

AGENCY AGREEMENT

April 20, 2017

Trenchant Capital Corp.  
333 Bay Street, Suite 630  
Toronto, Ontario M5H 2R2

Attention: Eric Boehnke, Chief Executive Officer

Dear Sir:

**RE: Public Offering of up to \$20,000,000 principal amount of 9% Secured Convertible Debentures of Trenchant Capital Corp.**

Industrial Alliance Securities Inc. (“IAS”), Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Echelon Wealth Partners Inc., Mackie Research Capital Corporation, PI Financial Corp., Hampton Securities Limited, Integral Wealth Securities Limited and Leede Jones Gable Inc. (collectively, the “Agents”) understand that Trenchant Capital Corp. (the “Company”) proposes to issue and sell up to \$20,000,000 principal amount of 9% secured convertible debentures of the Company (the “Initial Debentures”) at a price of \$1,000 per Debenture (the “Offering Price”), subject to the terms and conditions set out herein.

The Debentures bear interest at an annual rate of 9.0%, calculated quarterly and payable in arrears in equal quarterly payments. The maturity date of the Debentures will be March 31, 2022 (the “Maturity Date”). Commencing on the date that is one year after the Initial Closing Date (as defined herein), the outstanding principal amount of each Debenture may be converted, at the option of the holder, at any time prior to the close of business on the earlier of: (i) the Business Day (as defined herein) immediately preceding the Maturity Date, (ii) if called for redemption, the Business Day immediately preceding the date specified by the Company in a redemption notice of the Company, or (iii) if called for a repurchase pursuant to a Change of Control (as defined herein), on the Business Day immediately preceding the payment date, into one common share in the capital of the Company (each, an “Underlying Share”) at a conversion price equal to the greater of: (i) 95% of the VWAP (as defined herein) for the 30 trading day period ending three Business Days prior to the applicable Conversion Notice Date (as defined herein); and (ii) \$1.00 per Underlying Share, provided that, except in connection with a redemption, unless the aggregate principal amount of Debentures held by a holder is less than \$10,000, no more than 25% of the aggregate principal amount of any Debentures held by such holder may be converted in any 180-day period (the “Conversion Restriction”). The Company may prepay the outstanding principal amount owing under the Debentures as provided in the indenture (as defined herein).

The Company has prepared and filed a preliminary prospectus dated March 7, 2017 (the “Preliminary Prospectus”) with respect to the qualification for the distribution of the

Debentures in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (the “**Qualifying Provinces**”) and has received the Preliminary Receipt (as defined herein). We understand that the Company is proceeding to prepare and file, without delay and on terms and conditions set forth herein, a (final) prospectus (the “**Final Prospectus**”) and all necessary related documents in order to qualify the Debentures for distribution in each of the Qualifying Provinces. We further understand that the Company is conducting a concurrent private placement of convertible preferred shares of the Company at a price of \$0.40 per convertible preferred share (or such other amount as may be determined by the Company in its sole discretion) to raise minimum gross proceeds of \$2,750,000 and maximum gross proceeds of \$3,500,000 (or such other amount as may be determined by the Company in its sole discretion), each of which shall automatically convert into Common Shares (as defined herein) on a one for one basis on the third anniversary of the date of issuance.

The Agents also understand that the Company proposes to grant to the Agents an option (the “**Over-Allotment Option**”) to offer for sale to the public additional Debentures equal to up to 15% of the aggregate number of Initial Debentures issued at the Closing (as defined herein) (the “**Over-Allotment Debentures**” and, together with the Debentures, collectively, the “**Debentures**”) at a price per Over-Allotment Debenture equal to the Offering Price (the “**Over-Allotment Debenture Price**”), as hereinafter provided in this Agreement (as defined herein), for the purposes of covering over-allotments, if any, and for purposes of market stabilization.

Based on the foregoing, and subject to the terms and conditions contained in this Agreement, the Company hereby appoints the Agents to act as the sole and exclusive agents of the Company, and the Agents hereby severally agree to act as the agents of the Company, to effect the sale of the Debentures and Over-Allotment Debentures, if any, on behalf of the Company on a reasonable best efforts basis to Purchasers resident in the Qualifying Provinces (as defined herein). In addition, the Company hereby further agrees to issue and sell the Over-Allotment Debentures to the extent the Over-Allotment Option granted to the Agents pursuant to this Agreement is exercised by the Agents. It is understood and agreed that the Agents are under no obligation to purchase any of the Debentures, although the Agents may subscribe for Debentures if they so desire.

In consideration of the services to be rendered by the Agents in connection with the sale of the Debentures hereunder, the Company agrees to pay to the Agents a cash commission (the “**Agents’ Fee**”) equal to 6.5% of the gross proceeds of the Offering (as defined herein) which will be paid from the proceeds received by the Company in respect of the Offering. The Agents’ Fee shall be due and payable at the Closing Time (as defined herein), as applicable.

The Company agrees that the Agents will be permitted to appoint, at their sole expense, and in their sole discretion, other registered dealers (or other dealers duly qualified in their respective jurisdictions) as their agents to assist in the Offering and that the Agents may determine the remuneration payable to such other dealers appointed by them, such remuneration to be the sole responsibility of the Agents.

## ARTICLE 1 INTERPRETATION

### Section 1.1 Definitions

In this Agreement:

“**affiliate**” and “**associate**” have the meanings ascribed thereto in the Securities Act (British Columbia);

“**Agents**” means, collectively, IAS, Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., Echelon Wealth Partners Inc., Mackie Research Capital Corporation, PI Financial Corp., Hampton Securities Limited, Integral Wealth Securities Limited and Leede Jones Gable Inc.;

“**Agents’ Counsel**” means Stikeman Elliott LLP;

“**Agents’ Fee**” means the cash commission payable to the Agents equal to 6.5% of the gross proceeds of the Offering;

“**Agreement**” means this agency agreement including any schedules to this agency agreement, as amended, supplemented or restated from time to time;

“**Agreements and Instruments**” has the meaning given thereto in Section 4.2(1)(x);

“**Ancillary Documents**” means all agreements, indentures, certificates and documents executed and delivered, or to be executed and delivered, by the Company in connection with the transactions contemplated by this Agreement;

“**Auditors**” means Dale Matheson Carr-Hilton Labonte LLP, the auditors of the Company;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), and the regulations thereunder, as amended from time to time;

“**BCSC**” means the British Columbia Securities Commission;

“**Business Day**” means a day other than Saturday or Sunday or a day on which banks are generally closed for business in the cities of Vancouver or Toronto;

“**Cash Distributions**” means all cash dividends and other cash distributions from time to time paid on or in respect of the Pledged Securities, excluding Other Cash Proceeds, but including corporate dividends, cash, income, interest and other payments and distributions from time to time paid or payable or made by the Lender with respect to any of the Pledged Securities;

“**CDS**” has the meaning given thereto in Section 7.1(2);

“**Change of Business**” means the Company’s proposed Change of Business (as such term is defined in Policy 1.1 of the TSXV Corporate Finance Manual) to become a

Tier 2 Investment Issuer on the TSXV, focused on providing special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth;

**“Change of Control”** means: (i) the acquisition by any Person, or group of Persons acting jointly or in concert, of voting control or direction of an aggregate of 60% or more of the outstanding Common Shares, other than pursuant to conversion of the Debentures or conversion of any Convertible Preferred Shares issued in connection with the Concurrent Financing; or (ii) the sale of all or substantially all of the assets of the Company, but shall not include a sale, merger, reorganization, arrangement, combination or other similar transaction if the previous holders of Common Shares hold at least 50% of the voting control or direction in such merged, reorganized, arranged, combined or other continuing entity (and in the case of a sale of all or substantially all of the assets, in the entity which has acquired such assets) immediately following completion of such transaction;

**“Claims”** has the meaning given to it in Section 10.1;

**“Closing”** means the Initial Closing or any Subsequent Closing, as the case may be;

**“Closing Date”** means the Initial Closing Date or any Subsequent Closing Date, as the case may be or, in the case of the exercise of the Over-Allotment Option, means any date or dates on or before that date which is 30 days from the final Closing;

**“Closing Time”** means 8:00 a.m. (Toronto time) on any Closing Date or such other time on such Closing Date as the Company and the Agents may agree;

**“Collateral”** has the meaning ascribed thereto in the Pledge Agreement;

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

**“Company’s Auditors”** means Dale Matheson Carr-Hilton Labonte LLP or such other firm of chartered accountants as the Company may have appointed or may from time to time appoint as auditors of the Company;

**“Company’s Counsel”** means Clark Wilson LLP;

**“Concurrent Financing”** means a concurrent financing of Convertible Preferred Shares at a price of \$0.40 per Convertible Preferred Share (or such other amount as may be determined by the Company in its sole discretion) to raise minimum gross proceeds of \$2,750,000 and maximum gross proceeds of \$3,500,000 (or such other amount as may be determined by the Company in its sole discretion), each of which shall automatically convert into Common Shares on a one for one basis on the third anniversary of the date of issuance;

**“Convertible Preferred Share”** means a convertible preferred share in the capital of the Company;

**“Debentures”** means, collectively, the Initial Debentures and the Over-Allotment Debentures;

**“Debenture Trustee”** means Computershare Trust Company of Canada;

**“Distributions”** means Cash Distributions, Other Cash Proceeds and Non-Cash Distributions;

**“Due Diligence Session”** has the meaning given to it in Section 3.1;

**“Environmental Laws”** has the meaning given to it in Section 4.2(1)(p)(i);

**“Filing Statement”** means the filing statement to be submitted by the Company to the TSXV on or before the Initial Closing Date in which the Company seeks, among other things, the Change of Business;

**“Final Prospectus”** means the (final) prospectus of the Company and any amendments thereto in respect of the distribution of the Debentures in the Qualifying Provinces;

**“Final Receipt”** means a receipt or deemed receipt for the Final Prospectus issued by the Securities Commissions in accordance with the Prospectus Review Procedures;

**“Financial Statements”** means, collectively, (i) unaudited condensed consolidated interim financial statements for the three and nine months ended December 31, 2016 and 2015; (ii) audited consolidated financial statements for the years ended March 31, 2016 and 2015; (iii) audited consolidated financial statements for the years ended March 31, 2015 and 2014; and (iv) audited consolidated financial statements for the years ended March 31, 2014 and 2013;

**“Governmental Authority”** means any (i) multinational, national, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above, and includes the Securities Commissions;

**“Hazardous Materials”** has the meaning given to it in Section 4.2(1)(p)(i);

**“Hillcore Group”** means Hillcore Group Ltd. and, where applicable, its associates and affiliates;

**“IAS”** means Industrial Alliance Securities Inc.;

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

**"Income Tax Act"** means the *Income Tax Act* (Canada) and the regulations thereunder, in each case as amended;

**"Indemnified Party"** has the meaning given to it in Section 10.1;

**"Indenture"** means the trust indenture to be dated the Initial Closing Date pursuant to which the Debentures are to be created and issued between the Company and the Debenture Trustee;

**"Initial Closing"** means the completion of the initial issue and sale by the Company of the Debentures pursuant to this Agreement;

**"Initial Closing Date"** means April 27, 2017 or such other date as the Company and the Agents may agree that is on or before the date that is 90 days after the Final Receipt is issued;

**"Initial Debentures"** has the meaning given to it on the first page of this Agreement;

**"Initial Investment"** means the loan in the minimum principal amount of \$5,000,000 and the maximum principal amount of \$23,000,000 (if the Over-Allotment Option is duly exercised in full) to be made by the Lender to WILP, as borrower, pursuant to the Loan Agreement;

**"Lead Agent"** means IAS;

**"Lender"** means 0960128 B.C. Ltd., a wholly-owned subsidiary of the Company, incorporated under the BCBCA;

**"Lender Interest"** means 10% of the 10% interest to be received by the Lender from WILP under the Loan Agreement;

**"Liens"** means any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of pre-emption, privilege, encumbrance, easement, servitude, right of way, restrictive covenant, right of use or any other right or claim of any kind or nature whatever which affects ownership or possession of, or title to, any interest in, or the right to use or occupy such property or assets;

**"Loan Agreement"** means the loan agreement dated effective March 2, 2017, as amended, between the Lender and WILP, as borrower, with respect to the Initial Investment;

**"Material Adverse Effect"** means a material adverse effect on the business, affairs, property, liabilities (contingent or otherwise), operating results, capital or prospects of the Company and includes any fact, event, or change that would result in the

Preliminary Prospectus, the Final Prospectus, or any Supplementary Material containing a misrepresentation;

**“Material Contracts”** means each of the agreements referred to in the Final Prospectus under the heading “Material Contracts” that have been executed on or before the date hereof or the Closing Time, as the context may require;

**“Maturity Date”** has the meaning specified on the first page of this Agreement;

**“NI 45-102”** means National Instrument 45-102 *Resale of Securities* of the Canadian Securities Administrators, as amended from time to time;

**“Non-Cash Distributions”** means all property, investment property, instruments and other securities other than Cash Distributions and Other Cash Proceeds, which are issued, paid or delivered on, or in respect of, or in exchange for or upon the conversion of, any of the Pledged Securities, whether by way of or as a result of dividends, stock dividends, liquidating dividends, stock splits, reclassifications, reorganizations, plans of arrangement, recapitalizations, mergers, amalgamations, consolidations, combinations or exchanges of shares, debentures or otherwise;

