

Execution Version

**CONVERTIBLE SECURITIES PURCHASE AGREEMENT**

between

**Northern Lights Resources Corp.**

and

**Precious Metals Capital Group, LLC**

**May 27, 2021**

## CONTENTS

1. Definitions and Interpretation .....	1
2. Payment for Convertible Securities .....	10
3. Commencement Fee, Warrants and Initial Conversion Shares .....	11
4. Conversions and Repayment .....	12
5. Requirements for the Issue of Securities .....	15
6. Conditions Precedent to Contemplated Transactions .....	20
7. Representations and Warranties .....	23
8. Conduct of affairs .....	24
9. Investor's activities .....	28
10. Additional obligations and agreements .....	29
11. Taxes, stamp duty and withholdings .....	33
12. Default .....	34
13. Change of Law .....	39
14. Termination .....	40
15. Survival and Indemnification .....	41
16. Miscellaneous .....	42
Schedule 1 : Company Representations and Warranties .....	49
Schedule 2 : Investor Representations and Warranties .....	58
Schedule 3 : Disclosure Schedule .....	80
Schedule 4 : Additional Definitions .....	61
Schedule 5 : Investor's Notice Information .....	63
ANNEX A: Form of Convertible Security .....	64
ANNEX B: Form of Board Resolution .....	66
ANNEX C: Form of CEO Certificate .....	68
ANNEX D: Flow of Funds Request .....	69
ANNEX E: Form of News Release of Contemplated Transactions (On Execution Date) .....	71
ANNEX F: Notice of Proposed Issuance of Listed Securities .....	73
ANNEX G: Certificate of Compliance .....	83

**THIS CONVERTIBLE SECURITIES PURCHASE AGREEMENT** is dated May 27, 2021 and made **BETWEEN**:

- (1) **NORTHERN LIGHTS RESOURCES CORP.**, (the "Company"), a company existing under the laws of the Province of British Columbia and having its registered office at Suite 2900 -- 595 Burrard Street, Vancouver, BC V7X 1J5 Canada; and
- (2) **PRECIOUS METALS CAPITAL GROUP, LLC**, (the "Investor"), a limited liability company existing under the laws of the State of Delaware.

**RECITALS:**

The Investor has agreed to invest an aggregate amount of up to US\$2,000,000 in the Company, and, in relation thereto, the Company has agreed to issue to the Investor convertible securities, in accordance with this Agreement.

**NOW THEREFORE**, the Parties agree as follows:

1. **Definitions and Interpretation**

1.1 **Definitions**

The following definitions apply in addition to the definitions set out elsewhere in this Agreement.

"**Actual Trading Day**" means a Trading Day on which trading actually takes place in the Shares on the CSE.

"**Added Tax**" means any sales tax, purchase tax, value added tax and legislation supplemental thereto or any other system of value added tax and any other similar turnover, sales or purchase, tax or duty levied by any other jurisdiction whether central, regional or local), any other goods or services tax and other similar tax in any jurisdiction.

"**Added Tax Liability**" has the meaning given to such term in Section 11.2.

"**Affiliate**" means, with respect to any person, any other person who, directly or indirectly, Controls, is (at any time) under common Control with, or is (at any time) Controlled by, the person.

"**Aggregate Convertible Security Amount Outstanding**" means, at any time, the aggregate of the Convertible Security Amount Outstanding at that time in relation to all of the Convertible Securities outstanding at that time.

"**Amount Outstanding**" means, at any time, the aggregate of:

- (A) the Aggregate Convertible Security Amount Outstanding at that time; and
- (B) all other amounts that are owed by the Company to the Investor in accordance with this Agreement.

"**Applicable Canadian Dollar Equivalent**" has the meaning given to that term in Section 4.6(A).

"**Applicable Concessionary Conversion Price**" has the meaning given to that term in Section 4.5(A).

**"Bid Exchange Rate"** means the single daily (New York Time) U.S. Dollar – Canadian Dollar spot bid exchange rate as reported by, in the investor's discretion, Bloomberg L.P. or another internationally recognised reporting service (and which, by way of example, was expressed in the following format as of 10:29 am on April 27, 2021: "1.2405").

**"Block Trade"** means a sale of Shares that has been negotiated with a third party buyer.

**"C\$"** or **"Canadian Dollars"** means the lawful currency for the time being of Canada.

**"Canadian Dollar Equivalent"** means the amount determined by multiplying the relevant Conversion Amount (for purposes of Sections 4.1(D), 4.1(E) and 4.2(A) and the definition of Fee Amount in Schedule 4) by the highest Bid Exchange Rate quoted in the period of five Toronto Business Days ending on the relevant Conversion Notice Date (for purposes of Sections 4.1(D), 4.1(E) and 4.2(A) and the definition of Fee Amount in Schedule 4).

**"Canadian Securities Commissions"** means the securities commissions or other similar regulatory bodies of any applicable province or territory of Canada.

**"Canadian Securities Laws"** means all applicable securities laws in each of the provinces and territories of Canada and the respective regulations, rules and forms thereunder together with applicable orders, rulings and published policy statements of the Canadian Securities Administrators and the Canadian Securities Commissions in each of the provinces and territories of Canada.

**"Canadian Securities Law Legend"** has the meaning given to that term in Section 5.4(A).

**"Cash Repayment Notice"** has the meaning given to that term in Section 4.3(A).

**"Cash Repayment Notice Deadline"** has the meaning given to that term in Section 4.3(A).

**"Cash Repayment Date"** has the meaning given to that term in Section 4.3(B).

**"Cash Repayment Amount"** has the meaning given to that term in Section 4.3(B).

**"CDS"** means CDS Clearing & Depository Services Inc.

**"CFPOA"** has the meaning given to that term in Section 8.3(K).

**"Closing"** means each of the First Closing and any Subsequent Closing.

**"Closing Date"** means each of the First Closing Date and any Subsequent Closing Date.

**"Closing Price"**, on any date, means the closing price (in Canadian dollars) of the Shares on the CSE on that date (or if such date is not an Actual Trading Day, the Actual Trading Day immediately prior to such date), as reported by Bloomberg, LP or, in the event such information is not reported by Bloomberg, LP, another internationally recognised market data provider selected by the investor.

**"Commencement Fee Shares"** has the meaning given to that term in Section 3.1.

**"Contemplated Transactions"** means the transactions contemplated in this Agreement, including each Closing, each Conversion and each issuance of Securities.

**"Control"** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether (A) through ownership of

voting securities, (B) through the power to appoint or remove a director, a manager or an executive officer, (C) by contract or (D) otherwise.

"Conversion" has the meaning given to that term in Section 4.1.

"Conversion Amount" has the meaning given to that term in Section 4.1(A).

"Conversion Date" has the meaning given to that term in Section 4.1(F).

"Conversion Notice" has the meaning given to that term in Section 4.1.

"Conversion Notice Date" has the meaning given to that term in Section 4.1.

"Conversion Shares" has the meaning given to that term in Section 4.1(E).

"Convertible Securities" means the First Convertible Security and any Subsequent Convertible Security, and "Convertible Security" means any one of them.

"Convertible Security Amount Outstanding" means, in relation to a Convertible Security, at any time, that part of the Principal Amount of the Convertible Security in respect of which Investor's Shares have not yet been duly issued in accordance with this Agreement (including Sections 5 and 6) or which has not been duly repaid by the Company.

"Convertible Security Certificate" has the meaning given to that term in Section 2.1.

"Corporations Act" means the *Business Corporations Act* (British Columbia), as amended.

"CSE" means the Canadian Securities Exchange.

"Deficiency" has the meaning given to that term in Section 16.11(A); and "Deficient" shall be construed accordingly.

"Direct Registration System" or "DRS" means the direct registration system of the Transfer Agent through which Shares may be held in electronic book-entry form.

"DRS Statement" means, as to any Shares held by a person, a statement produced by the Direct Registration System evidencing such Shares held by such person in the Direct Registration System.

"E-mail Time" has the meaning given to that term in Section 16.7(E)(1).

"Equalisation Fee" has the meaning given to that term in Section 10.10(A).

"Event of Default" has the meaning given to that term in Section 12.1.

"Excluded Tax" means a Tax imposed by any jurisdiction on the investor, or assessed against the investor, as a consequence of the investor being a resident of or organised or doing business in that jurisdiction, but not any Tax:

- (A) calculated on or by reference to the gross amount of a payment provided for under this Agreement or made pursuant to a Contemplated Transaction (without the allowance of a deduction); or
- (B) imposed as a result of the Investor being considered a resident of or organised or doing business in any country other than the United States of America as a result of the Investor being a party to this Agreement or entering into a Contemplated Transaction.

**"Execution Date"** means the date of mutual execution of this Agreement.

**"FCPA"** has the meaning given to that term in Section 8.3(K).

**"Fee"** has the meaning given to that term in Section 10.8(D).

**"Fee Shares"** has the meaning given to that term in Section 10.8(E).

**"Final Date"** means the date as of which both:

- (A) this Agreement has been terminated in accordance with its terms; and
- (B) there is no Amount Outstanding.

**"First Closing"** has the meaning given to that term in Section 2.1.

**"First Closing Conditions"** means the conditions set out in Sections 6.1 and 6.3.

**"First Closing Date"** has the meaning given to that term in Section 2.1; and following the occurrence of the First Closing, the First Closing Date shall mean the date on which the First Closing actually occurred.

**"First Convertible Security"** has the meaning given to that term in Section 2.1.

**"Fixed Conversion Price"** means C\$0.06, as may be adjusted pursuant to this Agreement.

**"Governmental Authorisation"** means any authorisation, consent, license, permit or registration issued or granted by any Governmental Authority.

**"Governmental Authority"** means any Canadian, United States or other national, federal, provincial, state, territorial, municipal or local governmental, legislative, regulatory or administrative authority, agency or commission, any court, tribunal or judicial or arbitral body, including the CSE and the Canadian Securities Commissions.

**"Group Company"** means each of the Company and its Subsidiaries and **"Group"** means all of them.

**"Investor's Brokerage Account"** means the account of the Investor or the Sponsor, or the account the Investor's or the Sponsor's nominee or designee, at a broker-dealer that is a participant in CDS Clearing & Depository Services Inc. (whose nominee holding company is CDS & Co.), the details of which may from time to time be notified by the Investor to the Company.

**"Investor's Shares"** means the Initial Conversion Shares, the Commencement Fee Shares, the Conversion Shares, the Fee Shares, and the Shares issued or issuable on exercise of the Warrants.

**"Laws"** means all laws (statutory and common law), regulations, judicial, governmental and administrative orders or determinations in any jurisdiction, and any Governmental Authority regulation, order, interpretation, guideline, policy, directive or ruling, including the Canadian Securities Laws, the Listing Rules and the U.S. Securities Laws, and "Law" has a correlative meaning.

**"Listing Agreement"** means the listing agreement between the CSE and the Company, in effect on the Execution Date.

**"Listing Rules"** means the policies of the CSE, and includes the provisions of the Listing Agreement.

**"Losses"** means all losses, claims, damages, liabilities, awards, fines, penalties, demands and expenses, whether actual or contingent and whether existing or threatened (including all judgments, amounts paid in settlements, legal fees, costs and disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim, proceeding, suit or investigation, existing or threatened, and the costs of enforcement).

**"Material Adverse Effect"** means any change, effect, event, occurrence or state of facts that is, or would reasonably be expected to be, material and adverse on:

- (A) the assets, liabilities, results of operations, condition (financial or otherwise), business, or prospects of the Company or the Group taken as a whole;
- (B) the ability of the Company to perform its obligations under this Agreement;
- (C) the validity or enforceability against the Company of any material provision of any Transaction Document; or
- (D) the likely price or value of any of the Investor's Shares.

