasonable efforts to cause the ASC and the Exchange to issue a Final Prospectus. The Fee Shares (or the portion thereof) issued from time to time in accordance with the terms hereof, shall be duly and validly issued and outstanding as fully paid and non-assessable, and each Fee Share shall entitle the holder to all the rights attributed to a Common Share under the Corporation’s constating documents. The distribution of the Fee Shares shall be qualified by a Final Prospectus and shall not be subject to resale restrictions under the Securities Laws. The Fees and the Fee Shares shall be deemed fully earned by the Purchaser as of the date of this Agreement, regardless of the amount of any Draw Down, if any, that the Corporation is able to or chooses to deliver hereunder.
- (b) Finder’s Fee. The Corporation shall pay to Moody Capital (the “**Finder**”) a fee (the “**Finder’s Fee**”) based on the value of Draw-Downs made by the Corporation which shall be set forth in a separate engagement letter between the Corporation and Finder, a copy of which the Corporation

shall have provided to the Purchaser prior to Closing. Other than the Finder, no brokers, finders or financial advisory fees or commissions shall be payable by the Corporation or any Subsidiary (or any of their respective Affiliates) with respect to the transactions contemplated by this Agreement or any agreement relating to the Finder's Fee.

#### 11.2 Specific Enforcement

The Corporation and the Purchaser acknowledge and agree that each of the parties would not have an adequate remedy at law and irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof or thereof, this being in addition to any other remedy to which any of them may be entitled by law.

#### 11.3 Entire Agreement; Amendment.

This Agreement contains the entire understanding of the parties with respect to the matters covered hereby and supersedes all prior agreements between the Corporation and the Purchaser with respect to their respective rights and obligations hereunder, including the confidential term sheet used in connection herewith and, except as specifically set forth herein, neither the Corporation nor the Purchaser make any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by a written instrument signed by the party against whom enforcement of any such amendment or waiver is sought. The parties hereto may not amend this Agreement or any rights or obligations hereunder without the prior written consent of the Corporation, the Exchange, if required, and the Purchaser.

#### 11.4 Notices.

Any notice, demand, request, waiver or other communication required or permitted to be given hereunder, including, without limitation, a Draw-Down Notice (collectively, a "**Communication**"), shall be in writing and shall be delivered by facsimile or electronic delivery at the electronic address and facsimile number designated below. Delivery of a Communication shall be effective: (a) upon the date of delivery, if delivered on a business day prior to 5:00 p.m. (Mountain Standard time) where such Communication is to be received, or (b) the first business day following such delivery, if delivered other than on a business day or after 5:00 p.m. (Mountain Standard time) on a business day where such Communication is to be received. The addresses and facsimile numbers for a Communication shall be as follows: If to the Corporation:

Maple Leaf Reforestation, Inc.

Attention: Raymond Lai, President & CEO  
Unit 105, 3510 – 29<sup>th</sup> Street NE  
Calgary, Alberta  
Canada T1Y 7E5  
Phone: 403-668-7560  
Fax: 403-769-9156  
Email: [rlai@mlreforestation.com](mailto:rlai@mlreforestation.com)

with a copy to:

Brad Docherty  
Brad R. Docherty Professional Corporation  
Mount Royal Place  
5<sup>th</sup> Floor, 1414 8<sup>th</sup> Street, SW  
Calgary, Alberta, T2R 1J6  
Phone: 403-472-5767  
Fax: n/a  
Email: [brad@doclaw.ca](mailto:brad@doclaw.ca)

If to the Purchaser:

Centurion Private Equity LLC  
1120 Sanctuary Parkway, Suite 325  
Alpharetta, Georgia  
30009, U.S.A.  
Attention: P. Bradford Hathorn, Esq.  
Phone: 770-640-8130  
Facsimile: 770-777-5844  
E-mail: [bradhathorn@roswellcapitalpartners.com](mailto:bradhathorn@roswellcapitalpartners.com)

with a copy to:

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

If to the Exchange:

TSX Venture Exchange  
300 5th Ave SW Calgary, Alberta, T2P 3C4  
Attention: Daneal McGeein  
Fax: (403) 237-0450  
E-mail: [daneal.mcgeein@tsxventure.com](mailto:daneal.mcgeein@tsxventure.com)

If to Market Regulation

IIROC  
Suite 2300, 355 – 4<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 0J1  
Attention: Market Surveillance  
Fax: (403) 265-4603

Any party, the Exchange or IIROC, Market Surveillance, may, at any time, give notice in writing to the others in the manner provided for above of any change of address or facsimile number.