**“notice”** has the meaning given to it in Article 12;

**“Offering”** means the offering of the Debentures qualified by the Prospectus;

**“Offering Documents”** means, collectively, the Preliminary Prospectus, the Final Prospectus, and any Supplementary Material and each is an **“Offering Document”**;

**“Offering Price”** means \$1,000 per Debenture, or such other amount as may be mutually agreed by the Company and the Agents;

**“Other Cash Proceeds”** means cash proceeds which are paid:

- (i) from the redemption or retraction of any the Pledged Securities; or
- (ii) as a return of capital in respect of the Pledged Securities;

but which are not Cash Distributions;

**“Over-Allotment Debentures”** has the meaning given to it on the second page of this Agreement;

**“Over-Allotment Notice”** has the meaning given to it in Section 2.3(1) hereof;

**“Over-Allotment Option”** has the meaning given to it on the second page of this Agreement;

**“Over-Allotment Option Closing Date”** means the date specified in the Over-Allotment Option Notice on which the Over-Allotment Debentures are to be purchased;

**“Over-Allotment Option Closing Time”** means 8:00 a.m. (Toronto time) on the Over-Allotment Option Closing Date or such other time on the Over-Allotment Option Closing Date as may be agreed upon in writing by the Company and the Agents;

**“Person”** means any natural person, sole proprietorship, partnership, corporation, trust, joint venture, Governmental Authority, incorporated or unincorporated entity, or incorporated or unincorporated association of any nature;

**“Pledge Agreement”** means the Pledge of Securities between the Company and the Debenture Trustee to be entered into on or prior to the Closing, pursuant to which the Debenture Trustee is granted a first ranking security interest in the Pledged Securities on behalf of itself and the holders of the Debentures;

**“Pledged Securities”** means the securities of the Lender that are owned by the Company and any securities that the Company may at any time acquire in the future whether in substitution for or in addition to the securities of the Lender that exist as of the date of the Pledge Agreement;

**“PPSA”** means the *Personal Property Security Act* of Alberta, British Columbia, Manitoba, Ontario and Saskatchewan, as the context requires;

**“Preliminary Prospectus”** means the preliminary prospectus of the Company dated March 7, 2017 and any amendments thereto in respect of the distribution of the Debentures in the Qualifying Provinces;

**“Preliminary Receipt”** means a receipt or deemed receipt for the Preliminary Prospectus issued by the Securities Commissions in accordance with the Prospectus Review Procedures;

**“Prospectus”** means, collectively, the Preliminary Prospectus and the Final Prospectus;

**“Prospectus Review Procedures”** means the procedures of prospectus review in multiple jurisdictions provided for under National Policy 11-202 - *Process for Prospectus Review in Multiple Jurisdictions* and Multilateral Instrument 11-102 - *Passport System*;

**“Purchasers”** means, collectively, each of the purchasers of the Debentures pursuant to the Offering including, if applicable, the Agents;

**“Qualifying Provinces”** means, the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;

**“Rights”** means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like whatsoever (including any extensions or renewals thereof), which the Company be



entitled to under or in respect of the Pledged Securities or the Distributions or any part thereof including:

- (i) any and all benefits and advantages due or accruing due to the Company now or at any time after the date hereof under any of the Pledged Securities (including all rights to receive notices of and attend meetings of shareholders, debenture holders or partners (as applicable) and all present and future rights of the Company to vote the Pledged Securities) or the Distributions (including all rights to receive the same); and
- (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Company, or any agent of the Company, in respect of any of the Pledged Securities, the Distributions and the Rights;

**“Securities Commissions”** means the securities commissions or similar regulatory authorities in the Qualifying Provinces;

**“Securities Laws”** includes, without limitation, all applicable securities laws, rules, regulations, notices, policies and rulings of the Qualifying Provinces (unless otherwise specified), where applicable in respect of the Company;

**“Selling Firm”** has the meaning given to it in Section 2.2(2) hereof and **“Selling Firms”** means any two or more thereof;

**“Share”** means a common share in the capital of the Company;

**“Strategic Alliance Agreement”** means the letter agreement dated April 25, 2016 between Trenchant and Hillcore Group;

**“Subsequent Closing”** has the meaning given to it in Section 7.1(3);

**“Subsequent Closing Date”** means such date as may be agreed upon between the Company and the Agents for any Subsequent Closing but in any event shall be not later than the date that is 90 days after the Final Receipt is issued;

**“subsidiary”** has the meaning given to it in the BCBCA;

**“Supplementary Material”** means, collectively, any amendment to the Preliminary Prospectus or Final Prospectus, and any amended or supplemented Preliminary Prospectus or Final Prospectus;

**“TSXV”** means the TSX Venture Exchange Inc.;

**“Underlying Shares”** means the Common Shares issuable by the Company on the conversion of the Debentures;

“**VWAP**” means the volume weighted average trading price of the Common Shares on the TSXV (or such other stock exchange as the Common Shares are principally traded at the applicable time) for an applicable period (which must be calculated utilizing days in which the Common Shares actually trade);

“**Waiward Holdings**” means W.H. Limited Partnership;

“**Waiward Holdings GP**” means 9254072 Canada Ltd., the general partner of Waiward Holdings;

“**Waiward Steel GP**” means Waiward Steel GP Corp., the general partner of WSLP;

“**WHLP Units**” means all of the issued and outstanding units in Waiward Holdings owned by WILP, from time to time;

“**WILP**” means Waiward Investments Limited Partnership, the borrower under the Initial Investment;

“**WILP GP**” means 9254064 Canada Ltd., or any successor general partner of WILP;

“**WSLP**” or “**Waiward Steel**” means Waiward Steel Limited Partnership; and

“**WSLP Units**” all of the units in Waiward Steel issued and outstanding from time to time indirectly owned by WILP through its proportionate ownership of Waiward Holdings.

## **Section 1.2 General Interpretation**

- (1) Any reference in this Agreement to an Article, Section or Subsection shall refer to an article, section or subsection of this Agreement.
- (2) All words and personal pronouns relating thereto shall be read and construed as the number and gender of the party or parties referred to in each case required and the verb shall be construed as agreeing with the required word and/or pronoun.
- (3) Any reference in this Agreement to “\$” or to “dollars” shall refer to the lawful currency of Canada, unless otherwise specified.
- (4) The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.
- (5) Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.
- (6) In this Agreement “**to the best of the Company’s knowledge**” means a statement as to the knowledge of each of the senior officers of the Company about the facts or circumstances to which such phrase relates after having made due inquiry in connection with such facts and circumstances that would ordinarily be made by

senior officers of a corporation in the discharge of their duties without special inquiry for the purpose of the Offering. In this Agreement “**to the knowledge**” of the Company means a statement as to the actual knowledge of each of the senior officers of the Company about the facts and circumstances to which such phrase relates.

- (7) “**misrepresentation**”, “**material fact**”, “**material change**”, “**affiliate**”, “**associate**”, and “**distribution**” shall have the respective meanings ascribed thereto in the *Securities Act* (British Columbia).

## ARTICLE 2 THE OFFERING

### Section 2.1 Attributes of the Debentures

The Debentures to be issued and sold by the Company hereunder shall be duly and validly created and issued by the Company and, when issued and sold by the Company, such Debentures shall have the rights, privileges, restrictions and conditions that conform in all material respects to the rights, privileges, restrictions and conditions described in the Prospectus, subject to such modifications or changes (if any) prior to the Initial Closing Date as may be agreed to in writing by the Company and the Agents.

### Section 2.2 The Offering

- (1) The sale of the Debentures to the Purchasers is to be effected in a manner that is in compliance with Securities Laws and upon the terms set out in the Prospectus and in this Agreement. The Agents will use their reasonable best efforts to arrange for Purchasers for the Debentures in the Qualifying Provinces in connection with the Offering; however, it is understood and agreed that the Agents shall have no obligation to purchase the Debentures.
- (2) The Company agrees that, subject to the prior written consent of the Company, such consent not to be unreasonably withheld, the Agents have the right to invite one or more investment dealers (each, a “**Selling Firm**”) to form a selling group to participate in the soliciting of offers to purchase the Debentures. The Agents have the exclusive right to control all compensation arrangements between the members of the selling group. The Company grants all of the rights and benefits of this Agreement to any Selling Firm so appointed by the Agents and appoints the Agents as trustee of such rights and benefits for such Selling Firms, and the Agents hereby accept such trust and agree to hold such rights and benefits for and on behalf of such Selling Firms. The Agents shall ensure that any Selling Firm appointed pursuant to the provisions of this Section 2.2(2) or with whom the Agents have a contractual relationship with respect to the Offering, if any, agree with the Agents to comply with the covenants and obligations given by the Agents herein.
- (3) The Agents shall, upon the Company obtaining the Final Receipt, deliver one copy of the Final Prospectus (together with any amendments thereto) to all Persons resident in the Qualifying Provinces who are to acquire the Debentures.

- (4) Notwithstanding the foregoing provisions of this Section 2.2, an Agent will not be liable to the Company under this Section 2.2 with respect to a default under this Section 2.2 by another Agent.
- (5) In the event that the Company is required by Securities Laws of the Qualifying Provinces to prepare and file any Supplementary Materials, the Company shall prepare and deliver promptly to the Agents signed and certified copies of such Supplementary Materials. Any Supplementary Materials shall be in form and substance satisfactory to the Agents. Concurrently with the delivery of any Supplementary Materials, the Company shall deliver to the Agents, with respect to such Supplementary Material, documents similar to those referred to in Section 6.1 and the Agents agree to deliver a copy of any Supplementary Material to each Purchaser arranged by the Agents.

### **Section 2.3 Over-Allotment Option**

- (1) The Company hereby grants to the Agents, for the purpose of covering over-allotments, if any, or for market stabilization purposes, the Over-Allotment Option to purchase the Over-Allotment Debentures, subject to the prior written approval of WILP for a corresponding increase in the principal amount of the Initial Investment. The Over-Allotment Option is exercisable in whole or in part at any time or times on or before 5:00 p.m. (Vancouver time) on the 30<sup>th</sup> day following the final Closing Date at a price per Over-Allotment Debenture equal to the Over-Allotment Debenture Price. For greater certainty, the Agents shall be paid the Agents' Fee in respect of the issue and sale of any Over-Allotment Debentures purchased pursuant to the exercise of the Over-Allotment Option. The Agents may exercise the Over-Allotment Option in whole or in part during the currency thereof by delivering written notice to the Company (the "**Over-Allotment Notice**") specifying the number of Over-Allotment Debentures that the Agents wish to purchase. If the Agents exercise the Over-Allotment Option, the Agents shall, on the Closing Date, which shall be a date that is not less than two Business Days and not more than five Business Days after the date of the delivery of the Over-Allotment Notice (such day to be specified by the Agents in their sole discretion), pay to the Company the aggregate purchase price for the Over-Allotment Debentures so purchased by wire transfer, certified cheque or bank draft in Canadian currency payable to or to the direction of the Company against delivery of one or more certificates in definitive form representing the Over-Allotment Debentures, registered as the Agents direct. The applicable terms, conditions and provisions of this Agreement (including, without limitation, the provisions of Article 7 relating to Closing) shall apply *mutatis mutandis* to the Closing of the issuance of any Over-Allotment Debentures pursuant to any exercise of the Over-Allotment Option.
- (2) In the event that the Company shall subdivide, consolidate, reclassify or otherwise change its Common Shares during the period in which the Over-Allotment Option is exercisable, appropriate adjustments will be made to the Over-Allotment Debenture Price and to the number of Over-Allotment Debentures issuable on exercise thereof such that the Agents are entitled to arrange for the sale of the same number and type of securities that the Agents would have otherwise arranged for had they exercised

such Over-Allotment Option immediately prior to such subdivision, consolidation, reclassification or change.

**Section 2.4 Distribution and Certain Obligations of the Agents**

- (1) The Agents shall, and shall require any Selling Firm to agree to, comply with the Securities Laws in the Qualifying Provinces in connection with the distribution of the Debentures and shall offer the Debentures for sale to the public directly and through Selling Firms upon the terms and conditions set out in the Prospectus and this Agreement. The Agents shall, and shall require any Selling Firm to, offer for sale to the public and sell the Debentures only in those jurisdictions where they may be lawfully offered for sale or sold. The Agents shall: (i) use all reasonable best efforts to complete and cause each Selling Firm to complete the distribution of the Debentures as soon as reasonably practicable; and (ii) promptly notify the Company when, in their opinion, the Agents and the Selling Firms have ceased distribution of the Debentures and provide a breakdown of the number of Debentures distributed in each of the Qualifying Provinces where such breakdown is required for the purpose of calculating fees payable to the Securities Commissions.
- (2) The Agents shall, and shall require any Selling Firm to agree to, distribute the Debentures in a manner which complies with and observes all applicable laws and regulations, including, for greater certainty, all Securities Laws, in each jurisdiction into and from which they may offer to sell the Debentures or distribute the Prospectus in connection with the distribution of the Debentures and will not, directly or indirectly, offer, sell or deliver any Debentures or deliver the Prospectus to any Person in any jurisdiction other than in the Qualifying Provinces except in a manner which will not require the Company to comply with the registration, prospectus, filing, continuous disclosure or other similar requirements under the Securities Laws of such other jurisdictions or pay any additional governmental filing fees which relate to such other jurisdictions.
- (3) The Agents shall be entitled to assume that the Debentures are qualified for distribution in the Qualifying Provinces where the Final Receipt has been issued unless the Agents receive notice to the contrary from the Company or the Securities Commissions.
- (4) The Agents shall not make any representations or warranties with respect to the Company or its securities, other than as set forth in the Prospectus and any Supplementary Material.
- (5) Each Agent will keep all information, data and documents provided to it in connection herewith confidential and shall not disclose any of the same not previously disclosed to the public except: (a) to employees and agents of the Company or its affiliates and to those officers, employees, agents and advisors of the Agent who require access thereto for the purpose of permitting the Agent to execute its obligations hereunder and who agree to keep such information, data and documents confidential and not to disclose the same; (b) as may be required by law

in connection with any legal, stock exchange or regulatory proceedings; or (c) with the consent of the Company.