**"Materials"** means any materials delivered or statements made by the Company or on behalf of the Company by any of its agents, officers, directors, employees or representatives in connection with, in, or pursuant to, any Transaction Document at any time (including, for the avoidance of doubt, the representations and warranties set out in Schedule 1), and the Public Record and any other continuous disclosure made by the Company in accordance with Canadian Securities Laws and the Listing Rules at any time.

**"Maturity Date"** means, in relation to any Convertible Securities issued pursuant to this Agreement, the date that is 24 months after the Closing Date on which the relevant Convertible Security was issued.

**"Misrepresentation"** has the meaning given in the *Securities Act* (Ontario).

**"Money Laundering Laws"** has the meaning given to that term in Section 8.3(L).

**"New York Business Day"** means a day, other than a Saturday or Sunday, on which banks in New York, New York, USA are open for the general transaction of business.

**"NI 45-102"** means National Instrument 45-102 – Resale of Securities, as amended from time to time, and any successor instrument.

**"NI 45-106"** means National Instrument 45-106 – Prospectus Exemptions, as amended from time to time, and any successor instrument.

**"NI 55-104"** means National Instrument 55-104 – Insider Reporting Requirements and Exemptions, as amended from time to time, and any successor instrument.

**"NI 62-104"** means National Instrument 62-104 – Take-Over Bids and issuer Bids, as amended from time to time, and any successor instrument.

**"Non-Public Information"** means any non-public fact or circumstance that, if made public, could be expected to have an effect upon the market price of the Shares, including any fact or circumstance that is a "material fact" or "material change" (as such terms are defined under Canadian Securities Laws) that has not been generally disclosed to the public.

**"OFAC"** has the meaning given to that term in Section 8.3(J).

**"Party"** means a party to this Agreement.

**"Potential Event of Default"** means an event or circumstance which, with notice or passage or lapse of time or both, would constitute an Event of Default.

**"Principal Amount"** means, in relation to a Convertible Security, the principal amount of such Convertible Security being:

- (A) in relation to the First Convertible Security, US\$890,000; and
- (B) in relation to a Subsequent Convertible Security, an amount equal to the Purchase Price of such Convertible Security,

in each case, as may be adjusted pursuant to this Agreement.

**"Public Record"** means the documents filed by the Company with the Canadian securities regulatory authorities under the Company's profile on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

**"Purchase Price"** means:

- (A) in relation to the First Convertible Security, US\$800,000; and
- (B) in relation to the Subsequent Convertible Security (if any), an amount determined by mutual consent of the Parties and set out in the relevant Convertible Security Certificate as the purchase price thereof, but not exceeding US\$1,200,000 in the aggregate together with the Purchase Prices of all other Subsequent Convertible Securities,

or such other amount as may be determined pursuant to this Agreement.

**"Registered Holder"** means, as to any Investor's Shares at any time, the Investor or the Sponsor or the nominee of the Investor or the Sponsor in whose name such Investor's Shares are registered as the holder thereof at such time in the Direct Registration System or otherwise.

**"Relevant Person"** means each of the Investor, the Sponsor, the Sponsor Affiliates, and Affiliates of any of those persons, and the respective directors, officers, members, shareholders, partners, employees, attorneys, agents and permitted successors and assigns of each of the foregoing and Affiliates of any of those persons.

**"Securities"** means each of the Convertible Securities, the Investor's Shares and the Warrants, and all of the foregoing collectively, and **"Security"** means any of the foregoing.



**"Security Interest"** means a charge, mortgage, lien, security interest, encumbrance, pledge, right of first refusal, pre-emptive right, title retention, trust arrangement, contractual right, right of call or set off or any other security arrangement.

**"Security Structure Event"** means any consolidation, sub-division, re-classification, re-designation or pro-rata cancellation of the Shares or any payment of an *in specie* dividend on the Shares by the Company or any distribution of Shares to holders of Shares other than by means of a rights issue or open offer.

**"Share"** means a common share in the capital of the Company, and **"Shares"** has a correlative meaning.

**"Statutory Hold Period"** means, in relation to any Investor's Shares:

- (A) In respect of each of the Initial Conversion Shares, the Commencement Fee Shares and the Fee Shares, the period commencing on the date of the issuance thereof and ending on the date that is four (4) months and one (1) calendar day after the date of the issuance thereof;
- (B) In respect of any Conversion Shares issued in relation to the First Convertible Security, means the period commencing from the First Closing Date and ending on the date that is four (4) months and one (1) calendar day after the First Closing Date;
- (C) In respect of any Conversion Shares issued in relation to a Subsequent Convertible Security, means the period commencing from the applicable Subsequent Closing Date and ending on the date that is four (4) months and one (1) calendar day after the Subsequent Closing Date; and
- (D) In respect of any Shares issued on exercise of the Warrants, means the period commencing from the issue date of the Warrants and ending on the date that is four (4) months and one (1) calendar day after the issue date of the Warrants.

**"Structured Financing Transaction"** has the meaning given to that term in Section 8.2.

**"Subsequent Convertible Security"** has the meaning given to that term in Section 2.2.

**"Subsequent Closing"** has the meaning given to that term in Section 2.2.

**"Subsequent Closing Conditions"** means the conditions set out in Sections 6.2 and 6.3.

**"Subsequent Closing Date"** means each date (if any) mutually agreed by the Investor and the Company for a Subsequent Closing, which date (if any) may not be after the first anniversary of the First Closing Date; and following the occurrence of a Subsequent Closing, the Subsequent Closing Date of such Subsequent Closing shall be the date on which such Subsequent Closing actually occurred.

**"Subsidiary"** has the meaning given to that term in the Corporations Act.

**"Tax"** means any tax, including any Added Tax, levy, charge, impost, duty, fee, deduction, excise, assessment, impost, compulsory loan or withholding, and any income, stamp or transaction duty, tax or charge, which is assessed, levied, imposed or collected by any Governmental Authority and includes any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of such items.

**"Toronto Business Day"** means a day, other than a Saturday or Sunday, on which banks in Toronto, Ontario, Canada are open for the general transaction of business.

**"Trading Day"** means any day on which the Shares or other securities (as the case may be) may be traded on the CSE.

**"Transaction Documents"** means this Agreement, all amendments thereto, the Convertible Security Certificates, the Warrant Instrument, the Warrants and any other documents that the Parties agree are Transaction Documents for the purposes of this Agreement.

**"Transfer Agent"** means the registrar and transfer agent of the Company, being Computershare Investor Services Inc., a corporation existing under the Laws of Canada as at the Execution Date.

**"US\$" or "US Dollars"** means the lawful currency for the time being of the United States of America.

**"U.S. Exchange Act"** means the United States Securities Exchange Act of 1934, together with the rules and regulations of the U.S. Securities and Exchange Commission thereunder, all as the same shall be in effect at the time, and any successor statute, rules and regulations.

**"U.S. Securities Act"** means the United States Securities Act of 1933, together with the rules and regulations of the US Securities and Exchange Commission thereunder, all as the same shall be in effect at the time, and any successor statute, rules and regulations.

**"U.S. Securities Laws"** means the U.S. Securities Act, the U.S. Exchange Act and all other U.S. federal and state securities Laws, including the respective rules and regulations made thereunder together with applicable rules, policies, notices, discretionary rulings and orders issued by applicable securities regulatory authorities having application.

**"U.S. Securities Laws Legend"** has the meaning given to that term in Section 5.3.

**"VWAP"** means, in relation to a Trading Day, the volume weighted average price (in Canadian Dollars) of the Shares on the CSE on that Trading Day, as reported by Bloomberg, LP or, in the event such information is not reported by Bloomberg, LP, another internationally recognised market data provider selected by the Investor, and rounded down to three decimal places.

**"Warrant Instrument"** has the meaning given to that term in the definition of "Warrants".

**"Warrants"** means the 2,800,000 warrants to purchase Shares to be issued by the Company to the Investor pursuant to Section 3.2 on the terms and conditions set out in the warrant instrument dated on or about the date hereof (the "Warrant Instrument"), which Warrants will have an exercise price per Share of C\$0.068509 and an expiry date of 48 months following the First Closing Date.

## 1.2 Additional Definitions

The definitions set forth in Schedule 4 shall apply to the certain capitalized terms used in this Agreement, in addition to the definitions set out elsewhere in this Agreement.

## 1.3 Interpretation

The following rules of Interpretation apply unless the context requires otherwise.

- (A) Headings are for convenience only and do not affect interpretation.
- (B) The singular includes the plural and vice versa.

- (C) A gender includes all genders.
- (D) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (E) Mentioning anything after "includes", "including", "for example", or similar expressions, does not limit what else might be included.
- (F) References in this Agreement to "this Agreement" or any other documents are to this Agreement or those documents as amended, supplemented or replaced from time to time and include any document which amends, supplements or replaces them.
- (G) Any reference in this Agreement to a "Party" shall include a reference to that Party's assigns expressly permitted under this Agreement, successors, and if applicable, and to the fullest extent permitted by applicable Law, to any administrator, administrative receiver, liquidator, manager or receiver or other similar officer appointed from time to time in respect of that Party.
- (H) A reference to a "person" includes an individual, corporation, partnership, limited liability partnership, trust, incorporated or unincorporated association or body, joint venture, limited liability company, joint stock company, Governmental Authority and other entity of any kind.
- (I) References to "Sections", "Schedules" and "Annexes" are to clauses of, schedules to, and annexes to, this Agreement.
- (J) The Schedules and the Annexes are incorporated in and form an integral part of this Agreement.
- (K) References to "issue" (where such reference relates to a Share or Shares) and derivations thereof shall be construed as references to the words "issue and allot, credited as fully paid and non-assessable" and derivations thereof.
- (L) This Agreement must be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.
- (M) Any choice, permission, election, discretion or consent of the Investor may be exercised or given by the Investor in the Investor's absolute discretion.
- (N) Except as otherwise expressly provided, references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provision from time to time and shall include references to any provisions of which they are re-enactments (whether with or without modification).

#### 1.4 Payments

Any payments required under this Agreement to be made by a Party to any other person must be made in immediately available funds to the account specified to the Party by that other person from time to time.

**1.5 Investor nomination**

If any payment is to be made or Security issued by the Company to the Investor, the Investor may by notice to the Company specify a nominee or designee to receive the payment or the Security, and the obligation of the Company to make the payment or issue the Security is satisfied if it is made or issued to the specified nominee or designee.

**1.6 Time for compliance**

(A) Where, but for this Section 1.6(A), this Agreement requires the Company to perform an obligation on a day that is not a Toronto Business Day, the Company must perform that obligation on the preceding Toronto Business Day.

(B) Where, but for this Section 1.6(B), this Agreement requires the investor to perform an obligation on a day that is not a New York Business Day, the Investor must perform that obligation on the next New York Business Day or, in its discretion, the next New York Business Day that is also a Toronto Business Day.

**1.7 Investor's Rights and Obligations**

Any obligation of the Investor, including a payment obligation, under this Agreement may, at the Investor's election, be performed, fulfilled or otherwise satisfied by the Sponsor, and the Company shall accept the performance, fulfillment or satisfaction of such obligation by the Sponsor in all respects.

**2. Payment for Convertible Securities**

**2.1 First Closing**

Subject to the provisions of this Agreement, including the satisfaction or waiver of the First Closing Conditions, on or prior to the tenth Toronto Business Day following the Execution Date (the "First Closing Date"), the Company shall issue to the Investor an unsecured zero coupon convertible security (the "First Convertible Security") (which shall be represented by a certificate (a "Convertible Security Certificate") substantially in the form of Annex A) with a principal amount equal to the Principal Amount and a maturity date of 24 months after the date of its issuance. In consideration of the issuance of the Convertible Security, the Investor shall pay or cause to be paid to the Company, and the Company shall be deemed to have accepted payment of, an amount equal to the Purchase Price on the First Closing Date (the occurrence of such payment, the "First Closing").