#### 11.5 Waivers.

No waiver by either party of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be effective unless in writing or to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

#### 11.6 Headings.

The division of this Agreement into articles, sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or

interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to articles, sections, subsections, paragraphs and other subdivisions are to articles, sections, subsections, paragraphs and other subdivisions of this Agreement.

#### 11.7 Successors and Assigns.

No party hereto may assign this Agreement, any part hereof or its rights hereunder without the prior written consent of the other party. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

#### 11.8 No Third-Party Beneficiaries.

Except as contemplated in section 11.1(b), this Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

#### 11.9 Governing Law/Consent to Jurisdiction.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Subject to section 11.10 hereof, the parties hereto hereby irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

#### 11.10 Arbitration.

In the event that any dispute shall occur or any question shall arise between the parties hereto as to the interpretation of any of the provisions hereof which cannot be resolved by their agreement, then the determination of such dispute shall be resolved by arbitration pursuant to the *Arbitration Act* (Alberta) and as provided in this section and the decision shall be final and binding as between the parties and shall not be subject to appeal. Submission to arbitration pursuant to the provisions of this section shall be a condition precedent to the bringing of any action with respect to this Agreement (other than an application for injunctive relief from an actual or threatened breach of the covenants herein) unless such condition is waived by each of the parties in writing. Any arbitration to be carried out under this section shall be subject to the following provisions:

- (a) the party desiring arbitration shall nominate an arbitrator and shall notify the other party of such nomination. The notice shall set forth a brief description of the matter submitted for arbitration and, if appropriate, the section or clause hereof pursuant to which such matter is so submitted. The other party shall, within ten (10) days after receiving such notice, nominate an arbitrator and the two (2) arbitrators shall select a third arbitrator who will act as chairman of the arbitral tribunal. If the said two (2) arbitrators shall be unable to agree on the selection of such third arbitrator, such third arbitrator shall be designated by a Judge of the applicable court in the Province of Alberta upon an application by either party. The arbitration shall take place in the English language in the City of Calgary and the chairman shall fix the time and place within the City of Calgary for the purpose of hearing such evidence and representations as the parties may present and subject to the provisions hereof, the decision of any two (2) of the three (3) arbitrators in writing shall be binding upon the parties both in respect of procedure and the conduct of the parties during the procedure and the final determination of the issues therein. The arbitrators shall be instructed that time is of the essence in proceeding with their determination of the issue or issues at hand. The arbitrators shall, after hearing any evidence and representations that the parties may submit, render a decision and reduce the same to writing and deliver one copy thereof to each party. The majority of the

arbitrators may determine any matters of procedure for the arbitration not specified herein;

- (b) if a party receiving notice of the nomination of an arbitrator by the party desiring arbitration fails within the said ten (10) days to nominate an arbitrator, the arbitrator nominated by the party desiring arbitration may proceed alone to determine the dispute in such manner and at such time as he or she shall think fit and his or her decision shall, subject to the provisions hereof, be binding upon the parties;
- (c) notwithstanding the foregoing, any arbitration may be carried out by a single arbitrator if the parties so agree; and
- (d) the cost of the arbitration and the cost of counsel and expenses of each party shall be borne by the parties as the arbitral tribunal or the single arbitrator, as the case may be, shall determine and shall not be limited by the *Arbitration Act* (Alberta).

#### 11.11 Counterparts

This Agreement may be executed by facsimile and in any number of counterparts, all of which taken together shall constitute one and the same instrument and an original copy hereof and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto, it being understood that all parties need not sign the same counterpart.

#### 11.12 Publicity.

Unless otherwise provided for herein or pursuant to applicable law, neither the Corporation nor the Purchaser shall issue any press release or otherwise make any public statement or announcement with respect to this Agreement or the transactions contemplated hereby or the existence of this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, forthwith upon execution of this Agreement, the Corporation shall issue a press release or otherwise make a public statement or announcement with respect to this Agreement and the transactions contemplated hereby or the existence of this Agreement; provided, however, that prior to issuing such press release, making any such public statement or announcement, the Corporation obtains the prior consent of each of the Purchaser (which consent shall not be unreasonably withheld or delayed) and the Market Surveillance division of IIROC.