- (6) The obligations of the Agents under this Section 2.4 are several and not joint or joint and several. No Agent will be liable for any act, omission, default or conduct by any other Agent or any Selling Firm appointed by any other Agent.

### ARTICLE 3 DUE DILIGENCE REVIEW

#### Section 3.1 Due Diligence Review

- (1) Prior to the Closing Time and during the period from the effective date hereof until the Initial Closing Date, the Company shall allow the Agents the opportunity to conduct required due diligence and to obtain, acting reasonably, satisfactory results therefrom and in particular, the Company shall allow the Agents and Agents' Counsel to conduct all due diligence which the Agents may reasonably require in order to confirm the Offering Documents are accurate, complete and current in all material respects and to fulfill the Agents' obligations as registrants and, in this regard, without limiting the scope of the due diligence inquiries the Agents may conduct, the Company shall cause their senior management, auditors, legal counsel and such other Persons as the Agents may require, to answer any questions which the Agents may have and to participate in one or more due diligence sessions to be held prior to the Initial Closing Date (each of such sessions referred to as a "**Due Diligence Session**"). The Agents shall distribute a list of written questions to be answered as soon as possible, and in any case no less than 2 Business Days, in advance of such Due Diligence Session and the Company shall provide written responses to such questions and shall use their reasonable commercial efforts to have their respective auditors and legal counsel provide written responses to such questions in advance of the Due Diligence Session.
- (2) In carrying out their responsibilities under this Agreement, the Agents will necessarily rely on information prepared or supplied by the Company and other sources believed by the Agents to be reliable. The Agents will apply reasonable standards of diligence to their due diligence inquiries. However, the Agents will be entitled to rely on and assume no obligation to verify the accuracy or completeness of such information and under no circumstances will the Agents be liable to the Company or any securityholder for any damages arising out of the inaccuracy or incompleteness of such information. The Company maintains sole responsibility for the accuracy and completeness of the Preliminary Prospectus, the Final Prospectus, any Supplemental Material and any other disclosure document to be prepared in connection with the Offering, except any portions thereof that are provided by the Agents.

**ARTICLE 4**  
**REPRESENTATIONS AND WARRANTIES**

**Section 4.1 Representations as to Prospectus and Supplementary Materials**

- (1) The Company represents it has prepared and filed the Preliminary Prospectus with respect to the distribution of the Debentures in the Qualifying Provinces and has received the Preliminary Receipt. The Company will comply with all legal requirements necessary to continue to qualify the Debentures for distribution in each of the Qualifying Provinces until the Offering is completed or terminated in accordance with the terms hereof.
- (2) Filing of the Preliminary Prospectus, the Final Prospectus and any Supplemental Material shall constitute a representation and warranty by the Company to the Agents that at the time of filing:
  - (a) all information and statements (except information and statements relating solely to the Agents and provided by them in writing expressly for inclusion therein) contained therein are true in all material respects and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Company and the Debentures;
  - (b) no material fact or information has been omitted from such document (except facts or information relating solely to the Agents) which is required to be stated therein or is necessary to make the statements or information contained therein not misleading in light of the circumstances in which they were made;
  - (c) except with respect to information relating solely to the Agents and provided by them in writing expressly for inclusion therein, such document complies in all material respects with the requirements of applicable Securities Laws, including without limitation National Instrument 41-101 *General Prospectus Requirements*; and
  - (d) there has been no intervening material change (actual or proposed, whether financial or otherwise), from the date of the Preliminary Prospectus, the Final Prospectus, or any Supplementary Material to the time of delivery thereof in the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Company.

**Section 4.2 Representations and Warranties of the Company**

- (1) The Company represents and warrants to the Agents as of the date hereof, and acknowledges that the Agents are relying upon each of such representations and warranties in completing the Closing, that:
  - (a) *Good Standing of the Company.* The Company is a corporation incorporated under the BCBCA on December 17, 2009 and is current and up-to-date with all material filings required to be made and has the corporate power and

authority to own, lease and operate its properties and to conduct its business as now carried on by it, and to enter into, deliver and perform its obligations under this Agreement, the Offering Documents and the Ancillary Documents and to carry out the obligations thereof hereunder and thereunder. No act or proceeding has been taken by or against the Company in connection with its liquidation, winding-up or bankruptcy.

- (b) *Good Standing of the Lender.* The Lender is a corporation incorporated, organized and existing under the BCBCA on January 15, 2013 and is current and up-to-date with all material filings required to be made and has the requisite corporate power and capacity to own, lease and operate its properties and to conduct its business as now carried on by it, and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business. No act or proceeding has been taken by or against the Lender in connection with its liquidation, winding-up or bankruptcy.
- (c) *Subsidiaries.* Other than the Lender, the Company has no direct or indirect subsidiaries nor any investment or proposed investment in any Person.
- (d) *Share Capital of the Company.* The authorized share capital of the Company consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares, of which 11,535,884 Common Shares and nil preferred shares are issued and outstanding as at April 20, 2017. All of the issued and outstanding Common Shares are fully paid and non-assessable and have been duly and validly authorized and issued free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim granted thereon by the Company, except as disclosed in the Prospectus.
- (e) *Share Capital of the Lender.* The authorized capital of the Lender consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares, of which 100 common shares and are held directly by the Company, and nil preferred shares are issued and outstanding. All of the issued and outstanding shares in the capital of the Lender have been duly authorized and validly issued as fully paid and 100% of the outstanding shares of the Lender are duly and validly owned directly by the Company free and clear of any Liens. There exist no options, warrants, purchase rights, or other contracts or commitments that could require the Company to sell, transfer or otherwise dispose of any shares of the Lender.
- (f) *Authorization and Description of Debentures.* The Debentures have been duly authorized for issuance and sale to the Purchasers pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement, against payment of the consideration set forth herein, will be validly issued. The Underlying Shares have been duly authorized for issuance upon the conversion of Debentures from time to time and, when issued and delivered



by the Company in accordance with their terms upon the conversion of the Debentures, will be validly issued as fully paid and non-assessable Common Shares. The Debentures conform and will conform to all statements relating thereto contained in the Offering Documents and such description conforms to the rights set forth in the instruments defining the same. All corporate action required to be taken by the Company for the authorization, issuance, sale and delivery of the Debentures has been validly taken at the date hereof.

- (g) *TSXV Conditional Listing Approval.* The TSXV has conditionally approved the listing of the Underlying Shares, subject to the Company fulfilling all of the requirements of the TSXV on or before the applicable time period set forth in the conditional listing approval letter of the TSXV dated March 9, 2017, a copy of which has been provided to the Agents. The TSXV has conditionally approved the filing of the Filing Statement and the Change of Business.
- (h) *Common Share Listing.* The outstanding Common Shares are listed and posted for trading on the NEX board of the TSXV.
- (i) *Absence of Rights.* No Person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the issue or allotment of any unissued shares of the Company or the Lender or any other agreement or option for the issue or allotment of any unissued shares of the Company or the Lender or any other security convertible into or exchangeable for any such shares or to require the Company or the Lender to purchase, redeem or otherwise acquire any of the issued and outstanding shares of the Company or the Lender except as otherwise disclosed in the Prospectus.
- (j) *Financial Statements.* The Financial Statements included in the Offering Documents and the notes thereto,
  - (i) present fairly, in all material respects, the financial position of the Company and the Lender, on a consolidated basis, for the periods specified in such Financial Statements;
  - (ii) have been prepared in conformity with IFRS for (A) the three and nine months ended December 31, 2016 and 2015 and (B) the years ended March 31, 2016, 2015, 2014 and 2013, applied on a consistent basis throughout the periods involved; and
  - (iii) do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the Financial Statements.
- (k) *Liabilities.* Neither the Company nor the Lender has any liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or

otherwise, which are not disclosed or referred to in the Financial Statements or referred to or disclosed herein, other than liabilities, obligations, or indebtedness or commitments incurred in the normal course of business.

- (l) *Off-Balance Sheet Arrangements.* Other than as disclosed in the Financial Statements included in the Prospectus, there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of either of the Company or the Lender or other Persons that may have a material current or future effect on the Company's financial condition.
- (m) *Independent Accountants.* The Auditors who reported on and certified the Financial Information are independent with respect to the Company within the meaning of applicable Securities Laws and there has never been any reportable disagreement (within the meaning of National Instrument 51-102 - *Continuous Disclosure Obligations*) with the current Auditors or any former auditor of the Company.
- (n) *Accounting Controls.* The Company maintains, and will maintain, for a period of two years following the final Closing Date, 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 IFRS and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, (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, (v) material information relating to the Company is made known to those within the entity responsible for the preparation of the financial statements during the period in which the financial statements have been prepared and, upon becoming a reporting issuer in the Qualifying Jurisdictions, that such material information will be disclosed to the public within the time periods required by applicable laws, and (vi) all significant deficiencies and material weaknesses in the design or operation of such internal controls that could adversely affect any of the Company's ability to disclose to the public information required to be disclosed by it in accordance with applicable law and all fraud, whether or not material, that involves management or employees that have a significant role with the Company will be disclosed to the Company's audit committee.
- (o) *Assets.* Each of the Company and the Lender is the absolute legal and beneficial owner of, and has good and marketable title to, all of its material assets, free of all Liens, and no other assets or property rights are necessary for the conduct of the business of the Company and the Lender, there are no restrictions on the ability of the Company or the Lender to use, transfer or otherwise exploit such assets or property rights, and neither of the Company nor the Lender knows of any claim or basis for a claim that might or could

adversely affect its rights to use, transfer or otherwise exploit such assets or property rights and neither of the Company or the Lender has any responsibility or obligation to pay any commission, royalty, licence, fee or similar payment to any Person with respect to the respective assets or property rights thereof, except as set out in the Prospectus.

- (p) *Environmental Laws.* In connection with the ownership, use, maintenance or operation of its properties and assets:
- (i) neither the Company nor the Lender is in violation of any federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, policy or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**");
  - (ii) the Company and the Lender have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements;
  - (iii) to the knowledge of the Company, there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Company or the Lender;
  - (iv) there are no environmental audits, evaluations, assessments, studies or tests relating to the Company or the Lender except for ongoing assessments conducted in the ordinary course of business; and
  - (v) there are no orders, rulings or directives issued or, to the knowledge of the Company, pending or threatened against the Company or the Lender under or pursuant to any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to any of its properties.
- (q) *Insurance.* As at the date hereof, the Company and the Lender maintain no insurance against loss of, or damage to, their respective assets.

- (r) *Directors and Officers.* To the knowledge of the Company, none of the directors or officers of the Company are now, or have ever been in the 10 years prior to the date hereof, subject to an order or ruling of any Securities Commission or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange.
- (s) *Non-Arm's Length Transactions.* Except as disclosed in the Prospectus, the Company is not a party to any loan, contract, agreement or understanding of a material nature with any officer, director, employee or securityholder of the Company or any other Person not dealing at arm's length with the Company.
- (t) *Executive Compensation.* The directors and officers of the Company and their compensation arrangements with the Company, whether as directors, officers or employees of the Company, are as disclosed in the Prospectus.
- (u) *Interest in Material Transactions.* Except as disclosed in the Prospectus, none of the directors, officers or employees of the Company or the Lender, any Person who owns, directly or indirectly, more than 10% of any class of securities of the Company, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Company or the Lender that materially affected or would materially affect the Company.
- (v) *No Material Adverse Effect.* Since March 31, 2016, (i) there has been no change in the condition (financial or otherwise), or in the properties, capital, affairs, prospects, operations, assets or liabilities of the Company and the Lender considered as one enterprise, whether or not arising in the ordinary course of business which would give rise to a Material Adverse Effect, and (ii) there have been no transactions entered into by the Company or the Lender, other than those in the ordinary course of business, which are material with respect to the Company or the Lender considered as one enterprise, in each case, except as disclosed in the Prospectus.
- (w) *Absence of Proceedings.* There is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Authority, or to the knowledge of the Company, pending or threatened, against or affecting the Company or the Lender, that is required to be disclosed in the Prospectus and which is not so disclosed, or which if determined adversely would materially and adversely affect the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder.
- (x) *Absence of Defaults and Conflicts.* Each of the Company and the Lender are not in violation of their respective constating documents or in default in any material respect in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, licence or other agreement or instrument to which any of the Company and the Lender is a

party or by which it or either of them may be bound, or to which either of the property or assets of the Company or the Lender is subject (collectively, "**Agreements and Instruments**"). The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and in the Offering Documents (including the authorization, issuance, sale and delivery of the Debentures and the issuance of the Underlying Shares on the conversion of Debentures, and the use of the proceeds from the sale of the Debentures as described in the Offering Documents under the heading "Use of Proceeds") and compliance by the Company with its obligations hereunder, have been duly authorized by all necessary corporate action, and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under, or result in the creation or imposition of any Lien upon any property or assets of the Company or the Lender pursuant to the Agreements and Instruments, nor will such action result in any violation or conflict with, the provisions of the constating documents of the Company or the Lender or any existing applicable law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Authority having jurisdiction over the Company or the Lender or any of their assets, properties or operations.