**2.2 Subsequent Closing**

Subject to the provisions of this Agreement, including the satisfaction or waiver of the Subsequent Closing Conditions, on each Subsequent Closing Date (if any), the Investor shall pay or cause to be paid to the Company, and the Company shall be deemed to have accepted payment of, the Purchase Price (the occurrence of such payment, the "Subsequent Closing"), and in consideration thereof, the Company on such date shall issue (and shall be deemed to have issued on the Subsequent Closing Date) to the Investor an unsecured zero interest convertible security (as to each Subsequent Closing, a "Subsequent Convertible Security") (which shall be represented by a Convertible Security Certificate substantially in the form of Annex A) with a principal amount equal to the Principal Amount and a maturity date of 24 months after the date of its issuance.

### 2.3 **Aggregate Purchase Price**

The Investor shall not be required to pay an aggregate amount exceeding US\$2,000,000 for the purchase of Convertible Securities under this Agreement.

### 2.4 **Adjustments to payments**

All amounts payable by the Investor pursuant to this Agreement are subject to all set-offs and adjustments set out in this Agreement.

### 2.5 **Interest**

No interest is payable by the Company to the Investor in connection with the Convertible Securities except as provided in Section 12.6.

## 3. **Commencement Fee, Warrants and Initial Conversion Shares**

### 3.1 **Commencement Fee**

In consideration of the Investor's agreement to undertake the First Closing, no later than immediately before the First Closing, the Company shall pay the investor a non-refundable commencement fee of US\$90,000, to be satisfied by way of issuance to the Investor of 3,122,743 Shares (the "Commencement Fee Shares").

### 3.2 **Warrants**

In consideration of the Investor's agreement to undertake the First Closing, no later than immediately before the First Closing, the Company shall issue to the Investor the Warrants.

### 3.3 **Initial Conversion Shares**

(A) In consideration of the Investor's agreement to undertake the First Closing and obligation of the Investor under Section 10.10 to pay the Equalisation Fee in accordance therewith, no later than immediately before the First Closing the Company must issue to the Investor such number of Shares (the "Initial Conversion Shares") as is equal to the Initial Conversion Shares Issuance Number at the time of the issuance thereof.

(B) In relation to any Conversion of a Convertible Security, the Investor may elect, in its sole discretion, by notice thereof set forth in the relevant Conversion Notice, to have the Company's obligation to issue all or part of the Conversion Shares to be issued in satisfaction of such a Conversion be satisfied by way of a reduction of the Initial Conversion Shares Number (an "Initial Conversion Election") (to a number that is no less than zero) rather than by way of the issuance of such Conversion Shares in accordance with Section 4.1. In relation to an Initial Conversion Election made in respect of a Conversion, the Investor must specify in the relevant Conversion Notice the whole number by which the Initial Conversion Shares Number is being reduced, and, accordingly, the number of Conversion Shares as to which the Company's obligation to issue is deemed to be satisfied; and, upon the Company's compliance with all of its obligations in relation to that Conversion, the Company's obligation to issue such number of Conversion Shares will be deemed to be satisfied. An Initial Conversion Election shall apply only to the Conversion to which such election relates. The Investor is not required to make an Initial Conversion Election in relation to any Conversion.

4. **Conversions and Repayment**

4.1 **Conversions of Convertible Securities**

Subject to the provisions of this Agreement, while there is a Convertible Security Amount Outstanding in respect of a Convertible Security, the Investor may in its discretion elect to convert that Convertible Security or any part thereof into Shares (each, a "Conversion") by providing the Company with notice (each, a "Conversion Notice", and the date of each such notice, a "Conversion Notice Date") specifying:

- (A) the amount, determined by the Investor, of the Principal Amount of the Convertible Security to be converted (or any part thereof) (the "Conversion Amount");
- (B) the Fixed Conversion Price applicable to the Conversion;
- (C) the Concessionary Conversion Price applicable to the Conversion and the manner in which such Concessionary Conversion Price was calculated by the Investor;
- (D) the Canadian Dollar Equivalent of the relevant Conversion Amount and the manner in which such amount was calculated by the Investor;
- (E) the number of Shares (the "Conversion Shares") that the Company must issue to the Investor in respect of the Conversion. That number must be determined by dividing the Canadian Dollar Equivalent of the Conversion Amount (before giving effect to any set-offs under this Agreement) by the Fixed Conversion Price. If the resultant number contains a fraction, the number must be rounded down to the next lower whole number;
- (F) the date, determined by the Investor in its discretion, on which the Company must issue the Conversion Shares to the Investor (the "Conversion Date") in respect of that Conversion, provided that the Conversion Date must not be a date that is earlier than the second Trading Day immediately following the Conversion Notice Date;
- (G) the details of the investor or its or the Sponsor's designee or nominee to whom the Conversion Shares are to be delivered through the Direct Registration System in accordance with this Agreement; and
- (H) solely to enable the Company to exercise its rights under Section 4.3(A) (if the Company elects to do so in accordance with Section 4.3(A)), the Cash Repayment Amount and the manner in which such Cash Repayment Amount was calculated by the Investor.

and, following the receipt of the Conversion Notice, subject to Sections 4.2 and 4.3, the Company must effect the Conversion of the Conversion Amount specified in that Conversion Notice by issuing in accordance with this Agreement (including Sections 4 and 5 hereof), the number of Conversion Shares specified in that Conversion Notice (less, to the extent applicable, the number of Conversion Shares as to which the Company's obligation to issue is deemed to be satisfied as a result of an Initial Conversion Election (if any) made by the Investor in that Conversion Notice) on the Conversion Date specified in that Conversion Notice, in the manner specified in that Conversion Notice. Such Conversion Shares shall be issued by the Company at such time. For clarity, more than one Conversion may occur under this Agreement.

**4.2 Company's right to reduce the number of Conversion Shares issuable in a Conversion**

- (A) In relation to any Conversion, if the Concessionary Conversion Price specified by the Investor in the relevant Conversion Notice is greater than the Fixed Conversion Price specified by the Investor in the relevant Conversion Notice, the Company may elect, by notice to the Investor, given no later than on the first Trading Day after the relevant Conversion Notice Date, to disapply the Fixed Conversion Price in relation to such Conversion, in which event, notwithstanding anything in the relevant Conversion Notice to the contrary, the Concessionary Conversion Price shall apply to such Conversion, and the Company's obligation to issue Conversion Shares under Section 4.1 shall be modified such that the number of Conversion Shares that the Company is obligated to issue under Section 4.1 on the Conversion Date shall be equal to the result of the Canadian Dollar Equivalent of the Conversion Amount (before giving effect to any set-offs under this Agreement) divided by the Concessionary Conversion Price, provided that if the resultant number contains a fraction, the number must be rounded down to the next lower whole number.
- (B) In relation to any Conversion, if the Company may exercise its right under Section 4.2(A) in relation to that Conversion as a result of the Concessionary Conversion Price specified by the Investor in the relevant Conversion Notice being greater than the Fixed Conversion Price specified by the Investor in the relevant Conversion Notice, the Investor will include in the relevant Conversion Notice the number of Conversion Shares that the Company would be required to issue upon exercise of its rights under Section 4.2(A).

**4.3 Cash Repayment in Lieu of Conversion**

- (A) Subject to this Section 4.3, after the Investor has delivered a Conversion Notice requiring a Conversion of a Conversion Amount specified in that Conversion Notice, the Company may elect to make a cash payment in respect of all (and not some only) of that Conversion Amount (in lieu of issuing Conversion Shares in respect of that Conversion Amount) by giving notice to the Investor (as to each such election, a "Cash Repayment Notice") by email transmission to the Investor no later than on the Toronto Business Day following the Conversion Notice Date specified in that Conversion Notice (the "Cash Repayment Notice Deadline"). Each Cash Repayment Notice must include proof of the Company holding (as at the date on which such Cash Repayment Notice is given) cleared funds in the amount equal to the Cash Repayment Amount in relation to such Conversion. Any Cash Repayment Notice given not in compliance with this Section 4.3 shall be void and of no effect.
- (B) If, in relation to any Conversion, the Company gives the Investor a valid Cash Repayment Notice in accordance with Section 4.3(A), the Company must on the Toronto Business Day immediately following the relevant Cash Repayment Notice Deadline (the "Cash Repayment Date") pay to the Investor an amount equal to the Cash Repayment Amount in relation to such Conversion; provided, however, that, in the event that the Company fails to pay the Investor such Cash Repayment Amount on the relevant Cash Repayment Date or otherwise comply with the provisions of this Section 4.3, the relevant Cash Repayment Notice shall be deemed to be void and of no effect, and the Company will be obligated to immediately issue the Conversion Shares specified in that Conversion Notice on the relevant Cash Repayment Date.
- (C) For the avoidance of doubt, the exercise by the Company of its rights under this Section 4.3 in relation to any Conversion shall not affect any other Conversion or the Investor's rights under this Agreement in any way. The exercise by the Company of

Its rights under this Section 4.3 in relation to a Conversion shall not affect the application of Section 10.8(D) in relation to that Conversion.

- (D) The Company may not exercise any of the rights set out in this Section 4.3 if an Event of Default has occurred and remains in effect as of the Conversion Notice Date.

#### 4.4 Conversion at Maturity

To the extent that as at a relevant Maturity Date there is a Convertible Security Amount Outstanding in relation to a Convertible Security, the Company shall on such Maturity Date (or if a Maturity Date is not a Toronto Business Day, on the first Toronto Business Day following such Maturity Date), the Investor shall be required to provide the Company with a Conversion Notice in relation to such Convertible Security Amount Outstanding as at such Maturity Date, and the Company and the Investor shall comply with the provisions of this Section 4 in relation to such Conversion Notice and the corresponding Conversion. Without limiting the Investor's other rights under this Deed, if, as at such Maturity Date, an Event of Default has occurred and remains in effect as of such Maturity Date, the Investor may elect to exercise its rights under Section 12.7 and extend such Maturity Date, or elect to undertake a Conversion, in its sole discretion.

#### 4.5 No other Repayment

Except as otherwise expressly stated in this Agreement, the Company may not repay all or any portion of any Convertible Security (in whole or in part) prior to the Maturity Date, without the consent of the Investor.

#### 4.6 Preservation of Concessionary Conversion Price

If (1) the Company is unable to issue Conversion Shares on a Conversion Date in compliance with this Agreement (or comply with its obligations under Section 10.8(D)) for any reason, or (2) the issue of such Conversion Shares (or the Company's compliance with its obligations under Section 10.8(D)) would impose a Regulatory Burden on the Investor, then, in each case, without limiting any other rights of the Investor under this Agreement, the Investor may (but is not required to):

- (A) hold over the Concessionary Conversion Price and as the case may be the Canadian Dollar Equivalent that would have applied to the Conversion (the "Applicable Concessionary Conversion Price" and the "Applicable Canadian Dollar Equivalent", respectively); and
- (B) once the Company's inability to issue the Conversion Shares in compliance with this Agreement (or comply with the Company's obligations under Section 10.8(D)) has been overcome or the issue of such Conversion Shares (or the Company's compliance with its obligations under Section 10.8(D)) would not impose a Regulatory Burden on the Investor, apply the Applicable Concessionary Conversion Price (and/or the Applicable Canadian Dollar Equivalent) to determine the number of Conversion Shares that are then issuable and the Company's obligations under Section 10.8(D)) (and, if the Applicable Concessionary Conversion Price and/or the Applicable Canadian Dollar Equivalent is so applied by the Investor, the Company shall then issue such number of Conversion Shares and undertake the actions required of it under Section 10.8(D)).