#### 11.13 Severability.

The provisions of this Agreement are severable and, in the event that any court, arbitrator, arbitral tribunal or officials of any regulatory agency of competent jurisdiction shall determine that any one or more of the provisions or part of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement and this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision, or part of such provision, had never been contained herein, so that such provisions would be valid, legal and enforceable to the maximum extent possible, so long as such construction does not materially adversely effect the economic rights of either party hereto.

11.14 No Construction of Agreement Against Either Party.

The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties, without regard to the identity of the person who drafted its various provisions. Each and every provision of the Agreement shall be construed as though each of the parties hereto participated equally in the drafting of the same, and any rule of construction that a document is to be construed against the drafting Party shall not be applicable to this Agreement.

11.15 Further Assurances.

From and after the date of this Agreement, upon the request of the Purchaser or the Corporation, each of the Corporation and the Purchaser shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

11.16 Time of Essence.

Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

11.17 Currency.

Unless otherwise indicated, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**CENTURION PRIVATE EQUITY, LLC**

By: 

Name: Eric S. Swartz

Title: Manager

**MAPLE LEAF REFORESTATION, INC.**

By: 

Raymond Lai, President & CEO



**SCHEDULE "A"**

**FORM OF DRAW-DOWN NOTICE**

Please deliver this Draw-Down Notice by E-mail or facsimile with a follow-up phone call to:

Centurion Private Equity, LLC  
1120 Sanctuary Parkway, Suite 325  
Alpharetta, Georgia, 30009, U.S.A.  
Fax: 770-777-5844  
Attention: P. Bradford Hathorn, Esq.  
Confirmation Telephone Number: 770-640-8130  
E-mail: [bradhathorn@roswellcapitalpartners.com](mailto:bradhathorn@roswellcapitalpartners.com)

COPIES TO: TSX Venture Exchange  
300 5th Ave SW  
Calgary, Alberta, T2P 3C4  
Attention: Daneal McGeein  
Fax: (403) 237-0450  
E-mail: [daneal.mcgeein@tsxventure.com](mailto:daneal.mcgeein@tsxventure.com)

Brad Docherty  
Brad R. Docherty Professional Corporation  
Mount Royal Place  
5<sup>th</sup> Floor, 1414 8<sup>th</sup> Street, SW  
Calgary, Alberta, T2R 1J6  
Phone: 403-472-5767  
Fax: n/a  
Email: [brad@doclaw.ca](mailto:brad@doclaw.ca)

IIROC  
Suite 2300, 355 – 4<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 0J1  
Attention: Market Surveillance  
Fax: (403) 265-4603

FROM: Maple Leaf Reforestation, Inc.  
Attention: Raymond Lai, President & CEO  
Unit 105, 3510 – 29<sup>th</sup> Street NE  
Calgary, Alberta  
Canada T1Y 7E5  
Phone: 403-668-7560  
Fax: 403-769-9156  
Email: [rlai@mlreforestation.com](mailto:rlai@mlreforestation.com)

## **DRAW-DOWN NOTICE**

**made in relation to the Equity Line Facility Agreement between  
Centurion Private Equity, LLC and Maple Leaf Reforestation, Inc.**

**Dated and Delivered this \_\_\_\_ day of \_\_\_\_, 20\_\_  
(the “Agreement”)**

*Words and expressions defined in the Agreement shall bear the same meanings in this notice and the terms and conditions contained in the Agreement are hereby incorporated by reference into, and deemed to be a part of, this notice.*

1. In accordance with the terms and conditions of the Agreement, the undersigned hereby notifies you that it wishes to make a Draw Down against the Commitment Amount and will require you to purchase Subscription Shares as follows:

<b>(a) Corporation Specified Maximum Draw Down Investment Amount (“CSMDDIA”):</b>  <b>Investment Amount allocated to each Tranche (CSMDDIA/5):</b>	\$ _____  \$ _____
<b>(b) (i) Commencement Date for first Tranche</b> (being the first Trading Day of the first Tranche-Pricing Period, which shall be the Trading Day immediately following the date of this Notice):  <b>(ii) Commencement Date for second Tranche</b> (being the first Trading Day of the second Tranche-Pricing Period):  <b>(iii) Commencement Date for third Tranche</b> (being the first Trading Day of the third Tranche-Pricing Period):  <b>(iv) Commencement Date for fourth Tranche</b> (being the first Trading Day of the fourth Tranche-Pricing Period):  <b>(v) Commencement Date for fifth Tranche</b> (being the first Trading Day of the fifth Tranche-Pricing Period):	
<b>(c) Minimum Price*:</b>	\$ _____
<b>(d) Number of Common Shares outstanding at the date of this Draw-Down Notice:</b>	_____
<b>(e) (i) Settlement Date for first Tranche:</b>  <b>(ii) Settlement Date for second Tranche:</b>  <b>(iii) Settlement Date for third Tranche:</b>  <b>(iv) Settlement Date for fourth Tranche:</b>	_____ _____ _____ _____

<b>(v) Settlement Date for fifth Tranche:</b>	
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\* If not specified by the Corporation, the Minimum Price shall be equal to the Exchange Minimum Price. The Minimum Price specified by the Corporation must be equal to or greater than the Exchange Minimum Price.

2. On the Settlement Date for each Tranche, we will deliver to the Purchaser a “bring-down” officers’ certificate in accordance with the Subscription Agreement.
3. We acknowledge that our delivery of this notice is irrevocable. Failure to deliver copies of this notice to such parties indicated above shall not affect the validity of this notice.
4. We hereby confirm that the conditions required to issue this Draw-Down Notice as set forth in the Agreement have been satisfied on or before the date of this notice or have been waived.
5. On the Settlement Date for each Tranche, the relevant subscription monies should be sent to us by the Purchaser by electronic transfer to the following account:

Name of Bank:	
Branch Address of Bank:	
ABA Code:	
Account Name:	
Account Number:	
Other:	

6. We confirm that this Draw Down should be processed on the basis set out in the Agreement.

**MAPLE LEAF REFORESTATION, INC.**

By: \_\_\_\_\_  
Raymond Lai, President & CEO

**SCHEDULE "B"**

**SETTLEMENT SHEET**

**made in relation to the Equity Line Facility Agreement between  
Centurion Private Equity, LLC and Maple Leaf Reforestation, Inc.**

**Dated \_\_\_\_\_, 20\_\_\_\_  
(the "Agreement")**

*Words and expressions defined in the Agreement shall bear the same meanings in this settlement sheet and the terms and conditions contained in the Agreement are hereby incorporated by reference into, and deemed to be a part of, this settlement sheet.*

**TO: MAPLE LEAF REFORESTATION, INC.**

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Pursuant to the Draw-Down Notice dated \_\_\_\_\_, 20\_\_\_\_ delivered to the Purchaser on \_\_\_\_\_ 20\_\_\_\_, we are submitting this settlement sheet relating to the \_\_\_\_\_ Tranche of such Draw-Down Notice setting out the number of Common Shares of the Corporation to be issued to the Purchaser in connection with such Tranche and the registration and delivery instructions for such Shares. The particulars of the Subscription Shares deliverable and Tranche Purchase Price Per Share payable are set forth in Exhibit "A".

Please have \_\_\_\_\_ Common Shares issued and delivered as follows:

CENTURION PRIVATE EQUITY, LLC

If not DWAC eligible, please send FedEx Priority Overnight to:

CENTURION PRIVATE EQUITY, LLC  
1120 Sanctuary Parkway, Suite 325  
Alpharetta, Georgia  
30009, U.S.A.

Once these shares are received by us, we will have the funds wired to the Corporation.