- (y) *No Conflict.* Each of the execution and delivery of this Agreement and the Ancillary Documents, the performance by the Company of its obligations hereunder or thereunder, the issue and sale of the Debentures hereunder and the consummation of the transactions contemplated in this Agreement, including the issuance and delivery of the Debentures, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both, (A) any statute, rule or regulation applicable to the Company including, without limitation, corporate law, the BCBCA, the Securities Laws of the Qualifying Provinces and the rules and regulations of the TSXV; (B) the constating documents or resolutions of the directors or shareholders of the Company, which are in effect at the date hereof; (C) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Company is a party or by which it is bound; or (D) any judgment, decree or order binding the Company or the Lender or a material portion of the property or assets thereof.
- (z) *Prospectus Disclosure.* The terms and provisions of this Agreement are or will be, and the attributes attaching to the Debentures and Underlying Shares, when issued will be, consistent in all material respects with the descriptions thereof in the Final Prospectus.
- (aa) *Labour.* No material labour dispute with the employees of the Company or the Lender exists or, to the knowledge of the Company, is imminent. Neither of the Company or the Lender is a party to any collective bargaining agreement and no action has been taken or is contemplated to organize any employees of the Company or the Lender.

- (bb) *Transfer Agent and Registrar.* Computershare Investor Services Inc., at its office located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9, is the transfer agent and registrar for the Common Shares.
- (cc) *Debenture Trustee.* Computershare Trust Company of Canada, at its principal office in Vancouver, has been or will prior to the Closing Time be duly appointed as the registrar, transfer agent and debenture trustee of the Debentures pursuant to the Indenture.
- (dd) *Form of Common Share and Debenture Certificates.* The form and terms of the definitive certificates for the Common Shares and Debentures have been or will prior to the Closing Time be approved and adopted by the board of directors of the Company and comply with all legal requirements, including, without limitation, the applicable rules and regulations of the TSXV.
- (ee) *Absence of Further Requirements.* No filing with, or authorization, approval, consent, licence, order, registration, qualification or decree of any Governmental Authority is necessary or required for the performance by the Company of its obligations hereunder, in connection with the proposed distribution, issuance or sale of the Debentures hereunder, or the consummation of the transactions contemplated by this Agreement, except such as have been obtained, or as may be required, under applicable law.
- (ff) *Taxes.* Except as disclosed in the Final Prospectus, all material tax returns, reports, elections, remittances and payments of the Company and the Lender required by applicable law to have been filed or made in any applicable jurisdiction, have been filed or made (as the case may be), other than for taxes being contested in good faith, and are substantially true, complete and correct and all taxes of the Company and the Lender have been paid or accrued in the Financial Statements.
- (gg) *Use of Proceeds.* The proceeds of the Offering will be used for the purposes and in the manner specified in the Prospectus under the heading "Use of Proceeds".
- (hh) *Employment Laws.* There has not been in the last two years and there is not currently any labour disruption, grievance, arbitration proceeding or other conflict and the Company is in compliance in all material respects with all provisions of all federal, provincial, local, state and foreign laws and regulations respecting employment and employment practices, terms and conditions of employment and wages and hours.
- (ii) *No Brokerage or Finder's Fees.* Except as otherwise disclosed to the Agents, other than the Agents, there is no Person acting or, to the knowledge of the Company, purporting to act at the request of the Company, who is entitled to any brokerage or finder's fees in connection with the Offering.

- (jj) *Agreement.* This Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding obligation of, and is enforceable against, the Company in accordance with its terms (subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally, the availability of equitable remedies and the qualification that rights to indemnity and waiver of contribution may be contrary to public policy).
- (kk) *Minutes and Records.* The corporate records and minute books of the Company and the Lender contain complete and accurate minutes of all meetings and resolutions of the directors (and any committees thereof) and shareholders of the Company and the Lender, as applicable, and the share certificate books, register of shareholders, register of transfers and register of directors of the Company and the Lender are complete and accurate in all material respects.
- (ll) *Material Information.* Except for the filing of the Final Prospectus and the material to be filed together therewith or in compliance with the undertakings given to the Securities Commissions relating to the filing of Material Contracts, there are no reports or information that in accordance with the requirements of the Securities Commissions must be made publicly available or filed in connection with the Offering that have not been made publicly available or filed as required.
- (mm) *Compliance with Laws.* The Company has fully complied with all relevant statutory and regulatory requirements required to be complied with prior to the Closing Time in connection with the Offering.
- (nn) *Withheld Information.* The Company has not withheld and will not withhold from the Agents prior to the Closing Time, any material facts relating to the Company, the Lender or the Offering.
- (oo) *Loan Matters.*
  - (i) At or before the Initial Closing Date, the Company will have directed the Lender to pay any interest, dividends or other payments received by the Lender pursuant to, or in connection with, the Initial Investment directly to the Debenture Trustee for the benefit of the holders of the Debentures
  - (ii) Other than as contemplated by the Loan Agreement, the Company has caused the Lender to refrain from paying any dividends or other payments to the Company.
  - (iii) The Concurrent Financing will close on or before the Initial Closing Date.
  - (iv) All necessary corporate action has been taken by the Company to authorize the delivery of the Collateral, as it exists at the date hereof,

including the Pledged Securities, to the Debenture Trustee, as agent and secured party for the holders of the Debentures, pursuant to the Pledge Agreement.

- (v) The Pledge Agreement, at the Closing, will create a valid security interest in favour of the Debenture Trustee as agent and secured party for the holders of the Debentures in the personal property described in the Pledge Agreement as being subject to a security interest in which the Company now has rights, specifically, the Collateral, and will, at the Closing, be sufficient to create a valid security interest in favour of the Debenture Trustee as agent and secured party for the holders of the Debentures in any such personal property in which the Company acquires rights after the date of this Agreement when those rights are acquired by the Company to secure payment and performance of the obligations described in the Pledge Agreement.
- (vi) The security interest of the Debenture Trustee as agent and secured party for the holders of the Debentures in the Collateral will, at the Closing, be perfected by control and, accordingly, the Debenture Trustee as agent and secured party for the holders of the Debentures will, at the Closing, have priority over any other security interest to which the PPSA applies in the Collateral.

### **Section 4.3 Survival of Representations and Warranties**

It is understood that all representations, warranties, covenants, indemnities, terms and conditions herein or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive each Closing and the termination of this Agreement and shall continue in full force and effect for the benefit of the Agents regardless of any investigation by or on behalf of the Agents with respect thereto for a period of two years following the final Closing Date. The Agents will be entitled to rely on the representations and warranties of the Company contained in this Agreement or delivered pursuant to this Agreement notwithstanding any investigation which the Agents may undertake or which may be undertaken on the Agents' behalf.

## **ARTICLE 5 COVENANTS**

### **Section 5.1 Covenants of the Company**

- (1) The Company hereby covenants to the Agents that the Company:
  - (a) will comply in all material respects with the Prospectus Review Procedures and in connection therewith shall:
    - (i) not later than April 24, 2017 (or such later date as may be agreed to by the Company and the Agents) have:



- (A) prepared and filed the Final Prospectus and other documents required under the applicable Securities Laws of the Qualifying Provinces with the Securities Commissions; and
  - (B) obtained a Final Receipt from the BCSC evidencing that a final receipt has been issued, or is deemed to be issued, for the Final Prospectus by each of the Securities Commissions in the Qualifying Provinces;
- (ii) otherwise fulfill all legal requirements to enable the Debentures to be offered and sold to the public in each of the Qualifying Provinces through the Agents or any other investment dealer or broker registered in the applicable Qualifying Province and who complies with the relevant provisions of the applicable Securities Laws;
  - (iii) until the completion of the distribution of the Debentures, promptly take all additional steps and proceedings that from time to time may be required under the applicable Securities Laws in each Qualifying Province to continue to qualify the Debentures for distribution or, in the event that the Debentures have, for any reason, ceased to so qualify, to again qualify the Debentures for distribution; and
  - (iv) prior to the filing of the Final Prospectus and, during the period of distribution of the Debentures, prior to the filing with any Securities Commissions of any Supplementary Material, have allowed the Agents and Agents' Counsel to participate fully in the preparation of and to approve the form of such documents (such approval not to be unreasonably withheld);
- (b) will advise the Agents, promptly after receiving notice or obtaining knowledge, of:
- (i) the issuance by any Securities Commission of any order suspending or preventing the use of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material;
  - (ii) the suspension of the qualification of the Debentures for distribution or sale in any of the Qualifying Provinces;
  - (iii) the institution or threatening of any proceeding for any of those purposes; or
  - (iv) any requests made by any Securities Commission for amending or supplementing the Prospectus, or for additional information, and will use their best efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal of the order promptly;

- (c) will ensure that the Debentures are duly and validly created, authorized and issued and shall have attributes corresponding in all material respects to the description set forth in the Prospectus;
- (d) will at the Closing Time deliver to the Agents and Agents' Counsel all legal opinions (which shall be addressed to the Agents and, if required for opinion purposes, Agents' Counsel) that are required to be delivered pursuant to this Agreement;
- (e) will use its commercially reasonable efforts to maintain its status as a reporting issuer (or the equivalent thereof) not in default of the requirements of the Securities Laws of at least one of the Qualifying Provinces which have such a concept to the date that is two years following the final Closing Date;
- (f) will use its commercially reasonable efforts to maintain the listing of the Common Shares and the Debentures (once listed) on the TSXV or such other recognized stock exchange or quotation system as the Agents may approve, acting reasonably, for a period of two years following the final Closing Date;
- (g) will, and shall cause the Lender to, maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with management's general or specific authorization and are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets for a period of two years following the final Closing Date;
- (h) on or before the Initial Closing Date, will, and will use its reasonable effort to cause the Debenture Trustee to enter into, the Indenture. The Indenture shall be in such form and shall contain such terms as shall be consistent with the description of the terms of the Debentures contained in Prospectus;
- (i) will use its best efforts to fulfill, at or before each Closing Date, each of the conditions set out in Article 8;
- (j) will execute, and shall cause the Lender to execute, as applicable, and deliver at or before the Initial Closing Date, any unexecuted Material Contracts, and comply with and satisfy, or cause the Lender to comply with and satisfy, as applicable, all terms, conditions and covenants therein contained to be complied with or satisfied by the Company or the Lender, as applicable;
- (k) will execute and deliver any unexecuted Material Contracts to be executed and delivered by the Company or cause to be executed and delivered any such Material Contracts to be executed and delivered by the Lender in compliance with the laws of its jurisdiction of incorporation and with the provisions of its certificate of incorporation and its notice of articles and articles;

- (l) will ensure that all necessary corporate action will have been taken by the Company to authorize the issuance of the Debentures and the Underlying Shares;
- (m) will cause the Debentures to be issued and sold by the Company hereunder to be duly and validly created, authorized and issued on the payment therefor, and such Debentures will have the attributes corresponding to the descriptions thereof as set out in the Prospectus;
- (n) will, prior to the each Closing Date, have reserved a sufficient number of Underlying Shares for issuance upon the conversion of each of the Debentures, in accordance with their terms;
- (o) as at any Closing Time will cause the Underlying Shares to be duly and validly authorized for issuance on the conversion of the Debentures, in accordance with this Agreement and the Indenture, as the case may be;
- (p) in connection with the issuance and sale of the Debentures, and any Underlying Shares issuable upon the conversion of the Debentures, will execute and file with Securities Commissions all forms, notices, reports and certificates required to be filed pursuant to applicable Securities Laws within the prescribed time periods;
- (q) will use its best efforts to ensure the TSXV's approval of the Company's Change of Business prior to the Initial Closing Date;
- (r) will use its commercially reasonable efforts to maintain the listing of the Common Shares, and any Underlying Shares that are issued upon conversion of the Debentures, on the TSXV or another recognized stock exchange or quotation system following the final Closing Date, provided that this covenant shall not apply in the event the Company completes the sale of all or substantially of its assets to a third party or its Common Shares (and any Underlying Shares that are issued upon conversion of the Debentures) are subject to a take-over or similar change of control transaction that is successfully completed and results in one Person holding all of the outstanding shares of the Company;
- (s) until the final Closing Date, will advise the Agents, promptly after receiving notice or obtaining knowledge of (i) the imposition of cease trading or similar orders affecting the Debentures or any other securities of the Company, or the securities of the Lender, or the institution, threatening or contemplation of any proceeding for any such purpose and (ii) any request made by any Securities Commission. The Company will use its best efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible;
- (t) will not, directly or indirectly, offer, issue, sell or grant any Common Shares or securities convertible into, exchangeable for, or otherwise exercisable to

acquire Common Shares or other equity securities of the Company for a period of 90 days after the final Closing Date, without the prior written consent of the Lead Agent, such consent not to be unreasonably withheld, except in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to the share incentive plan of the Company and other share compensation arrangements; (ii) the exercise of warrants or other convertible securities outstanding as at the date hereof; (iii) obligations of the Company in respect of existing agreements; or (iv) the issuance of securities by the Company in connection with acquisitions in the normal course of business;