#### 4.7 Ranking of Amount Outstanding

The Amount Outstanding constitutes a direct and unsecured obligation of the Company ranking *pari passu* with other unsecured and unsubordinated obligations of the Company other than obligations preferred by Law.

### 5. Requirements for the issue of Securities

#### 5.1 News Releases and Regulatory Filings

- (A) The Company shall make all necessary news releases and regulatory filings in connection with this Agreement and the Contemplated Transactions in accordance with Canadian Securities Laws and the Listing Rules.
- (B) The Company shall issue a news release, through a customary distribution channel in Canada, in respect of the execution of this Agreement (including a description of the Contemplated Transactions), which news release shall be in the form of Annex E. Without prejudging any provision of this Agreement, if the Company determines that a news release or other disclosure of the Company is required under applicable Law to be disseminated in connection with this Agreement, including in respect of any Closing or issuance of Investor's Shares, the Company shall promptly inform the Investor of such determination and ensure that any such news release or other disclosure is reasonably acceptable to the Investor prior its dissemination thereof.
- (C) On the Execution Date, the Company shall duly complete, execute and post in electronic format to the website maintained by the CSE:
  - (1) a duly completed and executed Form 9 – Notice of Proposed Issuance of Listed Securities, substantially in the form of Annex F; and
  - (2) a duly completed and executed Form 6 – Certificate of Compliance, substantially in the form of Annex G.
- (D) Within 10 days of each Closing Date, the Company will duly complete, execute and file with the British Columbia Securities Commission in accordance with NI 45-106 and all other applicable Law, a Form 45-106F1 – Report of Exempt Distribution, provided that such form must be in a form acceptable to the Investor prior to filing.
- (E) Within 10 days of the execution of this Agreement, the Company will duly complete and file with the Canadian Securities Commissions in the provinces in which the Company is a "reporting issuer", a "material change report" in the form of Form 51-102F3 – Material Change Report, provided that such form must be in a form acceptable to the Investor prior to filing.

#### 5.2 Settlement and Delivery

- (A) Except where otherwise directed by the Investor, the Company shall ensure that all Investor's Shares when issued are registered in the name of the Investor or the Sponsor (or a designee or nominee of the Investor or the Sponsor) in electronic form in the Direct Registration System. In relation to any issuance of Investor's Shares, the Company shall deliver to the Transfer Agent a duly prepared and executed treasury direction (in accordance with the Transfer Agent's requirements) directing the Transfer Agent to register in the name of the Investor (or its designee or nominee) by electronic registration of a book-entry position representing such Investor's Shares (i) on the Execution Date or, if the Execution Date is not a Toronto Business Day, by no later than the first Toronto Business Day following the Execution Date (in

the case of the Initial Conversion Shares and the Commencement Fee Shares); or (II) on the first Toronto Business Day after the relevant Conversion Notice Date (in the case of Conversion Shares and Fee Shares) or on the relevant Issuance Date (as defined in the Warrant Instrument) (in the case of Shares issued on exercise of the Warrants). Such treasury direction shall also direct the Transfer Agent to promptly deliver to the Investor a DRS Statement evidencing such Investor's Shares. In addition, in relation to any issue of Investor's Shares, the Company shall cause the Transfer Agent to deliver to the Investor a DRS Statement evidencing such Investor's Shares.

- (B) Notwithstanding anything in Section 5.2(A), the investor may, by notice to the Company, elect in relation to any issuance of Investor's Shares to receive such Investor's Shares by any other format permitted under applicable Law, including by way of electronic or physical settlement or otherwise. Without limiting any of the Company's other obligations under this Agreement, if the Investor provides any such notice in relation to an issuance of Investor's Shares, the Company shall issue a treasury direction to the Transfer Agent directing the Transfer Agent to issue Investor's Shares in accordance with the settlement instructions set forth in such notice.

### 5.3 U.S. Securities Law Matters

- (A) The Company and the Investor agree that, insofar as required under the applicable requirements of the U.S. Securities Laws, Securities issued by the Company may, when issued, bear (or, in the case of Securities held through DRS, the DRS Statement evidencing such Securities may bear) a legend (such legend, together with any other restrictive legend such Securities are required to bear under U.S. Securities Laws, the "U.S. Securities Laws Legend") in the following form:

*THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO NORTHERN LIGHTS RESOURCES CORP. (THE "COMPANY"), (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS; OR (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS; PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE COMPANY MUST FIRST BE PROVIDED TO THE COMPANY OR THE COMPANY'S TRANSFER AGENT, AS APPLICABLE, TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.*

- (B) The Company shall cooperate with the Investor and any other Registered Holder of Securities in connection with, and shall take all necessary or appropriate actions to cause, the removal of the U.S. Securities Laws Legend on any Securities (or, in the case of Securities held through DRS, on the DRS Statement evidencing such Securities), and any stop transfer instructions in respect thereof, in accordance with

U.S. Securities Laws. Without limiting the generality of the foregoing, in connection with any actual or proposed sale, assignment or transfer of Securities that bear (or, in the case of Securities held through DRS, of Securities in respect of which the DRS Statement evidencing such Securities bears) the U.S. Securities Laws Legend and/or any stop transfer instructions in respect thereof, pursuant to Regulation S, or Rule 144 under the U.S. Securities Act or any other exemption to the registration requirements under the U.S. Securities Act, the Company shall:

- (1) instruct the Transfer Agent to remove such U.S. Securities Laws Legend and/or any stop transfer instructions in respect thereof on a rush or expedited basis (for clarity, within a 24-hour turnaround time or less if available), and promptly pay all fees and costs charged by the Transfer Agent in respect thereof;
  - (2) upon the request of the investor or any other Registered Holder of such Securities, promptly (but in any event by no later than the first Toronto Business Day following the date of such request) provide (and cause the Company's counsel to provide) the Transfer Agent with all such corporation resolutions, instructions, opinions and other documentation that are necessary or advisable for, or that are requested by, the Transfer Agent to remove such U.S. Securities Laws Legend and/or any stop transfer instructions in respect thereof, including an opinion of counsel (at the Company's sole request) that is satisfactory to the Transfer Agent;
  - (3) upon the Transfer Agent's receipt of the documentation and instructions referenced in Section 5.3(B)(2) above and any other documentation from the investor or the Registered Holder of such Securities required by the Transfer Agent, use best efforts to cause the Transfer Agent to promptly remove such U.S. Securities Laws Legend and/or any stop transfer instructions in respect thereof on a rush or expedited basis;
  - (4) upon the Company's receipt of a request by the Transfer Agent for the Company's approval or authorization to remove such U.S. Securities Laws Legend and/or any stop transfer instructions in respect thereof, immediately (but in any event within four hours of such request) provide such approval or authorization in a form acceptable to the Transfer Agent;
  - (5) cause the Company's counsel to cooperate with the Investor, any other Registered Holder of such Securities and their respective counsel, agents and other representatives in connection with the removal of such U.S. Securities Laws Legend and/or any stop transfer instructions in respect thereof, and not take any action that could delay, hinder or impair the removal of such U.S. Securities Laws Legend and/or any stop transfer instructions in respect thereof; and
  - (6) take any such other actions (and cause its counsel to take such other actions), in a prompt manner, that the Investor determines to be necessary or advisable to remove such U.S. Securities Laws Legend and/or any stop transfer instructions in respect thereof.
- (C) Without limiting the foregoing, in the event that counsel to the Company fails or refuses to render an opinion as required under this Section 5.3, then the Company irrevocably and expressly authorizes counsel to the investor to render such opinion, and the Company shall cause the Transfer Agent to accept and rely on any such opinion, and shall reimburse the Investor for its costs in connection with the rendering of such opinion.

- (D) Without limiting the foregoing, in the event that Conversion Shares may be issued in compliance with U.S. Securities Laws without bearing (or, as the case may be, with the DRS Statement evidencing such Conversion Shares not bearing) or otherwise being subject to the U.S. Securities Laws Legend, the Company shall cooperate with the Investor and take all other actions necessary or advisable to ensure that such Conversion Shares are issued (or, as the case may be, the DRS Statement evidencing such Securities is issued) without bearing or otherwise being subject to the U.S. Securities Laws Legend.
- (E) Upon removal of the U.S. Securities Laws Legend applicable to any Investor's Shares, the Company shall cause the Transfer Agent to promptly deliver to the Investor a DRS Statement and such other evidence may be requested by the Investor reflecting the removal of the U.S. Securities Laws Legend in respect of such Investor's Shares.

#### 5.4 Canadian Securities Law Matters

- (A) Subject to Section 5.4(B), in relation to any Investor's Shares issued by the Company during the Statutory Hold Period applicable to such Investor's Shares, the Company and the Investor agree that such Investor's Shares may bear (or, in the case of Investor's Shares held through DRS, the DRS Statement evidencing such Investor's Shares may bear) a legend (the "Canadian Securities Law Legend") when issued in the following form:  
  
*UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE ISSUE DATE OF THE SECURITY].*
- (B) Any Investor's Shares issued to the Investor after the end of the Statutory Hold Period applicable to such Investor's Shares shall not bear a Canadian Securities Law Legend.
- (C) In relation to any Investor's Shares held by the Investor or any other Registered Holder, on the first Toronto Business Day after the end of the Statutory Hold Period applicable to such Investor's Shares, the Company shall, upon request of the investor:
  - (1) remove, or cause the Transfer Agent to promptly remove such Canadian Securities Law Legend; and
  - (2) take all such actions as necessary and advisable to (and shall cause the Transfer Agent to), in a prompt manner, remove the Canadian Securities Law Legend relating to such investor's Shares.
- (D) Upon removal of the Canadian Securities Laws Legend applicable to any Investor's Shares, the Company shall cause the Transfer Agent to promptly deliver to the Investor a DRS Statement and such other evidence may be requested by the Investor reflecting the removal of the Canadian Securities Laws Legend in respect of such Investor's Shares.
- (E) The Company and the Investor agree that each Convertible Security Certificate and Warrant Certificate issued by the Company may, when issued, bear the Canadian Securities Law Legend. Upon the request of the investor following the date that is four months and one calendar day after the relevant issue date, the Company shall

remove the Canadian Securities Law Legend on any Convertible Security Certificate and any Warrant Certificate that bears such Canadian Securities Law Legend.

## 5.5 Listing

Without prejudice to the rights and remedies under Section 12, the Company shall use its best efforts to ensure that, at all times, the Shares and all Investor's Shares are listed and posted for trading on the CSE (and constitute listed securities within the meaning of the Listing Rules) and are freely tradeable on the CSE (disregarding, solely for purposes of this Section 5.5, the Canadian Securities Laws Legend at any time prior to the expiration of the Statutory Hold Period application to any such Investor's Shares), including filing all documents required in compliance with the Listing Rules and promptly providing copies of such documents to the investor if required by the investor. If the Shares are suspended from trading or delisted for trading on the CSE, the Company is designated by the CSE as an "inactive issuer" (as such term is defined in the Listing Rules), or if the Company is required to take any action by any Law to ensure that the Shares or any Investor's Shares are freely tradeable on the CSE, the Company shall use its best endeavours to lift such suspension, remove such inactive status, or re-obtain the listing of such Shares on the CSE, or (if the Company has complied with the foregoing obligations but such suspension, inactive status or delisting has not been rectified) such other stock exchange as may be acceptable to the investor.