Regards,

**CENTURION PRIVATE EQUITY, LLC**

By: \_\_\_\_\_  
Eric S. Swartz, Manager

**Exhibit "A" to Settlement Sheet**

**Tranche Investment Amount: \$** \_\_\_\_\_

**Applied Purchaser Credit Amount for Tranche: \$** \_\_\_\_\_

**Adjusted Tranche Investment Amount \$** \_\_\_\_\_

**VWAP for Tranche-Pricing Period:**      **Day 1:**      \$ \_\_\_\_\_  
   **Day 2:**      \$ \_\_\_\_\_  
   **Day 3:**      \$ \_\_\_\_\_

**Lowest VWAP During Tranche-Pricing Period:**      \$ \_\_\_\_\_

**Minimum Price: \$** \_\_\_\_\_

**Exchange Minimum Price: \$** \_\_\_\_\_

**Trading Volume day 1\*** \_\_\_\_\_ **X 15%=** \_\_\_\_\_      ( ) "X" if trading day knocked out

**Trading Volume day 2\*** \_\_\_\_\_ **X 15%=** \_\_\_\_\_      ( ) "X" if trading day knocked out

**Trading Volume day 3\*** \_\_\_\_\_ **X 15%=** \_\_\_\_\_      ( ) "X" if trading day knocked out

**Tranche Share Volume Limit:** \_\_\_\_\_

**Number of Volume Limit Waiver Shares (if any) that  
Purchaser Elects to Purchase:** \_\_\_\_\_

**Number of Optional Additional Tranche Shares (if any)  
that Purchaser Elects to Purchase:** \_\_\_\_\_

**Maximum No. of Fee Shares  
(if applicable):** \_\_\_\_\_

**Tranche Purchase Price Per Share (which shall equal the  
lesser of (i) [90%] of Tranche Market Price; (ii) the  
Tranche Market Price minus \$0.01; or (iii) the lowest  
Tranche Purchase Price for any prior Tranche in this Draw  
Down, provided that the Tranche Purchase Price Per Share  
cannot be lower than the Minimum Price):** \_\_\_\_\_ \$ \_\_\_\_\_

**Number of Common Shares due to Purchaser:** \_\_\_\_\_

**Investment Amount due to Corporation:** \$ \_\_\_\_\_

**\*Exclude any days below the Trigger Price.**

The undersigned agrees with the foregoing and has completed this Tranche as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**MAPLE LEAF REFORESTATION, INC.**

By: \_\_\_\_\_  
Raymond Lai, President & CEO

**SCHEDULE "C"**

**FORM OF OFFICERS' CERTIFICATE**

**TO: CENTURION PRIVATE EQUITY, LLC**  
**(the "Purchaser")**

**RE: Equity Line Facility Agreement (the "Agreement") dated June 6, 2011 between the**  
**Purchaser and Maple Leaf Reforestation, Inc. (the "Corporation")**

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The undersigned, Raymond Lai, the President & CEO of the Corporation, and Brad Docherty, the Secretary of the Corporation, hereby certify for and on behalf of the Corporation after having made due inquiry, but without personal liability, that:

- 1 the representations and warranties of the Corporation contained in the Agreement are true and correct in all material respects (or, if qualified by materiality, in all respects) as if made on the date hereof, except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties were true and correct as of such earlier date;
- 2 all necessary corporate action has been taken by and on behalf of the Corporation to authorize and reserve for issuance of [ ] Subscription Shares and such Subscription Shares shall, when issued and once paid in accordance with the terms of the Agreement, be validly issued as fully paid and non-assessable; and
- 3 the conditions set forth in Article VII of the Agreement required to have been met by the Corporation on or before the date hereof have been satisfied.

**DATED** this \_\_\_\_\_ 6<sup>th</sup> day of June, 2011.

Per: \_\_\_\_\_  
Raymond Lai, President & CEO

Per: \_\_\_\_\_  
Brad Docherty, Secretary

## SCHEDULE "D"

### FORM OF OPINION OF THE CORPORATION'S COUNSEL

Subject to the usual assumptions, limitations and qualifications, the opinion of the Corporation's counsel shall, in addition to such other matters as the Purchaser may reasonably request, state that:

1. The Corporation has been incorporated and is validly existing as a corporation under the laws of Alberta.
2. The Corporation has the corporate power and authority to carry on its business as described in the Final Prospectus and to own, lease and operate its properties and assets.
3. The Corporation has the corporate power and authority to execute and deliver and perform its obligations under the Agreement including the issuance and delivery of the Shares.
4. The authorized capital of the Corporation consists of an unlimited number of Common Shares and as of the date hereof, [REDACTED] Common Shares are issued and outstanding as fully paid and non assessable;
5. The Corporation has taken all necessary corporate action to authorize the execution, delivery and, where applicable, the filing under the Securities Laws, of each of the Agreement, the Preliminary Prospectus and the Final Prospectus.
6. The Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance its terms.
7. All necessary corporate action has been taken by and on behalf of the Corporation to reserve for issuance to the Purchaser the Subscription Shares issuable upon the completion of Draw Downs under the Agreement, and such Subscription Shares will, when issued and paid in accordance with the terms of the Agreement, be validly issued as fully paid and non-assessable.
8. The Exchange has accepted notice of the issuance of up to [REDACTED] Subscription Shares and has conditionally approved the listing and posting for trading of same subject to the Corporation fulfilling the requirements set forth in the Exchange Letter.
9. The execution and delivery of this Agreement by the Corporation and the performance by the Corporation of its obligations thereunder will not result in a breach of, and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of, and will not conflict with (i) any of the terms, conditions or provisions of the constating documents or by laws of the Corporation, or (ii) any statute, rule or regulation having force of law in the Province of Alberta.
10. All necessary documents have been filed and requisite proceedings have been taken and all other legal requirements have been fulfilled under applicable Securities Laws and the policies of the Exchange to qualify from time-to-time until the date that is 25 months after the date of the Final Prospectus (or such earlier date provided for in National Instrument 44-102) (i) the distribution of Subscription Shares to the Purchaser on the Settlement Date of each Tranche of any Draw Down, and (ii) the distribution of such Subscription Shares (including Permitted Advance Long Sales) to purchasers who purchase them from the Purchaser through the dealer engaged by the Purchaser through the Exchange during the period that commences on the Settlement Date and ends on the 40<sup>th</sup> day following the Settlement Date, provided, in each case, that:

- (a) The ASC Relief has been issued, is still in effect and has not been amended, supplemented or replaced on the date of the distribution, and both the Corporation and the Purchaser have complied, and comply with the conditions contained in the ASC Relief;
  - (b) a prospectus supplement to the Final Prospectus containing the disclosure required pursuant to National Instrument 44-101 and National Instrument 44-102 is filed with the Securities Commissions in both the English and the French languages within two business days after each Tranche Settlement Date, together with payment of the applicable fee;
  - (c) all documents required to be filed subsequent to the date hereof with the Securities Commissions (including the documents which will be incorporated by reference into the Final Prospectus) are so filed;
  - (d) no circumstances occur which would require an amendment to be filed and cleared with the Securities Commissions under applicable Securities Laws, unless an amendment to the Final Prospectus is so filed, cleared and delivered and is thereafter utilized in connection with the distribution; and
  - (e) the Corporation continues to satisfy the qualification criteria set forth in National Instrument 44-101 and National Instrument 44-102 or to be exempted from such qualification criteria by the Securities Commissions.
11. No documents will be required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under applicable Securities Laws in connection with the first trade of the Subscription Shares, provided that:
- (a) the conditions contained in subparagraphs 10(a) to (e) are met at the time of distribution of the Subscription Shares;
  - (b) the trade is not a control distribution as such term is defined under National Instrument 45-102;
  - (c) the Corporation is a reporting issuer at the time of such trade; and
  - (d) such trade is made through a registrant duly and properly registered in a category permitting it to trade such securities under applicable laws who have complied with such applicable laws or in circumstances in which there is an exemption from the registration requirements of such applicable laws.
12. Valiant Trust Company (or the successor to its transfer agent business), at its principal office in Calgary, Alberta, has been duly appointed as the registrar and transfer agent for the Common Shares.
13. The form of certificate representing the Common Shares complies with the provisions of *The Business Corporations Act* (Alberta), meets all requirements under the rules of the Exchange and has been duly approved by the Corporation.
14. The Corporation is a reporting issuer or the equivalent in the Designated Provinces and is not noted as being in default on the list of reporting issuers maintained by the Securities Commissions.



For the purposes of the opinion of the Corporation's counsel, "**Securities Laws**" means, collectively, the applicable securities laws of each of the Designated Provinces and the respective regulations and rules made and forms prescribed thereunder together with all applicable published policy statements, blanket orders and rulings of the Securities Commissions, it being understood that counsel may rely on the opinions of local counsel with respect to those matters governed by laws other than those of Alberta or the federal laws of Canada.

**SCHEDULE “E”  
ASC DECISION DOCUMENT**