- (u) will use the net proceeds of the Offering to cause the Lender to fund the Initial Investment, as described in the Prospectus and the Filing Statement;
- (v) will cause the Lender to conduct its business such that the only business carried on by the Lender at the Initial Closing Date or at any time thereafter pertains to the execution of, and satisfaction and completion of the terms and obligations under, the Initial Investment;
- (w) will direct the Lender to pay any interest, dividends or other payments received by the Lender pursuant to, or in connection with, the Initial Investment, other than the Lender Interest, directly to the Debenture Trustee for the benefit of the holders of the Debentures;
- (x) will cause the Lender to refrain from declaring and paying any dividends or making any other payment to the Company, other than the Lender Interest;
- (y) if the Offering is not completed, will retain the services of the Lead Agent with respect to any financing initiated within 12 months of the termination of this Agreement (“**Subsequent Financing**”), to the extent that the net proceeds of the Subsequent Financing are intended to be used fully or partially to make an investment in an entity in connection with the Strategic Alliance Agreement;
- (z) provided that the Offering is completed, will cause each director and officer of the Company to enter into lock-up agreements in favour of the Agents on or prior to the Initial Closing Date, in a form satisfactory to the Lead Agent, acting reasonably, pursuant to which they will covenant and agree that, for the 90 day period following the final Closing Date, they will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Common Shares, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, unless (i) they first obtain the prior consent of the Lead Agent, which consent shall not be unreasonably withheld; or (ii) there occurs a take-over bid or similar transaction involving a change of control of the Company;

- (aa) at or prior to the Initial Closing Date, will have caused all necessary corporate action to have been taken by the Company to authorize the delivery of the Collateral, as at the date hereof, including the Pledged Securities, to the Debenture Trustee, as agent and secured party for the holders of Debenture, pursuant to the Pledge Agreement;
- (bb) will covenant that the Pledge Agreement will create a valid security interest in favour of the Debenture Trustee as agent and secured party for the holders of Debentures in the personal property described in the Pledge Agreement as being subject to a security interest in which the Company now has rights, specifically, the Collateral, and will be sufficient to create a valid security interest in favour of the Debenture Trustee as agent and secured party for the holders of Debentures in any such personal property in which the Company acquires rights after the date of this Agreement when those rights are acquired by the Company to secure payment and performance of the obligations described in the Pledge Agreement;
- (cc) at or prior to the Initial Closing Date, will covenant that the Debenture Trustee as agent and secured party for the holders of Debentures will have priority over the Collateral and any other security interest to which the PPSA applies in the Collateral;
- (dd) will use commercially reasonable efforts to cause the listing and posting for trading of the Debentures on the TSXV within 90 days of the Initial Closing Date;
- (ee) will make a second investment within one year of the TSXV's final bulletin accepting the Change of Business; and
- (ff) so long as any obligation remains outstanding under the Debentures or the Indenture, will not at any time:
  - (i) permit, create, grant, assume or suffer to exist any lien or any debt secured by a lien upon the Collateral, including the Pledged Securities;
  - (ii) permit the Lender to:
    - (A) create, incur, assume or suffer to exist any debt other than as created pursuant to the Initial Investment;
    - (B) create, incur, assume or suffer to exist, any lien or encumbrance on any of its property or assets other than as created pursuant to the Initial Investment;
    - (C) enter into any reorganization, consolidation, amalgamation, arrangement, winding-up, merger or other similar transaction;

- (D) sell, exchange, lease, release or abandon or otherwise dispose of, any assets or properties (other than securities) to any Person;
- (E) enter into, any agreement with, make any financial accommodation for, or otherwise enter into any transaction with, a Related Party;
- (F) issue shares, or any options, warrants or securities convertible into shares;
- (G) other than the transfer of the Lender Interest to the Company, declare make or pay any Distributions. For purposes of this Section 3(dd)(ii)(G) "Distribution" means with respect to any Person the amount of (i) any dividend or other distribution on issued shares of the Person or any of its subsidiaries, (ii) the purchase, redemption or retirement amount of any issued shares, warrants or any other options or rights to acquire shares of the Person or any of its subsidiaries redeemed or purchased by the Person or any its subsidiaries, or (iii) any payments whether as consulting fees, management fees or otherwise to any Related Party of the Person or any of its subsidiaries;
- (H) give any Financial Assistance to any Person. For purposes of this Section 3(dd)(ii)(H), "Financial Assistance" means any advances, loans or other extensions of credit, guarantees, indemnities or other contingent liabilities in the nature of a guarantee or indemnity or capital contributions (other than prepaid expenses in the ordinary course of business) to (by means of transfers of property, money or assets), or any purchase of any shares, stocks, bonds, notes, debentures or other securities of, any Person or the acquisition of all or substantially all the assets of, any Person or of a business carried on by, or a division of, any Person; and
- (I) make any change in the nature of its business.

## **Section 5.2 Use of Proceeds**

The Company hereby covenants to the Agents that the Company will use the net proceeds of the Offering in the manner specified in the Final Prospectus under the heading "Use of Proceeds".

## **Section 5.3 Changes During Distribution**

(1) *Material Change or Change in Material Fact During Distribution*

- (a) During the period from the date of this Agreement to the date of completion of distribution of the Debentures under the Final Prospectus, the Company shall promptly notify all of the Agents in writing, with full particulars thereof, of:
- (i) any change (actual, contemplated or threatened) in the business, affairs, operations, assets, liabilities (contingent or otherwise), capital or ownership of the Company or proposed ownership of the Company, in each case on a consolidated basis (other than a change disclosed in the Final Prospectus);
  - (ii) any change in any matter covered by a statement contained in the Prospectus or any Supplementary Materials; or
  - (iii) any material fact that has arisen or been discovered and that would have been required to have been disclosed in the Final Prospectus or any Supplementary Materials had that fact arisen or been discovered on or prior to the date of the Final Prospectus or any Supplementary Materials,

which change or fact is, or may be, of such a nature as to render the Prospectus or any Supplementary Materials misleading or untrue in any material respect or would result in any of such documents containing a misrepresentation, as defined under applicable Securities Laws, or which would result in any of such documents not complying in any material respect with any of the applicable Securities Laws or which change would reasonably be expected to have a significant effect on the market price or value of the Debentures or Common Shares.

- (b) The Company will consult with each of the Agents with respect to the form and content of any Supplementary Material proposed to be filed by the Company, it being understood and agreed that no such Supplementary Material will be filed with any Securities Commission or the TSXV prior to the review and approval by the Agents and Agents' Counsel. The Company shall also co-operate in all respects with the Agents to allow and assist each of the Agents to participate in the preparation of any Supplementary Material and to conduct all due diligence investigations which all the Agents deem appropriate in order to fulfill their obligations as agents and to enable the Agents to responsibly execute any certificate related to such Supplementary Material required to be executed by them and complete the Offering.
- (c) The Company shall promptly (and in any event, within any applicable time limitation) comply with all applicable filings and other requirements under the applicable Securities Laws or arising as a result of any change, fact, event or circumstance referred to in Section 5.3(1)(a) or otherwise and shall promptly prepare and file, to the reasonable satisfaction of the Agents, under all applicable Securities Laws, and in any event within any time limit prescribed under applicable Securities Laws, any Supplementary Material as

may be required under applicable Securities Laws; provided that the Company shall allow the Agents and Agents' Counsel to participate fully in the preparation of any Supplementary Material and to conduct all due diligence investigations which the Agents may reasonably require in order to fulfill their obligations as agents and in order to enable the Agents to responsibly execute the certificate required to be executed by them in respect of any Supplementary Material and the Agents shall have approved the form of any Supplementary Material, such approval not to be unreasonably withheld or delayed.

- (d) The Company shall promptly deliver or cause to be delivered to each of the Agents and the Agents' Counsel such number of copies of any Supplementary Material as the Agents may reasonably request, signed as required by applicable Securities Laws by all parties other than the Agents, as well as opinions and letters with respect to each such Supplementary Material to the same effect as those referred to in Section 6.1 and dated the date of such Supplementary Material.
- (e) The Company shall in good faith discuss with each of the Agents any fact or change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether written notice need be given under Section 5.3(1)(a).

(2) *Change in Securities Laws*

- (a) If during the period of distribution of the Debentures there shall be any change in Securities Laws of the Qualifying Provinces which, in the opinion of the Agents, acting reasonably, requires the filing of Supplementary Material, the Company shall, to the satisfaction of the Agents, acting reasonably, promptly prepare and file such Supplementary Material with the appropriate Securities Commission in each of the Qualifying Provinces where such filing is required.

**Section 5.4 Completion of Distribution**

The Agents shall after the Closing Time:

- (a) use their best efforts to complete distribution of the Debentures as promptly as possible; and
- (b) give prompt written notice to the Company when, in the opinion of the Agents, they have completed distribution of the Debentures, which notice shall set out the total proceeds realized in each of the Qualifying Provinces and any other jurisdiction from such distribution.



## ARTICLE 6 DELIVERY OF DOCUMENTS

### Section 6.1 Deliveries on Filing

On or prior to the day of the filing of the Final Prospectus, the Company shall deliver to each of the Agents:

- (a) a copy of the Final Prospectus signed and certified as required by the Securities Laws in the Qualifying Provinces;
- (b) a copy of any other document required to be filed by the Company under the Securities Laws;
- (c) a long-form comfort letter of the Company's Auditors, dated the date of the Final Prospectus (with the requisite procedures to be completed by such auditors no earlier than two Business Days prior to the date of the Final Prospectus), in form and substance satisfactory to the Agents, acting reasonably, addressed to the Agents, containing statements and information of the type ordinarily included in comfort letters to Agents in connection with a public offering of securities in Canada, with respect to the verification of financial and accounting information and other numerical data of a financial nature contained in the Final Prospectus relating to the Company and matters involving changes or developments since the respective dates as of which specific financial information is given therein, which letter shall be in addition to the auditors' comfort letters addressed to the Securities Commissions, if any; and
- (d) a copy of the letter from the TSXV advising the Company that conditional approval of the Underlying Shares has been granted by the TSXV, subject to the satisfaction of the customary conditions set out therein.

### Section 6.2 Delivery of Commercial Copies

- (1) The Company confirms that it has previously delivered to the Agents copies of the Preliminary Prospectus signed as required by the applicable Securities Laws in the Qualifying Provinces and such number of commercial copies of the Preliminary Prospectus as the Agents requested.
- (2) The Company shall cause commercial copies of the Final Prospectus (and any Supplementary Material), to be printed and delivered to the Agents without charge, in such quantities and at such locations as the Agents may reasonably request by oral instructions to the printer of such documents.
- (3) Such delivery shall be effected as soon as possible and, in any event, on or before a date which is two Business Days after the Securities Commissions issue the Final Receipt or receipts for Supplementary Material, as applicable.
- (4) Such delivery shall also constitute the Company's consent to the Agents' use of the Preliminary Prospectus, the Final Prospectus, and any Supplementary Material in

connection with the distribution of the Debentures in the Qualifying Provinces, in compliance with this Agreement, unless otherwise advised in writing.

## **ARTICLE 7 CLOSING**

### **Section 7.1 Closing**

- (1) The purchase and sale of the Debentures and Over-Allotment Debentures, as applicable, shall be completed at the Closing Time at the offices of the Company's Counsel located at 900 - 885 West Georgia Street, Vancouver, British Columbia V6C 3H1, or at such other place as the Agents and the Company may agree.
- (2) At or prior to the Closing Time, the Company shall duly and validly deliver to the Agents one or more certificate(s) in definitive form representing the Debentures or Over-Allotment Debentures, as applicable, registered in the name of "CDS & Co." or in such other name or names as the Agents may notify the Company in writing not less than 24 hours prior to the Closing Time, against payment by the Agents to the Company, at the direction of the Company, in Canadian currency by wire transfer or, if permitted by applicable law, by certified cheque or bank draft, of an amount equal to the aggregate purchase price for the Debentures or Over-Allotment Debentures, as applicable, being issued and sold hereunder less the Agents' Fee, legal expenses and all of the estimated out-of-pocket expenses of the Agents payable by the Company to the Agents in accordance with Section 11.1. Notwithstanding the foregoing, if the Agents request that the Debentures or the Over-Allotment Debentures, as applicable, be issued in accordance with either the certificated or non-certificated book entry only rules and procedures of CDS Clearing and Depository Services Inc. ("CDS"), the Company and the Agents shall comply with such procedures and, in particular, the Agents will provide a direction to CDS with respect to the crediting of the Debentures or Over-Allotment Debentures, as applicable, to the accounts of participants of CDS as shall be designated by the Agents in writing in sufficient time prior to each Closing Date to permit such crediting.
- (3) If the number of Debentures issued and sold at the Initial Closing is less than \$20,000,000 principal amount, the parties may agree from time to time to hold additional closings on or prior to 90 days following the date of issuance of the Final Receipt (at such times and places as the parties may agree) to issue additional Debentures until such time as \$20,000,000 principal amount of Debentures (or up to \$23,000,000 in the event of the exercise in full of the Over-Allotment Option), in the aggregate, have been issued and sold pursuant to this Agreement. Any such additional closing shall be referred to as a "Subsequent Closing" and shall be conducted in the same manner as the Initial Closing. At any Subsequent Closing, the Company and the Agents shall make all necessary payments and the Company shall, at its sole expense, deliver all of the certificates, opinions and other documents to be delivered by it on the Initial Closing Date, each updated to the date of any such Subsequent Closing.