## 5.6 Ownership Limit

Notwithstanding anything in this Agreement, at all times while there is an Aggregate Convertible Security Amount Outstanding, in no event shall a Conversion Notice specify an aggregate number of Conversion Shares and Fee Shares therein that would result, at the time immediately following the issuance of such Shares by the Company, in the investor having beneficial ownership of, or control or direction over, whether direct or indirect, Shares in excess of 9.9999% (the "Maximum Percentage") of the number of Shares outstanding immediately after giving effect to such issuance. For purposes of the immediately preceding sentence, the determination of the aggregate number of Shares beneficially owned by the investor, or over which the investor controls or directs, as applicable, and the number of Shares outstanding immediately after giving effect to the relevant issuance shall both include (x) the number of Shares held by the investor at the relevant time, (y) the aggregate number of Conversion Shares and Fee Shares issuable upon conversion of the Aggregate Convertible Security Amount Outstanding at the relevant time, and (z) the number of Warrant Shares issuable upon exercise of the Warrants that are unexercised at the relevant time, but shall exclude any such Conversion Shares, Fee Shares and Warrant Shares, as applicable, as determined by the investor, which would result in the investor having beneficial ownership of, or control or direction over, whether direct or indirect, Shares in excess of the Maximum Percentage of the outstanding Shares immediately after giving effect to the relevant issuance. For purposes of this Section 5.6, beneficial ownership, or control or direction over, shall be determined in accordance with NI 55-104, NI 62-104, and the Listing Rules, subject to the immediately preceding sentence and the application of the limitation set forth in this Section 5.6. The investor shall have the sole authority and responsibility to determine whether the limitation set forth in this Section 5.6 applies to any Conversion Notice and the related Conversion, and in the event the investor determines that the limitation set forth in this Section 5.6 applies to a Conversion Notice and the related Conversion, the determination of the number of Conversion Shares and the number of Fee Shares that may be specified in such Conversion Notice shall be made solely by the investor. For any reason at any time, upon written or oral request of the investor, the Company shall, within one Toronto Business Day of such request, confirm orally and in writing to the investor the number of Shares then outstanding. The application of this Section 5.6 to a Conversion Notice and the related Conversion shall not have any effect on the application of this Section 5.6 to any subsequent Conversion Notices and related Conversions. The investor may, by notice to the Company, increase (which increase shall

not be effective until the sixty-first (61<sup>st</sup>) day after delivery of such notice) the Maximum Percentage to any other percentage as specified by the Investor in such notice (this Section 5.6 shall continue to apply until such 61<sup>st</sup> day (or such later date, as determined by the Investor, as may be specified in such notice). The provisions of this Section 5.6 shall be interpreted and applied in a manner otherwise than in strict conformity with the terms of this Section 5.6 to the extent necessary to correct this Section 5.6 or any portion of this Section 5.6 which may be defective or inconsistent with the intended limitation contained in this Section 5.6 or to make changes or supplements necessary or desirable to properly give effect to such limitation.

**5.7 Requirements for all issuers**

If any of the requirements of this Section 5 or Section 10.9 are not satisfied in any respect in connection with any issuance of any Securities, then those Securities are deemed not to have been issued by the Company in accordance with or for the purposes of this Agreement, and the Company's obligation to issue the Securities is deemed to not have been discharged, and any amount paid or prepaid by the Investor in respect of such Securities (and/or, as the case may be, the relevant Conversion Amount in respect of which such Securities were purported to have been issued) remains (A) part of an Amount Outstanding or (B) (in the case of a purported issuance of Investor's Shares on exercise of Warrants) a sum owed to the Investor by the Company which sum shall be satisfied, in the Investor's discretion, through the issuance of Shares to the Investor in accordance with the Warrant Instrument or a cash repayment; unless any of the foregoing is waived by the Investor in writing at any time.

**6. Conditions Precedent to Contemplated Transactions**

**6.1 Specific conditions precedent to First Closing – Investor**

The Investor has no obligation to effect the First Closing under Section 2.1 unless and until the following conditions are satisfied in the Investor's sole discretion, or waived in writing by the Investor, by no later than immediately before the First Closing:

- (A) the Company has delivered to the investor:
  - (1) a copy of resolutions substantially in the form of Annex B duly passed by the board of directors of the Company authorising the entry into and performance of this Agreement and the Contemplated Transactions;
  - (2) the Company has delivered a certificate dated the relevant Subsequent Closing Date substantially in the form of Annex C executed by its Executive Chairman or Chief Executive Officer;
  - (3) the flow of funds request, substantially in the form of Annex D;
  - (4) a duly executed Convertible Security Certificate dated the First Closing Date; and
  - (5) a duly executed Warrant Instrument substantially in the form agreed with the Investor;
- (B) the Company has duly issued the Initial Conversion Shares, the Commencement Fee Shares and the Warrants in accordance with this Agreement; and
- (C) the Initial Conversion Shares and the Commencement Fee Shares have been listed and posted for trading on the CSE.

## 6.2 Specific conditions precedent to each Subsequent Closing – Investor

The Investor has no obligation to effect a Subsequent Closing under Section 2.2 unless and until the following conditions are satisfied in the Investor's sole discretion, or waived in writing by the Investor, by no later than one New York Business Day before the relevant Subsequent Closing:

- (A) the Company has delivered to the Investor a duly executed Convertible Security Certificate dated the relevant Subsequent Closing Date;
- (B) the Company has delivered a certificate dated the relevant Subsequent Closing Date substantially in the form of Annex C executed by its Executive Chairman or Chief Executive Officer;
- (C) the Company has delivered to the Investor the flow of funds request, substantially in the form of Annex D;
- (D) the Company has duly issued all Securities which are required by this Agreement to be issued before the relevant Subsequent Closing, in accordance with this Agreement; and
- (E) all of the Investor's Shares issued before the relevant Subsequent Closing have been listed and posted for trading on the CSE.

## 6.3 General conditions precedent to each Contemplated Transaction – Investor

The Investor has no obligation to effect any Closing, accept any issue of Securities or consummate any other Contemplated Transaction unless and until the following conditions are satisfied in the Investor's sole discretion, or waived in writing by the Investor, by no later than immediately before the time the Contemplated Transaction is due to be consummated.

- (A) The Company has performed, or complied in all respects with, all obligations required by this Agreement to be performed or complied with by the Company as at, or prior to, the Contemplated Transaction (including the obligations under Sections 5.1 to 5.5 and 10.9 in relation to all prior issuances of Securities to the Investor).
- (B) Where the Contemplated Transaction is a Closing, a Conversion or an issue of Securities, the Company is ready, willing and able to perform (in accordance with all applicable Laws) and comply in all respects with, those requirements of Sections 5.1 to 5.5 and 10.9 which apply in respect of such Closing, such Conversion or such issue of Securities.
- (C) The board of directors of the Company has passed resolutions approving the Transaction Documents and the Contemplated Transactions, to the extent to which such approvals are, in the reasonable opinion of the Investor, or pursuant to any Law, required for the consummation of the Contemplated Transaction.
- (D) All consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor, necessary or appropriate for the consummation of the Contemplated Transaction have been issued and received by the Investor, and remain in full force and effect.
- (E) No Event of Default or Potential Event of Default would occur as a consequence of the Contemplated Transaction or has occurred (irrespective of whether it has been remedied or any grace period has expired).

- (F) The consummation of the Contemplated Transaction would not result in the Company or the Investor being in breach of any Law.
- (G) The Investor has received copies of such additional documents as the Investor may reasonably request or as are customary in Canada to effect the Contemplated Transaction.
- (H) Where the Contemplated Transaction is a Closing, the Investor (in its absolute discretion) is satisfied that the Company has sufficient authority to issue Shares to enable Conversion of the relevant Convertible Security arising at that Closing in full if it were issued.
- (I) Where a Contemplated Transaction may not be effected under Canadian Securities Laws or the Corporations Act in the absence of obtaining approval of such Contemplated Transaction from the Company's shareholders, the Company has obtained such shareholder approval in accordance with applicable Laws.
- (J) The Investor has received such documents and evidence as the Investor may reasonably require to satisfy itself that the conditions in this Section 6.3 and (as the case may be) Sections 6.1 and 6.2, have been satisfied.
- (K) Where a Contemplated Transaction is a Closing, the Closing Price on the second Trading Day immediately prior to such Closing is greater than C\$0.05.

#### 6.4 Failure to meet conditions – issue of Securities

The Company shall not issue any Securities to the Investor without the prior consent of the Investor if on the Issue of the Securities any of the conditions in the foregoing provisions of this Section 6 have not been fulfilled, or waived by the Investor. Any such issuance is deemed not to have been undertaken in accordance with or for the purposes of this Agreement, the Company's obligation to issue the Securities is deemed to not have been discharged, and any amount paid or prepaid by the Investor in respect of such Securities (and/or, as the case may be, the relevant Conversion Amount in respect of which such Securities were purported to have been issued) constitutes (A) part of an Amount Outstanding or (B) (in the case of a purported issuance of Investor's Shares on exercise of Warrants) a sum owed to the Investor by the Company which sum shall be satisfied, in the Investor's discretion, through the issuance of Shares to the Investor in accordance with the Warrant Instrument or a cash repayment; unless any of the foregoing is expressly waived by the Investor at any time.

#### 6.5 Requirement to fulfil conditions

- (A) The Company shall cause the conditions set out in Sections 6.1, 6.2 and 6.3 to be fulfilled by the times required by those Sections.
- (B) Without prejudice to Section 6.5(A), in the event that a Closing is unable to occur on the Closing Date of such Closing as a result of failure of any of the conditions set out in Sections 6.1, 6.2 and 6.3, as applicable, to be fulfilled by the times required by those sections, then the Investor may, by notice to the Company, postpone the Closing Date of such Closing until such date as all such applicable conditions are fulfilled (in the opinion of the Investor acting reasonably) or waived in writing by the Investor.



**8.6 Conditions precedent to each Closing – Company**

The Company has no obligation to consummate a Closing unless the representations and warranties of the Investor contained in this Agreement are true and correct in all material respects as of the date or dates as of which they are made or deemed to be made or repeated under this Agreement other than where the requirement to give such representations and warranties or a breach of those representations and warranties has been waived in writing by the Company.

**7. Representations and Warranties**

**7.1 Representations and warranties by the Company**

The Company represents and warrants to the Investor each of the statements set out in Schedule 1, and acknowledges that the Investor is relying on such representations and warranties in connection with the Contemplated Transactions.

**7.2 Representations and warranties by the Investor**

The Investor represents and warrants to the Company each of the statements set out in Schedule 2, and acknowledges that the Company is relying on such representations and warranties in connection with the Contemplated Transactions.

**7.3 Deemed repetition**

Each of the representations and warranties made pursuant to this Section 7 is deemed to be made on the Execution Date and (except where it is expressly qualified as having been made only as of a particular date) repeated at each Closing and on each Conversion Date, by reference to the facts and circumstances subsisting at each such time.

**7.4 Party's reliance**

Each Party (first Party) acknowledges that the other Party has entered into this Agreement in reliance on the representations and warranties of the first Party in this Agreement.

**7.5 Construction of representation and warranties**

Each representation and warranty of a Party is to be construed independently of the others and is not limited by reference to any other representation or warranty.

**7.6 Disclosures and limitations**

The representations and warranties of the Company under Section 7.1 set out in Schedule 1:

- (A) are not limited in any way by any knowledge of, or information obtained by, the Investor or its advisers or representatives; and
- (B) are qualified only to the extent expressly set out in Schedule 3.

**7.7 Notice**

A Party (first Party) must immediately notify the other Party upon becoming aware of any breach of any representation or warranty given by the first Party under this Agreement.

**7.8 Breach of representation or warranty**

A Party is in breach of this Agreement if any of the statements it represents and warrants pursuant to this Section 7 is untrue, incorrect or misleading, including by omission.

**8. Conduct of affairs**

**8.1 Conduct of business**

The Company must, and must cause each of the Group Companies to, conduct its business in a proper and efficient manner in accordance with good commercial practice, and ensure that for so long as there is any Amount Outstanding or Warrant unexpired and unexercised, the voting and other rights attached to the Shares (or any other securities of a Group Company) are not altered in a manner which, in the opinion of the Investor, is materially prejudicial to the Investor.