## ARTICLE 8 CONDITIONS OF CLOSING

### Section 8.1      **General**

- (1)     The conditions set forth in this Article 8 are conditions precedent to the obligations of the Agents to complete the Closing and of the Purchasers to purchase the Debentures at the Closing Time.
- (2)     The Company covenants and agrees to use its best efforts to fulfil the conditions set forth in this Article 8 within the time set out herein therefor.
- (3)     The conditions set forth in this Article 8 may be waived in writing in whole or in part by the Agents.

### Section 8.2      **Legal Opinions**

- (1)     The Company shall cause a favourable legal opinion to be delivered to the Agents by the Company's Counsel, dated each Closing Date, in form and substance satisfactory to the Agents, with respect to the following matters:
  - (a)     the incorporation and valid existence of each of the Company and the Lender;
  - (b)     that each of the Company and the Lender has the requisite corporate power and capacity under the BCBCA and its articles of incorporation to conduct its business as described in the Prospectus;
  - (c)     as to the corporate power of the Company and the Lender, as applicable, to enter into this Agreement, the Material Contracts, the Loan Agreement and the Strategic Alliance Agreement, and to perform the obligations set out therein, as applicable;
  - (d)     the authorized and issued share capital of each of the Company and the Lender;
  - (e)     that all of the issued and outstanding shares of the Lender are registered in the name of the Company;
  - (f)     that the attributes and characteristics of the Common Shares and the Debentures conform in all material respects with the description thereof in the Prospectus and any Supplementary Materials;
  - (g)     that the form and terms of the certificates representing the Common Shares and the Debentures, if any, have been approved by the directors of the Company and conform with the provisions of the BCBCA and, in the case of the Debentures, the Indenture;
  - (h)     that the Underlying Shares have been conditionally approved for listing by the TSXV, subject to the Company fulfilling all of the requirements of the TSXV set forth in the TSXV letter;

- (i) that the Company is a “reporting issuer”, or its equivalent, in each of Alberta and British Columbia and not in default under Securities Laws in Alberta and British Columbia;
- (j) that the Debenture Trustee has been duly appointed as the debenture trustee, transfer agent and registrar for the Debentures under the Indenture;
- (k) that Computershare Investor Services Inc. has been duly appointed as the transfer agent and registrar for the Common Shares;
- (l) that the Underlying Shares issuable upon conversion, redemption or maturity of the Debentures when issued and delivered upon due conversion, redemption or maturity of the Debentures in accordance with the terms of the Indenture, will be validly issued as fully paid and non-assessable Common Shares;
- (m) that the Debentures have been validly created and issued by the Company;
- (n) that all requisite corporate action has been taken by the Company to reserve and set aside for issuance the Underlying Shares;
- (o) all necessary corporate action has been taken by the Company to authorize the execution of each of the Preliminary Prospectus and the Final Prospectus and the filing of each of the Preliminary Prospectus and the Final Prospectus with the applicable Securities Commissions under the Securities Laws;
- (p) that all necessary corporate action has been taken by each of the Company and the Lender to authorize the execution, delivery and performance by the Company of its obligations under this Agreement, the Material Contracts, the Loan Agreement and the Strategic Alliance Agreement, as applicable.
- (q) that this Agreement, the Material Contracts, the Loan Agreement and the Strategic Alliance Agreement have been duly executed and delivered by or on behalf of the Company and/or the Lender, as applicable, to the extent governed by British Columbia law, and that each of this Agreement, the Material Contracts, the Loan Agreement and the Strategic Alliance Agreement constitutes a legal, valid and binding obligation of the Company and/or the Lender, as applicable, enforceable against the Company and/or the Lender by the other parties thereto in accordance with its terms, subject to customary exceptions;
- (r) that none of the execution of the Material Contracts, the Loan Agreement or the Strategic Alliance Agreement by the Company or the Lender, as applicable, or the fulfillment of the terms of the Material Contracts, the Loan Agreement or the Strategic Alliance Agreement by the Company or the Lender, as applicable, will 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 or constitute a default under any of the constating documents and by-laws of the

Company or the Lender, as applicable, or any resolutions of the directors or shareholders of the Company or the Lender, as applicable, or to any order or decree of any court, agency, tribunal, arbitrator or other authority to which the Company and the Lender is subject;

- (s) that no authorization, consent, permit or approval of, or other action by, or filing with or notice to, any governmental agency or authority, regulatory body, court, tribunal or other similar entity having jurisdiction is required at this time in connection with the execution, delivery and performance by the Company or the Lender, as applicable, of the Material Contracts, the Loan Agreement and the Strategic Alliance Agreement, except as may be set forth in the Indenture and receipt of final approval of the TSXV;
- (t) all necessary documents have been filed, all requisite proceedings have been taken and all other legal requirements have been fulfilled by the Company under the Securities Laws to qualify the distribution of the Offered Debentures to the public in each of the Qualifying Jurisdictions through dealers duly and properly registered under the applicable legislation of such Qualifying Jurisdictions who have complied with the relevant provisions of such applicable legislation and the terms of their registrations;
- (u) that the issue by the Company of the Underlying Shares in the Qualifying Jurisdictions upon the conversion of the Debentures in accordance with the terms and conditions of the Indenture will not be subject to the prospectus requirements of the Securities Laws and no document will be required to be filed, no proceeding will be required to be taken and no approval, permit, consent or authorization of any of the Securities Commissions of the Qualifying Jurisdictions will be required to be obtained by the Company under the Securities Laws of each of the Qualifying Jurisdictions in connection therewith;
- (v) that the first trade in any of the Qualifying Jurisdictions of the Underlying Shares issued by the Company upon the conversion of the Debentures, by a holder of the Underlying Shares through dealers duly and properly registered under the Securities Laws who are in compliance therewith and who are registered in a category permitting them to trade such securities or in circumstances in which there is an exemption from the registration requirements of such Securities Laws, will not be subject to the prospectus requirements of the Securities Laws and no other document is required to be filed, no proceedings are required to be taken and no approval, permit, consent or authorization of any of the Securities Commissions of any of the Qualifying Jurisdictions will be required to be obtained by the Company under the Securities Laws in connection therewith, provided that:
  - (i) such first trade is not a “control distribution” as that term is defined in NI 45-102;

- (ii) the Company is a “reporting issuer” (as defined under the applicable Securities Laws) at the time of such first trade; and
- (iii) such trade is not a transaction or series of transactions involving purchases and sales or repurchases and resales in the course of or incidental to a “distribution” (as defined under the Securities Laws);
- (w) the TSXV having provided the Company with conditional approval of the Company’s Change of Business, the Offering and the Concurrent Financing;
- (x) the Company having performed all necessary corporate actions required to authorize the delivery of the Collateral as at the date hereof, including the Pledged Securities, to the Debenture Trustee, as agent and secured party for the holders of Debentures pursuant to the Pledge Agreement;
- (y) the Pledge Agreement creating a valid security interest in favour of the Debenture Trustee as agent and secured party for the holders of Debentures in the personal property described in the Pledge Agreement as being subject to a security interest in which the Company now has rights, specifically, the Collateral, and being sufficient to create a valid security interest in favour of the Debenture Trustee as agent and secured party for the holders of Debentures in any such personal property in which the Company acquires rights after the date of this Agreement when those rights are acquired by the Company to secure payment and performance of the obligations described in the Pledge Agreement being secured by it;
- (z) the security interest of the Debenture Trustee as agent and secured party for the holders of Debentures in the Collateral having been perfected by control and accordingly the Debenture Trustee as agent and secured party for the holders of Debentures having priority over any other security interest to which the PPSA applies in the Collateral; and
- (aa) such other matters as the Agents’ Counsel may reasonably request.

In connection with such opinion, Company’s Counsel may rely on the opinions of local counsel in certain of the Qualifying Provinces acceptable to Agents’ Counsel, acting reasonably, in such jurisdictions or opinions may be given directly by local counsel of the Company with respect to those items and as to other matters governed by the laws of jurisdictions other than the province in which they are qualified to practise and may rely, to the extent appropriate in the circumstances, as to matters of fact on certificates of officers of the Company and others.

### **Section 8.3 Tax Opinion**

The Company shall cause a favourable opinion to be delivered to the Agents by the Company’s Auditors, dated each Closing Date, in form and substance satisfactory to the Agents, to the effect that the statements in the Prospectus under the heading “Eligibility for Investment”, have been reviewed and fairly summarize such law applicable to the

Debentures and the Underlying Shares issuable upon the conversion, redemption or maturity of the Debentures.

**Section 8.4 Other Conditions of Closing**

- (1) The Agents shall have received a certificate, dated as of each Closing Date, signed by the President and Chief Executive Officer and Chief Financial Officer of the Company, or such other officer(s) of the Company as the Agents may agree, certifying for and on behalf of the Company, to the knowledge, information and belief of the Persons so signing, with respect to:
  - (a) the articles and by-laws of the Company;
  - (b) the resolutions of the Company's board of directors relevant to the issue and sale of the Debentures, the Material Contracts and the authorization of the other agreements and transactions contemplated herein; and
  - (c) the incumbency and signatures of signing officers of the Company.
  
- (2) The Agents shall have received a certificate, dated as of each Closing Date, signed by the President and Chief Executive Officer and Chief Financial Officer of the Company, or such other officers of the Company as the Agents may agree, certifying for and on behalf of the Company, to the knowledge, information and belief of the Persons so signing, after having made due enquiry and after having carefully examined the Final Prospectus, and any Supplementary Material, as applicable, that:
  - (a) the Company has complied with all the covenants and satisfied all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the applicable Closing Time;
  - (b) the Final Prospectus, as amended by any Supplementary Material, does not contain, as of such Closing Date, any untrue statement of material fact or 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 in which it was made (other than any statement relating solely to the Agents and provided by them in writing expressly for inclusion therein);
  - (c) decision documents have been issued by the Securities Commissions for the Final Prospectus and no order, ruling or determination having the effect of ceasing the trading or suspending the sale of the Debentures or any other securities of the Company has been issued by Securities Commission and is continuing in effect and no proceedings for such purpose have been instituted or are pending or, to the knowledge of such officers, contemplated or threatened under any Securities Laws or by any Securities Commission;
  - (d) since March 31, 2016, (A) there has been no material change (actual, anticipated, contemplated or threatened, whether financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company and the Lender on a consolidated basis, and (B) no

transaction has been entered into by either of the Company or the Lender that is material to the Company on a consolidated basis, other than as disclosed in the Final Prospectus or the Supplementary Material, as the case may be;

- (e) there has been no change in any material fact (which includes the disclosure of any previously undisclosed material fact) contained in the Final Prospectus, as amended by any Supplementary Material, which fact or change is, or may be, of such a nature as to render any statement in the Final Prospectus misleading or untrue in any material respect or which would result in a misrepresentation in the Final Prospectus or which would result in the Final Prospectus not complying with Securities Laws of the Qualifying Provinces;
  - (f) the representations and warranties of the Company contained in this Agreement and in any certificate or other document delivered pursuant to or in connection with this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement;
  - (g) except as disclosed in the Final Prospectus, there are no matters involving the Company or the Lender to which it is a party or to which its assets or property is subject which is or may become litigious and neither the Company nor the Lender is currently the subject of any litigation or any administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), nor are any such proceedings pending or threatened; and
  - (h) except as disclosed in the Final Prospectus, there are no judgements, orders or decrees of any governmental agency or body, court or arbitrator having jurisdiction over Lender or its assets or property.
- (3) The Company shall cause the Company's Auditors to deliver to the Agents a comfort letter, dated as of each Closing Date, in form and substance satisfactory to the Agents, acting reasonably, bringing forward to a date not more than two Business Days prior to such Closing Date the information contained in the comfort letter referred to in Section 6.1(c) hereof.
- (4) All actions required to be taken by or on behalf of the Company, including, without limitation, the passing of all requisite resolutions of the directors of the Company and the shareholders of the Company, and all requisite filings with any Securities Commission will have occurred at or prior to the Closing Time so as to validly authorize the execution and filing of the Prospectus and any Supplementary Material and to create and issue the Debentures having the attributes contemplated by the Prospectus.
- (5) The representations and warranties of the Company contained herein will be true and correct, in all material respects, as of the Closing Time with the same force and effect as if made at and as of the Closing Time.



- (6) The Company will have, in all material respects, complied with all covenants contained herein and satisfied all terms and conditions contained herein to be complied with and satisfied by it at prior to the Closing Time.
- (7) The Company shall have obtained the conditional listing approval of the TSXV for the Underlying Shares.
- (8) The Company shall have obtained the conditional approval of the TSXV for the Change of Business.
- (9) The Agents shall have completed and be satisfied, in their sole discretion, with the results of their due diligence investigations regarding each of the Company and the Lender and each of their respective businesses, operations and financial condition and market conditions at the Closing Time.
- (10) The definitive terms of the Debentures (including the form of the certificate) shall be satisfactory to the Agents and Agents' Counsel, acting reasonably.
- (11) The Company shall have delivered or caused to be delivered to CDS, on behalf of the Agents, one fully-registered global Debenture certificate for each of the Debentures, or shall have otherwise caused the Debentures to be electronically deposited with CDS, such Debentures to be held by CDS as a book-entry only or book-based security in accordance with CDS' rules and procedures.
- (12) The Debentures and the Underlying Shares will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts under the Income Tax Act.
- (13) The Agents shall have received:
  - (a) a certificate from Computershare Investor Services Inc. as to the number of Common Shares issued and outstanding as at the date immediately prior to each Closing Date;
  - (b) a certificate of status or the equivalent in respect of the Company and the Lender issued by the appropriate regulatory authority in each jurisdiction in which the Company and Lender are formed;
  - (c) a certificate from each Securities Commission confirming that the Company is a reporting issuer or the equivalent in each Qualifying Province; and
  - (d) such other customary closing certificates, opinions, agreements, materials or documents as the Agents may reasonably request.
- (14) The Agents shall have received:

- (a) evidence satisfactory to the Agents that the Concurrent Financing has closed, or will close concurrently with the closing of the Offering, including evidence confirming that all conditions precedent to the closing of the Concurrent Financing have been completed, other than the closing of the Offering;
- (b) evidence satisfactory to the Agents that the Initial Investment has closed, or will close immediately following the closing of the Offering, including evidence confirming that all conditions precedent to the closing of the Initial Investment have been completed, other than the closing of this Offering;
- (c) executed copies of all of the security documents required to be entered into pursuant to the Loan Agreement, including:
  - (i) the promissory note payable by WILP to the Lender evidencing the Initial Investment;
  - (ii) the securities pledge agreement from WILP of the WHLP Units in favour of the Lender, and with applicable acknowledgements and agreements of Waiward Holdings together with stock powers of attorney and authorizing resolutions and consents;
  - (iii) the full recourse guarantee with assignment and postponement of claims from the WILP GP and the securities pledge agreement of all of the issued and outstanding units of WILP in favour of the Lender together with stock powers of attorney and authorizing resolutions and consents;
  - (iv) the securities pledge agreement from Hillcore Waiward Investments Ltd. of all shares in the capital of Waiward Holdings GP and with applicable acknowledgements and agreements of Waiward Holdings GP together with stock powers of attorney and authorizing resolutions and consents;
  - (v) the direction from WILP to Waiward Holdings and from Waiward Holdings to Waiward Steel GP (and acknowledged and agreed by each of the general partner of Waiward Holdings and Waiward Steel GP) to: (i) pay the proscribed interest due from WILP to the Lender on each required Payment Date (as defined in the Loan Agreement); (ii) pay the remaining outstanding principal owed by WILP to the Lender on the date of maturity of the Initial Investment; and (iii) following delivery of a notice of a default of certain terms of the Initial Investment from the Lender, or a notice of an event of default under the Loan Agreement from the Lender, to pay all distributions in respect of the WSLP Units directly to the Lender, in all cases, from amounts otherwise payable to Waiward Holdings related to those WSLP Units; and

- (vi) the direction from Abacus Private Equity Ltd. (the “**Manager**”) to Waiward Steel GP (and acknowledged and agreed by Waiward Steel GP) to pay all management fees from amounts otherwise payable to the Manager in respect of Waiward Steel directly to the Lender to the extent that any distribution from Waiward Holdings or Waiward Steel is not sufficient to pay the interest payments owed by WILP to the Lender on each required Payment Date (as defined in the Loan Agreement), or such other amounts due are not paid to the Lender for any reason;
  - (d) a copy of the opinion delivered by WILP’s counsel in connection with the Loan Agreement, Agents’ Counsel being an addressee of such opinion;
  - (e) a copy of the Company’s direction to the Lender directing the Lender to pay any interest, dividends or other payments received by the Lender pursuant to the Loan Agreement, other than the Lender Interest, directly to the Debenture Trustee for the benefit of the holders of the Debentures, except the 1% that is to be retained by the Lender;
  - (f) an executed copy of the Pledge Agreement; and
  - (g) evidence satisfactory to the Lead Agent that the securities, and the certificates representing such securities, pledged by the Company to the Debenture Trustee pursuant to the Pledge Agreement have been delivered by the Company to the Debenture Trustee.
- (15) The Lead Agent, on behalf of the Agents, shall have received the lock-up agreements described in Section 5.1(1)(z).
- (16) It shall be a condition precedent of the exercise of the Over-Allotment Option, if any, that:
- (a) the Agents shall have received a certificate dated the Over-Allotment Option Closing Date in such form as contemplated pursuant to Section 8.4(2)(a), with reference therein to “Closing Time” being to “Over-Allotment Option Closing Time”;
  - (b) the Agents shall have received a comfort letter from the Auditors in the form contemplated pursuant to Section 6.1(c) “brought down” to within two Business Days of the Over-Allotment Option Closing Date;
  - (c) the Agents shall have received one or more definitive certificates representing the applicable Additional Debentures registered as contemplated pursuant to Section 7.1(2) or the applicable Additional Debentures otherwise electronically deposited with CDS as contemplated pursuant to Section 8.4(11) against payment therefor; and

- (d) the conditions in Section 8.4(4), Section 8.4(5) and Section 8.4(6) shall be complied with or satisfied, with reference therein to “Closing Time” being to “Over-Allotment Option Closing Time”.

## **ARTICLE 9 TERMINATION**

### **Section 9.1 All Terms to be Conditions**

The Company agrees that all terms and conditions in this Agreement shall be construed as conditions and complied with so far as they relate to acts to be performed or caused to be performed by it, that it will use its best efforts to cause such conditions to be complied with, and that any material breach or failure by the Company to comply with any such conditions shall entitle any of the Agents to terminate its obligations to effect the sale of the Debentures by notice to that effect given to the Company at any time at or prior to the Closing Time, unless otherwise expressly provided in this Agreement. It is understood that the Agents may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Agents in respect of any such terms and conditions or any other or subsequent breach or noncompliance, provided that to be binding on the Agents any such waiver or extension must be in writing and signed by all the Agents.

### **Section 9.2 Rights of Termination**

- (1) Without limiting any of the foregoing provisions of this Agreement, and in addition to any other remedies which may be available to them, the Agents or any of them shall be entitled, at their option, to terminate and cancel without any liability on their part, their obligations under this Agreement to effect the sale of the Debentures by giving written notice to the Company at any time prior to the Closing Time if:
  - (a) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is instituted, threatened or announced, or any order or ruling is made, threatened or announced by any Governmental Authority (other than an inquiry, action, suit, investigation, proceeding, order or ruling based solely upon the activities or alleged activities of the Agents or the Selling Firms), or any applicable law is promulgated or changed, or the administration or interpretation thereof is changed, which, in the reasonable opinion of the Agent, operates or will operate to prevent or restrict trading in or distribution of the Debentures or the Common Shares;
  - (b) there occurs any material change (actual, contemplated or threatened) or change in a material fact such as is contemplated by Section 5.3(1)(c) or the Agent becomes aware of an undisclosed material fact which, in the reasonable opinion of the Agent, has or would reasonably be expected to have a significant adverse effect on the market price or value of the Debentures or the Common Shares or to result in purchasers of a material number of the Debentures exercising their right under the Securities Laws to withdraw from or rescind their purchase thereof or sue for damages in respect thereof;

- (c) there (A) develops, occurs or comes into effect or existence any event, action, state, condition or occurrence, including any financial occurrence, of national or international consequence or any governmental action, applicable law, inquiry or other occurrence of any nature whatsoever, or (B) has been any attack on, outbreak or escalation of hostilities or acts of terrorism, war or like event, either within or outside Canada or any other substantial national or international calamity or emergency, which, in the reasonable opinion of the Agent, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company and the Lender, taken as a whole;
  - (d) there comes into effect, or is announced by the appropriate Governmental Authorities, any change or any proposed change in the Income Tax Act, current administrative decisions or practices or court decisions or any other applicable laws or rules which, in any such case, in the opinion of the Agent, might reasonably be expected to have a material adverse effect on the tax treatment of interest payments on the Debentures or of dividends or other distributions made by the Company to holders of the Common Shares, or on the tax consequences associated with the purchase, holding or resale of the Debentures or the Common Shares (including a conversion of the Debentures pursuant to the Indenture) or on any payment or distribution that would be made by the Company to the holders thereof;
  - (e) the Company shall be in breach or default under or non-compliance with any material representation, warranty, term or condition of this Agreement; or
  - (f) the state of financial markets in Canada or elsewhere where it is planned to market the Debentures is such that, in the reasonable opinion of the Agents (or any of them), the Debentures cannot be marketed profitably.
- (2) The rights of termination contained in this Article 9 may be exercised by any of the Agents and are in addition to any other rights or remedies any of the Agents may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise.
- (3) In the event of any such termination, there shall be no further liability on the part of the Agents to the Company, or on the part of the Company to the Agents, except in respect of any liability which may have arisen prior to or arises after such termination under Article 10. A notice of termination given by an Agent under this Article 9 shall not be binding upon any other Agent.

**ARTICLE 10**  
**INDEMNITY AND CONTRIBUTION**

**Section 10.1 Rights of Indemnity**

- (1) The Company agrees to indemnify and save harmless each of the Agents and their respective directors, officers, employees, sub-agents and shareholders (collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**”) from and against any and all expenses, losses, claims, actions, damages or liabilities, whether joint or several (excluding loss of profits and any other indirect or consequential damages but including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims) and the reasonable fees, disbursements and taxes of their counsel in connection with any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (each a “**Claim**” and, collectively, the “**Claims**”) to which an Indemnified Party may become subject or otherwise involved in any capacity insofar as the Claims arise out of or are based upon, directly or indirectly, on the performance of professional services rendered to the Company by the Indemnified Party in connection with the Offering, including without limitation:
- (a) any information or statement in the Offering Documents or any other material filed in compliance or intended compliance with applicable Securities Laws being or being alleged to be a misrepresentation or untrue, or any omission or alleged omission to state therein any material information (other than any information or statement relating solely to the Agents and provided by them in writing expressly for inclusion therein);
  - (b) any breach of or default under any representation, warranty, covenant or agreement of the Company in the Agreement or any other document delivered pursuant to the Agreement or under applicable Securities Laws, or the failure by the Company to comply with any of its obligations under the Agreement or under applicable Securities Laws;
  - (c) the Company not complying with any requirement of applicable Securities Laws, or any breach or violation or alleged breach or violation of any Securities Laws or other applicable legislation of any jurisdiction;
  - (d) any order made or any inquiry, investigation, or proceeding instituted, threatened or announced by any Governmental Authority (except any such proceeding or order based solely upon the activities of any of the Agents) or any change of law or the interpretation or administration thereof which operates to prevent or restrict the trading in or the distribution of the Debentures, or any other securities of the Company or any of them in any of the Qualifying Jurisdictions; or
  - (e) all actions in connection with the Over-Allotment Option and market stabilization (other than in connection with any disclosure related solely to the Agents as provided in writing by or on behalf of the Agents);

whether performed before or after the Company's execution of this Agreement and to reimburse each Indemnified Party forthwith, upon demand, for any legal or other expenses reasonably incurred by such Indemnified Party in connection with any Claim.

- (2) If and to the extent that a court of competent jurisdiction, in a final non-appealable judgement in a proceeding in which an Indemnified Party is named as a party, determines that a Claim was caused by or resulted from an Indemnified Party's breach of this Agreement, gross negligence, fraudulent act or wilful misconduct, this indemnity shall cease to apply to such Indemnified Party in respect of such Claim and such Indemnified Party shall reimburse any funds advanced by the Company to the Indemnified Party pursuant to this indemnity in respect of such Claim. The Company agrees to waive any right the Company might have of first requiring the Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other Person before claiming under this indemnity.
- (3) If any Claim is brought against an Indemnified Party or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnity may be sought against the Company, the Indemnified Party will give the Company prompt written notice of any such Claim of which the Indemnified Party has knowledge and the Company will undertake the investigation and defence thereof on behalf of the Indemnified Party, including the prompt employment of counsel acceptable to the Indemnified Parties affected acting reasonably, and the payment of all expenses, provided that no settlement of any such Claim or admission of liability and no settlement, compromise or termination of any Claim, or investigation may be made by the Company, without the prior written consent of the Indemnified Parties, acting reasonably, or unless such settlement, compromise or judgment: (i) includes an unconditional release of the Indemnified Party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or failure to act, by or on behalf of any Indemnified Party. Failure by the Indemnified Party to so notify shall not relieve the Company of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in forfeiture by the Company of substantive rights or defences.
- (4) Notwithstanding that the Company will undertake the investigation and defence of any Claim, an Indemnified Party will have the right to employ separate counsel with respect to such Claim and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless:
  - (a) employment of such counsel has been authorized in writing by the Company;
  - (b) the Company has not assumed the defence of the action within a reasonable period of time after receiving notice of the Claim;
  - (c) the named parties to any such Claim include both the Company and the Indemnified Party and the Indemnified Party shall have been advised by

counsel to the Indemnified Party that there may be a conflict of interest between the Company and the Indemnified Party; or

- (d) there are one or more defences available to the Indemnified Party which are different from or in addition to those available to the Company;

in which case such fees and expenses of such counsel to the Indemnified Party will be for the Company's account. The rights accorded to the Indemnified Parties hereunder shall be in addition to any rights an Indemnified Party may have at common law or otherwise.