**8.2 Structured Financing Transactions**

From the Execution Date until the date that is 90 calendar days after the Final Date, the Company shall not effect, or enter into any agreement to effect any "Structured Financing Transaction", that is a transaction generally referred to as an equity line of credit, a controlled placement agreement, a stand-by equity distribution agreement, an equity swap, an equity sharing agreement, a subscription agreement for prepaid equity, or a convertible security, note or loan having a similar effect, or any other transaction with a third party in which the Company issues or sells the following:

- (A) any debt, equity or equity-linked securities that are convertible into, exchangeable or exercisable for, or include the right to receive Shares:
  - (1) at a conversion, exercise or exchange rate, or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or
  - (2) at a conversion, exercise or exchange rate, or other price, that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events; or
- (B) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions.

For the avoidance of doubt, none of rights issuances, share buy-backs, convertible securities, or equity issuances or offers, each at a fixed price per Share, is a Structured Financing Transaction.

**8.3 Other negative covenants**

For so long as the Investor holds any Securities or there is any Amount Outstanding, the Company shall not, and shall ensure that each Group Company does not (and, in relation to sub-Sections (J), (K) and (L) below, the officers, directors, employees, and agents acting on behalf of the Company or any Group Company do not), directly or indirectly, without the Investor's written approval:

- (A) dispose, in a single transaction or in a series of transactions, of all or any part of its assets unless such disposal is in the ordinary course of business, on arm's length terms and for fair market value;
- (B) reduce its paid-up or stated capital, issued share capital or any uncalled liability in respect of its issued capital, except by means of a purchase or redemption of the share capital that is permitted under the Corporations Act;
- (C) undertake any consolidation, pro rata cancellation, re-classification, re-designation or sub-division of its share capital, other than as contemplated by this Agreement or, in the case of a consolidation, as required by the CSE;
- (D) change the nature of its business;
- (E) change its transfer agent;
- (F) incur indebtedness that ranks, or is expressed to rank, senior to, or *pari passu* with, the Company's payment obligations under this Agreement;
- (G) grant or suffer to exist any Security Interest over assets of a Group Company in relation to the indebtedness described in sub-Section (F) above;
- (H) propose or enter into any plan or scheme of arrangement with its creditors;
- (I) transfer the jurisdiction of its incorporation;
- (J) conduct any dealings, directly or indirectly, with any person subject to Canadian, U.S., U.K., EU or Australian economic sanctions, including any person listed on the List of Specially Designated Nationals and Blocked Persons administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), or any person owned or controlled by, or acting on behalf of, any person subject to such sanctions, and any person, country or regime the subject of sanctions under applicable Law;
- (K) offer or make any bribe, kickback, or any other type of payment or confer any benefit that would be unlawful under any Law applicable to either Party or its agent, including the Canadian Corruption of Foreign Public Officials Act (the "CFPOA"), the Criminal Code (Canada), the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), the U.K. Bribery Act 2010 and the Criminal Code Act 1995 (Commonwealth of Australia);
- (L) act in contravention of any applicable financial record-keeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Government Authority ("Money Laundering Laws"), including the Canadian Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Anti-Money Laundering and Counter-Terrorism Financing Regulations 2008 (Commonwealth of Australia) and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (United Kingdom); or
- (M) enter into any agreement with respect to any of the matters referred to in sub-Sections (A) – (L) above.

For the avoidance of doubt, the Investor shall not approve any activity described in sub-Section (K) above. For the further avoidance of doubt, the Investor shall not approve any activity described in sub-Sections (J) and (L) above unless the Company or the Group

Company has received prior written authorisation to engage in such activity by the relevant Governmental Authority.

#### **8.4 Use of proceeds**

- (A) The Company must use the funds received from the Investor under this Agreement for general corporate, exploration expenses and working capital purposes that are reasonable in light of the nature of the Company's business as at the Execution Date, and not, among other things, for dividend payments, or the repayment or redemption of any indebtedness or obligations or interests held by any security holders.
- (B) The Company will not use the funds received from the Investor under this Agreement in any manner that would cause the Company, the Investor, or any Affiliate of the Company or the Investor, to violate any applicable Laws, including any Money Laundering Laws, the foreign asset control regulations administered by OFAC or the U.S. Department of State, the CFPOA, the Criminal Code (Canada) or the FCPA.

#### **8.5 Integration**

The Company must not, and must ensure that its Affiliates do not, and all persons acting on its or their behalf do not, directly or indirectly, sell, offer for sale or solicit offers to buy, or otherwise negotiate in respect of, any security, in a manner, or under circumstances, that:

- (A) will adversely affect reliance by the Company on the provisions of Rule 506(b) of Regulation D under the U.S. Securities Act for the exemption from registration for the Contemplated Transactions including, without limitation, the offer and sale of the Securities to the Investor;
- (B) will require registration of the sale of the Securities under the U.S. Securities Act; or
- (C) will cause such offer or solicitation to be deemed integrated with the offering of the Securities to the Investor, whether under the U.S. Securities Act or otherwise.

#### **8.6 Miscellaneous**

- (A) The Company must not undertake any action to permit the Company or any of its securities to be listed or quoted on any financial market, quotation system, or stock exchange, other than the GSE and OTCQB, without the Investor's prior written consent.
- (B) The Company must not register a class of equity securities under the U.S. Exchange Act and shall not, by the taking of any action or by omission to take action, be required to file reports pursuant to Section 13 or Section 15 of the U.S. Exchange Act.
- (C) In addition to any other obligations of the Company under this Agreement, the Company must (to the extent permitted by Law):

- (1) promptly notify the Investor of the Company's or any of its attorney's' or adviser's receipt of any written or oral correspondence from any Canadian Securities Commission, the CSE or any other Governmental Authority (or any of their respective attorneys or advisers) relating to this Agreement or the Contemplated Transactions;
  - (2) promptly provide the Investor with copies of any correspondence to or from any Canadian Securities Commission, the CSE or any other Governmental Authority (or any of their respective advisers), and, in the case of oral correspondence, written summaries thereof, relating to this Agreement or the Contemplated Transactions; and
  - (3) consult with the Investor prior to corresponding, in writing or orally, with the any Canadian Securities Commission, the CSE or any other Governmental Authority (or any of their respective attorneys or advisers) regarding this Agreement or the Contemplated Transactions, to the extent not prohibited by Law, and give reasonable and good faith consideration to any comments or other input provided by the Investor.
- (D) The Company agrees that any event, circumstance or occurrence that is beyond its control, including acts of God, flood, drought, earthquake or other natural disasters, or epidemics or pandemics (including coronavirus COVID-19 or any evolution or variant thereof), and/or any action taken by any Governmental Authority in connection therewith and/or the consequences of any such action:
- (1) shall not relieve the Company from any of its obligations or liabilities under any Transaction Document or in respect of any Contemplated Transactions; and/or
  - (2) shall not entitle the Company to terminate or rescind any Transaction Document in whole or in part or claim that any Transaction Document (or any part thereof) is void, invalid or frustrated under any Law or otherwise.

#### 8.7 Maintenance of Share registry

Unless so required by applicable Law, the Company must not close its Share register or take any other action which prevents the transfer of its Shares or warrants generally.

#### 8.8 Publicity and confidentiality

- (A) This Agreement, its subject matter and content, the Contemplated Transactions, and any non-public information provided by the Investor to the Company (including the terms of any Transaction Documents) are confidential information of the Investor. The Company must not, and must cause its Affiliates and all persons acting on behalf of the Company and any of its Affiliates not to, issue any news release or announcement concerning any such confidential information, or otherwise disclose to any person such confidential information, in each case, without the prior written consent of the Investor, which consent must not be unreasonably withheld or delayed where the news release or announcement is proposed to be made pursuant to Canadian Securities Laws, the Listing Rules or is otherwise required by Law.
- (B) The Company must not refer to the Investor or any of its Affiliates in any news release or announcement without the Investor's prior written consent.
- (C) The Investor has the right to review, approve and amend all news releases, press releases and public disclosure documents concerning the Investor, or any

Transaction Documents or Contemplated Transactions, which are required to be issued by the Company under applicable Laws.

- (D) The Investor and its Affiliates and/or advisers may describe the Investor's relationship with the Company under this Agreement and include the name and corporate logo of the Company in the Investor's and its Affiliates' and/or advisers' publicly available materials.
- (E) Notwithstanding anything herein to the contrary, to comply with United States Treasury Regulations Section 1.6011-4(b)(3)(i), each Party to this Agreement, and each employee, representative or other agent of such Party, may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income tax treatment, and the U.S. federal and state income tax structure, of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such Party relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income tax strategy provided to such recipient.

#### **8.9 Non-Public Information**

- (A) The Company must not, directly or indirectly, and must ensure that its Affiliates and agents and representatives do not, at any time after the date of this Agreement, without the prior consent of the Investor, disclose any Non-Public Information or material non-public information to a Relevant Person.
- (B) Where the Investor has consented to such disclosure, the Company must identify all Non-Public Information and material non-public information as such, and provide the Investor with the opportunity to accept or refuse to accept such information.

#### **9. Investor's activities**

##### **9.1 Investor's dealings in Securities**

Subject to Section 9.2:

- (A) the Investor may purchase and/or sell or otherwise dispose of any Securities, at any time (in compliance with applicable Laws, including Canadian Securities Laws and United States federal and state securities Laws) and hold or not hold any Securities for any term; and
- (B) nothing in this Agreement is or may be deemed to be a representation or warranty by the Investor which has the effect that:
  - (1) the Investor's right to sell or otherwise dispose of any of the Securities at any time (in compliance with applicable Laws, including Canadian Securities Laws and United States federal and state securities Laws) is limited; or
  - (2) the Investor is required to hold any Securities for any period of time, except as required by any applicable Laws.

##### **9.2 Limitation on sales**

For so long as the Investor holds any Securities issued to it under this Agreement, the Investor must not, on any one Trading Day, sell such number of Investor's Shares on the CSE (excluding Investor's Shares sold in Block Trades) that exceeds the greater of:

- (A) 20% of the trading volume of Shares traded on that Trading Day; and
- (B) that number of Shares which, based on the prices at which the Investor's Shares are sold on the CSE by the Investor on that Trading Day, has an aggregate value of C\$12,500.

The limitation in this Section 9.2 does not apply if an Event of Default or Potential Event of Default has occurred.

### **9.3 Acknowledgment**

The Company acknowledges and agrees that transactions in its securities by the Investor may impact the market prices of the Company's publicly-traded securities, including during periods when the prices at which the Company may be required to issue Investor's Shares are determined.

### **9.4 Register of Convertible Securities**

For so long as the Investor holds any Convertible Securities, the Investor shall, on behalf of the Company, as the Company's attorney, maintain a register of the Convertible Securities showing the dates of issue, the Principal Amount and Convertible Security Amount Outstanding of each of the Convertible Securities, details of all Conversions and redemptions of the Convertible Securities, and (without limiting Section 16.5) all transfers and changes of ownership thereof and the names and addresses of the holder of the Convertible Security and any person deriving title under the Investor.

### **9.5 No Shorting**

The Investor undertakes that it will not, and that it will cause its Affiliates not to, engage in short selling of the Shares.

## **10. Additional obligations and agreements**

### **10.1 No conflicting actions**

Subject to Section 10.2, no Party may take or omit to take any action, enter into any agreement, or make any commitment that would conflict or interfere in any material respect with its obligations to the other Party under this Agreement.

### **10.2 Compliance with Laws**

The Company and the Investor must each comply with all applicable Laws.