- (5) The Company hereby constitutes the Agents as trustees for the affiliates, directors, officers, employees, partners, agents, advisors and shareholders of the Agents for the covenants of the Company contained in this Article 10 with respect to the affiliates, directors, officers, employees, partners, agents, advisors and shareholders of the Agents and the Agents agree to accept such trust and to hold it and such covenants on behalf of such Persons. The Company hereby acknowledges that the covenants of the Company are intended to be for the benefit of, and directly enforceable by, each Indemnified Party.
- (6) With respect to the contribution provisions provided in Section 10.3 and Section 10.4 of this Article 10, the Company agrees that, in any event, no Indemnified Party shall have any liability (either direct or indirect, in contract or tort or otherwise) to the Company or any Person asserting claims on the Company's behalf or in right for or in connection with the Offering, except to the extent that any losses, expenses, claims, actions, damages or liabilities incurred by the Company are determined by a court of competent jurisdiction in a final judgement (in a proceeding in which the Agents are a party) that has become non-appealable to have resulted from the breach of this Agreement, gross negligence, fraudulent act or wilful misconduct of such Indemnified Party.
- (7) The Company also agrees that if any action, suit, proceeding or claim shall be brought against, or an investigation commenced in respect of, the Company or the Company and the Agents and personnel of the Agents shall be required to testify, participate or respond in respect of or in connection with the transactions contemplated hereby, the applicable Agent shall have the right to employ its own counsel in connection therewith and the Company will reimburse the Agent monthly for its disbursements and reasonable out-of-pocket expenses as may be incurred, including fees and disbursements of the Agents' Counsel.

## **Section 10.2 Failure to Provide Copy of Prospectus**

The rights of indemnity contained in this Article 10 will not enure to the benefit of the Agents if the Company has complied with the provisions of Section 2.2(5) and Section 5.3(1), Section 6.1 and Section 6.2 and the Person asserting any Claim contemplated by this Article 10 was not provided with a copy of any Prospectus or Supplementary Material which corrects any untrue statement, information, misrepresentation or omission which is the basis of the Claim and which under Securities Laws is required to be delivered



to that Person by the Agents or another member of another member of any selling, banking or other group formed for the distribution of the Debentures, including the Selling Firms.

### **Section 10.3 Rights of Contribution**

- (1) In order to provide for just and equitable contribution in circumstances in which the indemnity provided in Section 10.1 would otherwise be available in accordance with its terms but is, for any reason not attributable to any one or more of the Indemnified Parties, held to be unavailable to or unenforceable by an Indemnified Party or is insufficient to hold the Indemnified Party (or any of them) harmless, the Company shall contribute to the amount paid or payable (or, if such indemnity is unavailable only in respect of a portion of the amount so paid or payable, such portion of the amount so paid or payable) by such Indemnified Party as a result of such liabilities, claims, demands, losses, costs, damages and expenses:
  - (a) in such proportion as is appropriate to reflect not only the relative benefits received by the Company or the Company's shareholders on the one hand and the Indemnified Parties on the other from the Offering, but also the relative fault of the parties and other equitable considerations which may be relevant; or
  - (b) if the allocation provided by Section 10.3(1)(a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in Section 10.3(1)(a) above but also the relative fault of the Company on the one hand and the Agents on the other hand in connection with the matters or things referred to in which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations,

provided that the Agents shall not in any event be liable to contribute, in the aggregate, any amount in excess of the Agents' Fee or any portion thereof actually received.

- (2) The relative benefits received by the Company on the one hand and the Agents on the other shall be deemed to be in the same ratio as the total proceeds from the Offering (net of the Agents' Fee payable to the Agents but before deducting expenses) received by the Company is to the Agents' Fee received by the Agents.
- (3) The relative fault of the Company on the one hand and of the Agents on the other shall be determined by reference to, among other things, whether the matters or things referred to in Section 10.1 which resulted in such Claims relate to information supplied by or steps or actions taken or done or not taken or done by or on behalf of the Company or to information supplied by or steps or actions taken or done or not taken or done by or on behalf of the Agents and the relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or misrepresentation, or other matter or thing referred to in Section 10.1. The amount paid or payable by an Indemnified Party as a result of the Claims referred to above

shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such Claim.

- (4) The parties agree that it would not be just and equitable if contribution pursuant to this section were determined by any method of allocation which does not take into account the equitable considerations referred to in this section.

#### **Section 10.4 Rights of Contribution in Addition to Other Rights**

The rights to contribution provided in this section shall be in addition to and not in derogation of any other right to contribution which the Agents may have by statute or otherwise at law.

#### **Section 10.5 Calculation of Contribution**

In the event that the Company may be held to be entitled to contribution from the Agents under the provisions of any statute or at law, the Company shall be limited to contribution in an amount not exceeding the lesser of:

- (a) the portion of the full amount of the loss or liability giving rise to such contribution for which the Agents are responsible, as determined in Section 10.3 or Section 10.4, as the case may be, and
- (b) the amount of the Agents' Fee actually received by the Agents from the Company under this Agreement, and an Agent shall in no event be liable to contribute any amount in excess of such Agent's portion of the Agents' Fee actually received under this Agreement.

#### **Section 10.6 Notice**

If the Agents have reason to believe that a claim for contribution may arise, they shall give the Company notice of such claim in writing, as soon as reasonably possible, but failure to notify the Company shall not relieve the Company of any obligation which it may have to the Agents under this Article 10.

#### **Section 10.7 Right of Contribution in Favour of Others**

With respect to this section, the Company acknowledges and agrees that the Agents are contracting on their own behalf and as agents for their affiliates, directors, officers, employees, partners, agents, advisors and shareholders. The Agents' respective obligations to contribute pursuant to this Article 10 are several and not joint or joint and several.

### **ARTICLE 11 AGENTS' EXPENSES, OBLIGATIONS AND AUTHORITY**

#### **Section 11.1 Expenses**

Whether or not the transactions contemplated by this Agreement shall be completed, all expenses of or incidental to the issue, sale and delivery of the Debentures and all expenses of or incidental to all other matters in connection with the transactions set out in this Agreement shall be borne by the Company, including, without limitation, prospectus

filing fees, stock exchange listing fees, printing costs, the fees, taxes and disbursements of the Company's legal counsel, auditors, accountants, translators, roadshow consultants, printers and other consultants and service providers retained by the Company. In addition, the Company will reimburse the Agents upon request for the fees, taxes and disbursements of the Agents (not to exceed \$10,000 in the aggregate without the prior written approval of the Company) and Agents' Counsel (not to exceed: (i) \$115,000 in the event that the Offering does not close or closes with minimum gross proceeds to the Company of less than \$10,000,000, or (ii) \$165,000 in the event that the Offering closes with minimum gross proceeds to the Company of \$10,000,000 or more, without the prior written approval of the Company) (collectively, the "**Agents' Expenses**"), together with related federal and provincial sales taxes, such Agents' Expenses to be paid upon receipt of the Agents' statement of expenses: (i) at the Closing or (ii) upon termination of this Agreement.

### **Section 11.2 Authority of Lead Agent**

The Company shall be entitled to and shall act on any notice, request, direction, consent, waiver, extension and other communication given or agreement entered into by or on behalf of the Agents by the Lead Agent who shall represent the Agents and have authority to bind the Agents hereunder except in respect of any notice of termination or waiver under Article 9 or any matter referred to in Article 10. In all cases, the Lead Agent shall use its best efforts to consult with the other Agents prior to taking any action contemplated herein.

## **ARTICLE 12 NOTICES**

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

- (a) If to the Company to:

Trenchant Capital Corp.  
c/o Clark Wilson LLP  
900 – 885 West Georgia Street  
Vancouver, British Columbia V6C 3H1

Attention: Eric Boehnke  
Email: [eric@trenchantcapital.net](mailto:eric@trenchantcapital.net)

with a copy (but not as notice) to:

Clark Wilson LLP  
900 – 885 West Georgia Street  
Vancouver, British Columbia V6C 3H1

Attention: Virgil Hlus

Email: [vhlus@cwilson.com](mailto:vhlus@cwilson.com)

(b) If to the Agents to:

Industrial Alliance Securities Inc.  
600, 224 - 4<sup>th</sup> Avenue South  
Saskatoon, Saskatchewan S7K 5M5

Attention: Jeret Bode  
Facsimile: (306) 385-6252

with a copy (but not as notice) to:

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, Ontario M5L 1B9

Attention: Darin Renton  
Facsimile: (416) 947-0866

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

Each notice shall be personally delivered to the addressee or sent by facsimile or other electronic transmission to the addressee and: (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by facsimile transmission shall be deemed to be given and received on the first Business Day following the day on which it is sent.

## ARTICLE 13 GENERAL

### Section 13.1 Time of the Essence

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

### Section 13.2 Press Releases

Any press release connected with the Offering issued by the Company shall be issued only after consultation with the Agents and in compliance with Securities Laws of the Qualifying Provinces. If the Offering is successfully completed, the Agents shall be permitted to publish, at the Agents' expense, such advertisements or announcements relating to the services provided hereunder in such newspaper or other publications as they may consider appropriate.

**Section 13.3 Entire Agreement**

This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings, including, without limitation, the engagement letter effective as of February 28, 2017 from the Lead Agent to the Company. This Agreement may be amended or modified in any respect by written instrument only.

**Section 13.4 Severability**

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

**Section 13.5 Governing Law**

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

**Section 13.6 Attornment**

The Company and each of the Agents hereby agrees:

- (a) that any action or proceeding relating to this Agreement may (but need not) be brought in any court of competent jurisdiction in the Province of Ontario, and for that purpose now irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of such Ontario court;
- (b) that it irrevocably waives any right to, and will not, oppose any such Ontario action or proceeding on any jurisdictional basis, including forum non conveniens; and
- (c) it will not oppose the enforcement against it in any other jurisdiction of any judgment or order duly obtained from an Ontario court as contemplated by this Section 13.6.

**Section 13.7 Successors and Assigns**

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company and the Agents and their respective successors and permitted assigns.

**Section 13.8 Further Assurances**

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

**Section 13.9 Effective Date**

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

**Section 13.10 Obligations of the Agents**

In performing their respective obligations under this Agreement, the Agents shall be acting severally and not jointly or jointly and severally. No Agent shall be liable for any act, omission or conduct of any other Agent. Nothing in this Agreement is intended to create any relationship in the nature of a partnership or joint venture between the Agents.

**Section 13.11 Activities of Agents**

The Company acknowledges that the Agents and their affiliates carry on a range of businesses, including providing institutional and retail brokerage, investment advisory, research, investment management, securities lending and custodial services to clients and trading in financial products as agent or principal. It is possible that the Agents and other entities in their respective groups that carry on those businesses may hold long or short positions in securities of companies or other entities, which are or may be involved in the transactions contemplated in this Agreement and effect transactions in those securities for their own account or for the account of their respective clients. The Company agrees that these divisions and entities may hold such positions and effect such transactions without regard to the Company's interests under this Agreement.

**Section 13.12 Independent Contractors**

The Company hereby acknowledges that the Agents are acting solely as the Company's agents in connection with the purchase and sale of the Debentures. The Company further acknowledges that the Agents are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Agents act or be responsible as a fiduciary to the Company, their respective management, shareholders or creditors or any other Person in connection with any activity that the Agents may undertake or have undertaken in furtherance of such purchase and sale of the Company's securities, either before or after the date hereof. The Agents hereby expressly disclaim any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company hereby confirms its understanding and agreement to that effect.

**Section 13.13 Counterparts and Facsimile Copies**

This Agreement may be executed in any number of counterparts and delivered by facsimile or other form of electronic transmission, which taken together shall form one and the same agreement and be deemed to be an originally executed copy.

*[Remainder of This Page Left Intentionally Blank.]*

If the foregoing is in accordance with your understanding and is agreed to by you, please signify your acceptance by executing the enclosed copies of this letter where indicated below and returning the same to the Agents upon which this letter as so accepted shall constitute an agreement among us.

**INDUSTRIAL ALLIANCE SECURITIES  
INC.**

By: (Signed) Vilma Jones  
Vilma Jones

**CANACCORD GENUITY CORP.**

By: (Signed) Michael D. Shuh  
Michael D. Shuh

**GMP SECURITIES L.P.**

By: (Signed) Andrew Kiguel  
Andrew Kiguel

**RAYMOND JAMES LTD.**

By: (Signed) J. Graham Fell  
J. Graham Fell

**ECHELON WEALTH PARTNERS INC.**

By: (Signed) David Cusson  
David Cusson

**MACKIE RESEARCH CAPITAL  
CORPORATION**

By: (Signed) David Keating  
David Keating

**PI FINANCIAL CORP.**

By: (Signed) Trina Wang  
Trina Wang

**HAMPTON SECURITIES LIMITED**

By: (Signed) Mike Ligeti  
Mike Ligeti

**INTEGRAL WEALTH SECURITIES  
LIMITED**

By: (Signed) Michael Bignell  
Michael Bignell

**LEEDE JONES GABLE INC.**

By: (Signed) Richard H. Carter  
Richard H. Carter



The foregoing offer is accepted and agreed to as of the date first above written.

**TRENCHANT CAPITAL CORP.**

By: *(Signed) John Legg*

---

John Legg

Director