### **10.3 Further assurances**

The Company must:

- (A) take, or cause to be taken, all such further actions;
- (B) execute and deliver all such other agreements, certificates, instruments and documents; and
- (C) use its best endeavours to obtain (and refrain from taking any willful action that would impede or delay obtaining) all third party consents, waivers, approvals (including all shareholder approvals referred to in this Agreement), authorisations and orders needed.

in each case, as may reasonably be required in order to consummate the Contemplated Transactions and to preserve and protect the rights of the investor against impairment.

**10.4 Set-off**

- (A) The investor may set off any of its obligations to the Company (whether or not due for payment), against any of the Company's obligations to the investor (whether or not due for payment) under this Agreement and/or any Transaction Document.
- (B) The investor may do anything necessary to effect any set-off undertaken in accordance with this Section 10.4 (including varying the date for payment of any amount payable by the investor to the Company).

**10.5 Set-off exclusion**

All payments which are required to be made by the Company to the investor must be made without, all Securities which are required to be issued by the Company to the investor must be issued without, and the Convertible Securities must not be the subject of:

- (A) any set-off, counterclaim or condition; or
- (B) any deduction or withholding for Tax or any other reason, unless a deduction or withholding is required by Law (in which case Section 11.4 applies),

except as may otherwise be consented to by the investor in writing.

**10.6 Transfer to the investor's Brokerage Account**

In relation to any investor's Shares held by the investor or any other Registered Holder through DRS, the Company shall, upon the investor's request, cooperate with the investor or such other Registered Holder and provide any assistance to the investor or such other Registered Holder as may be requested by the investor or such other Registered Holder, to electronically deposit such investor's Shares into the investor's Brokerage Account through the facilities of CDS, by way of physical or electronic settlement or otherwise.

**10.7 Rescission and withdrawal right**

Whenever the investor provides a notice, or exercises a right, election or demand under this Agreement, and the Company does not perform its related obligations within the time periods provided in this Agreement, then the investor may by notice to the Company rescind or withdraw the relevant notice, right, election or demand in whole or in part, without prejudice to its future actions and rights.

**10.8 Adjustments**

- (A) Each time a Security Structure Event occurs, each of the Initial Conversion Shares Issuance Number and the Initial Conversion Shares Number shall, with effect from the date the Security Structure Event takes effect:



- (1) in the case where the Security Structure Event is a sub-division, re-classification or re-designation where the aggregate number of Shares in issue immediately after (and as a result of) the sub-division or re-classification or re-designation is increased, be increased; and
- (2) in the case where the Security Structure Event is a consolidation, pro rata cancellation, re-classification or re-designation where the aggregate number of Shares in issue immediately after (and as a result of) the consolidation, pro rata cancellation, re-classification or re-designation is reduced, be reduced,

in each case, to that number obtained by multiplying the Initial Conversion Shares Issuance Number or the Initial Conversion Shares Number, as the case may be, then in effect by a fraction, of which the numerator is the aggregate number of Shares in issue immediately after such Security Structure Event and the denominator is the aggregate number of Shares in issue immediately before such Security Structure Event (the "Quotient"). In addition, the Fixed Conversion Price shall be adjusted by dividing the Fixed Conversion Price in effect immediately prior to such Security Structure Event by the Quotient. Such adjustments shall become effective on the date of such Security Structure Event taking effect.

- (B) The intent of Section 10.8(A) is to maintain the relative benefit and burden to the Investor and the Company of their respective economic bargains.
- (C) When the Company becomes aware of a fact that may give rise to an adjustment under Section 10.8(A), the Company must promptly notify the Investor of the specifics of the fact that may give rise to such adjustment.
- (D) Notwithstanding any other provision in this Agreement, in the event (and on each occasion) that, in connection with any Conversion of a Conversion Amount, the Fee Condition is satisfied in relation to such Conversion (and without limiting the Company's obligation to issue Conversion Shares under this Agreement), the Company shall on the applicable Conversion Date pay to the Investor a fee (the "Fee"), in cash, equal to the Fee Amount applicable to such Conversion.
- (E) In the Company's sole discretion, in lieu of the cash payment under Section 10.8(D) in relation to a Conversion, the Company may, by notice to the Investor, given no later than on the relevant Conversion Date, issue to the Investor (in compliance with the terms of this Agreement, including Sections 5 and 6) such number of Shares (the "Fee Shares") as is equal to the Fee Shares Number applicable to such Conversion.
- (F) For so long as the Investor holds any Securities or there is any Amount Outstanding, if, during any five consecutive Toronto Business Day period after the Execution Date, the Concessionary Conversion Price that would have applied on each of those Toronto Business Days (such Concessionary Conversion Price determined, solely for purposes of this Section 10.8(F), as though a Conversion occurred on the applicable Toronto Business Day) is equal to or less than C\$0.05, the Company shall, upon the request of the Investor, as soon as reasonably practicable (but in any event within 10 Toronto Business Days of receipt of notice of such request) use its best efforts to effect a consolidation of the share capital of the Company, at a ratio whereby on the date such request was received by the Company, the Closing Price of the Shares would have been no less than C\$0.10, or such greater price as is reasonably determined by the investor in consultation with the Company (provided that such greater price shall not, without the consent of the Company, exceed C\$0.20), had the consolidation been effective on such date.

### 10.9 Shares

The Company undertakes that it will, for so long as there is a Convertible Security Amount Outstanding or there are one or more Closings that could occur under the terms of this Agreement:

- (A) not modify the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Shares;
- (B) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on any Closing Date or Conversion, Shares could not, under any applicable Law then in effect, be legally issued as fully paid and non-assessable;
- (C) subject to Section 8.3, not reduce its issued share capital, share premium account, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
  - (1) pursuant to the terms of issue of the relevant share capital; or
  - (2) by way of transfer to reserves as permitted under applicable Law;
- (D) ensure that all of the Investor's Shares will be fully paid and non-assessable;
- (E) ensure that all of the Investor's Shares to be issued in connection with the Contemplated Transactions will rank *pari passu* with the then outstanding Shares;
- (F) ensure that all of the Investor's Shares held in the Investor's Brokerage Account are fungible with Shares held through participants at CDS;
- (G) ensure that all of the Investor's Shares issued in connection with the Contemplated Transactions will be listed and posted for trading on the CSE as soon as practicable and (in any event) by no later than the fifth Trading Day after the date of their issuance;
- (H) at all times ensure that there are sufficient authorised but unissued Shares available for issue to enable Conversion of the relevant Convertible Security in part or in full in accordance with this Agreement (and without having to offer the same to any existing shareholders of the Company or anyone else), free from pre-emptive or other preferential rights or other rights or restrictions (whether by constating document, contract, statute or otherwise); and
- (I) continue to comply with all applicable Laws relating to the Shares, and continue to make all applicable regulatory filings in respect of the listing of the Shares on the CSE and in accordance with Canadian Securities Laws and the Listing Rules.

### 10.10 Equalisation Payments

- (A) Provided that the Company has issued the Initial Conversion Shares to the Investor, the Investor may at any time, or shall in any event no later than the fifth Toronto Business Day after the Final Date, pay to the Company a fee (the "Equalisation Fee") in Canadian Dollars (or its equivalent in US Dollars, as determined by the Investor acting reasonably) (in full and final settlement of all obligations of the Investor in connection with the Initial Conversion Shares) equal to the product of (A) the Initial Conversion Shares Number at such time, multiplied by (B) 85% of the average of five daily VWAPs per Share (as selected by the Investor in its sole

discretion) during the period: (i) commencing on the date that is twenty-one (21) Actual Trading Days immediately prior to the date on which the Equalisation Fee is to be paid; and (ii) ending on the date that is immediately prior to the date on which the Equalisation Fee is to be paid, rounded down to the nearest Rounding Number, subject to Sections 10.10(B) and 10.10(C).

(B) Where:

- (1) the Investor would otherwise be required to make a payment to the Company in accordance with Section 10.10(A); and
- (2) the Shares are suspended or delisted from trading on the CSE as at the time of determination of the Equalisation Fee;

the Investor's obligations under Section 10.10(A) shall be suspended while the event described in Section 10.10(B)(2) is continuing.

(C) Where the Investor's obligations under Section 10.10(A) are suspended by virtue of Section 10.10(B) for a period of sixty (60) days, the Initial Conversion Shares Number shall be reduced to zero and the Investor shall have no obligations or liabilities whatsoever under this Section 10.10 or otherwise in connection with the Initial Conversion Shares.

## 11. Taxes, stamp duty and withholdings

### 11.1 Taxes generally

(A) Without limiting anything else in this Agreement, if the Investor is required to pay any Tax to any Governmental Authority of Canada or any province of Canada (other than Excluded Tax) in respect of any payment it receives from the Company, the Company must pay to the Investor the additional amount which the Investor reasonably determines to be necessary to ensure that the Investor receives, when due, a net amount (after payment of any Tax in respect of each additional amount) that is equal to the full amount it would have received if that Tax had not been imposed on the Investor.

(B) The Company must:

- (1) pay any Tax (other than Excluded Tax) required to be paid to any Governmental Authority of Canada or any province of Canada which is payable in respect of any Transaction Document or any Contemplated Transaction, including in respect of:
  - (a) the execution, delivery, performance, release, discharge, amendment or enforcement of any Transaction Document or any Contemplated Transaction; and
  - (b) any payment received by the Investor from the Company (including pursuant to any Indemnity by the Company).

### 11.2 Added Tax

If the investor is or becomes liable to pay any Added Tax in respect of any supply it makes under, in accordance with, or pursuant to an enforcement of, this Agreement or any Contemplated Transaction, whether or not that supply is made to or for the benefit of the Company ("Added Tax Liability") then:

- (A) to the extent that an amount is payable by the Company to the Investor under this Agreement or in any Contemplated Transaction for that supply, that amount will be increased by the full amount of the Added Tax Liability; and
- (B) otherwise, the Company must indemnify the Investor for the full amount of the Added Tax Liability and any interest or penalties in relation to that Added Tax Liability.

### 11.3 Tax compliance by Company

The Company must comply in all material respects with all applicable Laws relating to Tax and promptly file, or cause to be filed, all Tax returns, business activity statements, and other Tax filings, required under all applicable Laws, and the Company must, within five days after those amounts are required to have been paid, provide to the investor written evidence of the payment of all Taxes, Added Tax Liability and stamp and other taxes which the Company is required to pay under this Agreement or under any other document to which the Company and the Investor are both parties.

### 11.4 General withholding gross-up

If the Company is required by Law to withhold or deduct Tax or any other amount from any amount payable to the investor:

- (A) the Company must pay the amount required to be withheld or deducted to the relevant Governmental Authority within the time allowed for such payment and shall furnish to the Investor an official receipt of the relevant Governmental Authority for the amount withheld or deducted or if such receipts are not issued by the authority concerned, a certificate of deduction or equivalent evidence relating to such amount;
- (B) the Company must pay such additional amounts as are necessary to ensure that after making the deduction or withholding, the Investor receives the full amount which it would have received if such withholding or deduction was not required; and
- (C) the Company must (or, as the case may be, must procure that the relevant Group Company must), within five days after those amounts are required by Law to have been paid, provide to the Investor written evidence of the payment of those amounts.

## 12. Default

### 12.1 Events of Default

Each of the following constitutes an "Event of Default":

- (A) The Company breaches or otherwise fails to comply in full with any of its obligations under any Transaction Document.
- (B) Any of the Materials is inaccurate, false or misleading in any material respect (including by omission), as at the date on which it is made, repeated or delivered, or deemed to be made, repeated or delivered, or any Materials or the Public Record contains a Misrepresentation.
- (C) The Company or any Subsidiary of the Company:
  - (1) is unable to pay its debts and satisfy its obligations when due, or stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts as they mature; or

- (2) applies for or consents to the appointment of, or the taking of possession by, an administrator, liquidator, manager, receiver, custodian or other similar official in respect of the Company or any Subsidiary of the Company or over the whole or substantially all of the undertaking, property, assets or revenues of the Company or any Subsidiary of the Company; or
- (3) commits an act of bankruptcy, or makes or proposes to make a general assignment for the benefit of creditors or a proposal under the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or a similar Law of any applicable jurisdiction, or a moratorium is agreed or declared or comes into effect in respect of or affecting all or substantially all the debts of the Company or any Subsidiary of the Company; or
- (4) commences or institutes any application, case, proceeding or other action under any statute, rule or regulation relating to bankruptcy, insolvency, winding-up, reorganization, administration, plans of arrangement, relief or protection of debtors under the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or a similar Law of any applicable jurisdiction, seeking (w) to have an order for relief entered with respect to it, or (x) to adjudicate it as bankrupt or insolvent, or (y) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (z) administrator, liquidator, manager, receiver, custodian or other similar official for it or for all or any substantial part of its assets; or

except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation (i) on terms approved by the Investor or (ii) in the case of a Subsidiary of the Company, not arising out of the insolvency of such Subsidiary and under which all or substantially all of its assets are transferred to another member or members of the Group or to a transferee or transferees which immediately upon such transfer become(s) a Subsidiary of the Company.

(D)

- (1) An administrator, liquidator, manager, receiver, custodian or other similar official is duly appointed, an order is made by a competent court or a resolution is proposed or passed or other proceeding is commenced for the winding-up or dissolution or judicial management or administration of the Company or any Subsidiary of the Company, or the Company or any Subsidiary of the Company suspends, ceases or threatens to suspend or cease to carry on all or substantially all of its business or operations; or
- (2) the Company or any Subsidiary of the Company sells or disposes of all or a substantial part of its assets or business whether as a single transaction or a number of transactions, related or not, other than a disposal of assets or business on arm's length terms of the Company or such Subsidiary as the case may be,

except, in any such case, for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger, consolidation or other similar arrangement (i) on terms previously approved in writing by the Investor, or (ii) in the case of a Subsidiary of the Company, not arising out of the insolvency of such Subsidiary and under which all or substantially all of its assets are transferred to another member or members of the Group or to a transferee or transferees which immediately upon such transfer become(s) a Subsidiary of the Company.

- (D) An application or order is made, a case, proceeding or other action is commenced, a resolution is passed or proposed in a notice of meeting, or an application to a court or other steps are taken, seeking (1) to adjudicate it as bankrupt or insolvent, (2) the reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (3) the appointment of an administrator, liquidator, manager, receiver, custodian or other similar official for it or for all or any substantial part of its assets
- (E) A distress, attachment or execution is levied against, or an encumbrancer takes possession of all or a substantial part of the property or assets of the Company or all or a substantial part of the property or assets of any Subsidiary of the Company.
- (E) A Group Company is served with a demand under applicable bankruptcy, insolvency or similar statutes.
- (F) The Company or any of its Subsidiaries takes action to reduce its capital under the Corporations Act.
- (G) Any Investor's Shares are not listed and posted for trading on the CSE by the second Trading Day immediately following the date of their issue.
- (H) A suspension of trading of the Shares on the CSE or a delisting of the Shares from the CSE is requested by the Company or requested or imposed by the CSE, any Canadian Securities Commission or another Governmental Authority or there exists any fact or circumstance which may have any such result, or trading in the Shares on the CSE is halted for more than one hundred twenty hours under the Listing Rules.
- (I) A temporary or permanent cease trade order is issued or threatened to be issued against the Company, a temporary or permanent management cease trade order is issued or threatened to be issued in relation to any director or officer of the Company.
- (J) The Company ceases to be, or the Company requests or applies to be cease to be, a "reporting issuer" under any Canadian Securities Laws, or becomes a "reporting issuer in default" or a "cease trading reporting issuer" under any Canadian Securities Laws.
- (K) Any Investor's Shares are not, or would not be, freely tradeable on the CSE (disregarding, solely for purposes of this sub-clause (K), the Canadian Securities Laws Legend at any time prior to the expiration of the Statutory Hold Period applicable to such Investor's Shares).
- (L) A Transaction Document or a Contemplated Transaction has become, or is claimed (other than in a vexatious or frivolous proceeding by a third party) by any person other than the Investor or any of its Affiliates to be, wholly void, voidable or unenforceable or partly void, voidable or unenforceable in any material respect.
- (M) Any person commences any action, investigation or proceeding against any person or otherwise asserts any claim which seeks to restrain, challenge, deny, enjoin, limit, modify, dispute or delay the right of the Investor or the Company to enter into any Transaction Documents or to undertake any of the Contemplated Transactions (other than in a vexatious or frivolous proceeding by a third party).
- (F) The Company challenges, disputes or denies the right of the Investor to receive any of the Securities under this Agreement in accordance with its terms, or otherwise dishonours or rejects any action taken, or document delivered, in furtherance of the

Investor's right to receive such Securities under this Agreement in accordance with its terms (provided that the Company is permitted to challenge the Investor's actions to which the Investor is in fact not entitled to take under this Agreement).

- (N) A Security interest over an asset of a Group Company is enforced.
- (O) An order ceasing or suspending trading in the Shares or any other securities of the Company is issued, or a proceeding for such purposes is initiated or threatened.
- (P) The CSE objects to any of the Contemplated Transactions or any terms thereof, or takes any action that could, in the reasonable opinion of the Investor, result in the suspension from trading or delisting of the Shares on the CSE or the Company's breach or violation of the Listing Rules.
- (Q) Any present or future liabilities, including contingent liabilities, of any Group Company for an amount or amounts totalling more than C\$50,000 (or its equivalent in any other currency) are not satisfied on time, or become prematurely payable.
- (R) A Group Company is in default under a document or agreement (including a Governmental Authorisation) binding on it or its assets which relates to financial indebtedness or is otherwise material.
- (S) In the event the Company delivers a Cash Payment Notice to the Investor, the Company fails to pay the entire Cash Payment Amount on the Cash Payment Date.
- (T) A Material Adverse Effect occurs, or an event occurs or a circumstance comes to subsist which would in the reasonable opinion of the Investor be likely to have a Material Adverse Effect.
- (U) Any consolidation of the share capital of the Company that is required to occur pursuant to the provisions of Section 10.8(F) has not occurred within the applicable time-frame set out therein.

#### 12.2 Investor's right to investigate

If in the Investor's reasonable opinion, an Event of Default or Potential Event of Default has occurred:

- (A) the Investor may investigate such purported Event of Default or Potential Event of Default;
- (B) the Company must co-operate with the Investor in such investigation;
- (C) the Company must comply with all reasonable requests made by the Investor of the Company in connection with any investigation by the Investor; and
- (D) the Company must pay all reasonable costs in connection with any investigation by the Investor.

#### 12.3 Notification by Company

- (A) The Company must notify the Investor immediately, giving full details, upon the occurrence or likely occurrence of any Event of Default or Potential Event of Default.
- (B) The Company must, immediately following the Investor providing it with a request for such a certificate, provide the Investor with a certificate substantially in the form of

Annex C executed on behalf of the Company by its Executive Chairman or Chief Executive Officer confirming the number of Shares available for issuance on the date specified by the Investor in such request free from pre-emptive or other preferential rights or restrictions (whether by constating document, contract, statute or otherwise) by the board of directors of the Company.

#### 12.4 Certification by Company

At the Investor's request, the Company must provide the Investor with a certificate signed by two of any of the Company's directors or its Executive Chairman or Chief Executive Officer, stating whether:

- (A) any event or circumstance that has or is likely to have a Material Adverse Effect; or
  - (B) any other Event of Default or Potential Event of Default,
- has occurred and/or is continuing.

#### 12.5 Rights of the Investor upon default

If any Event of Default occurs, the Investor may:

- (A) declare, by notice to the Company, the Amount Outstanding and all other amounts payable by the Company under any Transaction Document to be, whereupon they shall become, immediately due and payable by the Company to the Investor; and/or
- (B) terminate this Agreement, by notice to the Company, effective as of the date set out in the Investor's notice; and/or
- (C) exercise any other right, power or remedy granted to it by the Transaction Documents and/or otherwise permitted to it by Law, including by suit in equity and/or by action at Law (and such termination does not prejudice any accrued right, power or remedy of the investor under this Agreement as at the date of termination, including its right for specific performance and/or to recover damages from the Company in relation to any breach of this Agreement).

#### 12.6 Interest

If an Event of Default occurs, interest shall be payable on demand on the Amount Outstanding at a rate per annum of 15%, which interest shall accrue and shall be compounded daily, from the First Closing Date until the Company discharges such outstanding amount in full.

#### 12.7 Postponement

Upon the occurrence of an Event of Default or Potential Event of Default, the Investor may, by notice to the Company, postpone any subsequent Closing, Maturity Date, and/or Conversion, for such time as the Event of Default or Potential Event of Default continues or until the Investor otherwise notifies the Company (in each case, without limiting the application of any of the Investor's rights, including those under Section 12.5 at any time prior to or subsequently to such postponement).



## 12.8 Specific Performance

The Company hereby covenants with the investor duly to perform and observe the obligations contained in this Agreement and imposed on the Company, and the investor may sue for the performance or observance of such provisions.

## 13. Change of Law

### 13.1 Law and change in Law

If at any time during the term of this Agreement:

- (A) any applicable Law, any proposed applicable Law, the interpretation or administration of any applicable Law by any Governmental Authority, or a change or proposed change in the interpretation or administration of any applicable Law by any Governmental Authority, does or, if it comes into force, will:
- (1) render (directly or indirectly) compliance by the Investor or the Company with the Transaction Documents or the undertaking of the Contemplated Transactions or transactions of similar kind (including any issuance, acquisition and/or disposition, at a time of the Investor's choosing, of any Securities) by either of them illegal, unlawful, void, voidable, contrary to or in breach of any Law, impossible or impracticable;
  - (2) materially vary the duties, obligations or liabilities of the Company or the Investor in connection with any Transaction Document or Contemplated Transaction so that the Investor's rights, powers, benefits, remedies or economic burden (including any tax treatment in the hands of the Investor but disregarding any Excluded Tax) are materially adversely affected (including by way of material delay or postponement);
  - (3) otherwise materially adversely affect the rights, powers, benefits, remedies or the economic burden of the Investor (including by way of material delay or postponement); or
  - (4) otherwise make it materially impracticable for the Investor to undertake any of the Contemplated Transactions; or
- (B) any of the following has occurred:
- (1) trading in securities generally in Canada or the United States has been suspended or limited for a period exceeding two consecutive Toronto Business Days or New York Business Days (as the case may be);
  - (2) a banking moratorium has been declared by a Canadian Governmental Authority or a United States Governmental Authority;
  - (3) any Governmental Authority has declared that any day that would otherwise be a Trading Day, a Toronto Business Day not to be such or to be a public holiday;
  - (4) any state of emergency has been declared in Canada (for whatever reason) (other than, with respect to any state of emergency declared prior to the Execution Date and still in effect on the date immediately prior to the Execution Date, such state of emergency as in effect on the date immediately prior to the Execution Date, subject to any extension or replacement thereof) or any other

event has occurred (including, without limitation, acts of God, flood, drought, earthquake or other natural disasters, or epidemics or pandemics (including coronavirus COVID-19 or any evolution thereof), and/or any action has been taken by any Governmental Authority, in each case which makes it impracticable for the Investor to effect a Closing or a Conversion or accept Conversion Shares or for the Company to comply with its obligations under this Agreement; or

- (5) there is a material outbreak or escalation of hostilities or another national or international calamity of such magnitude in its effect on, or adverse change in, the United States or the Canadian financial market, which makes it impracticable for the Investor to effect a Closing or a Conversion or accept Conversion Shares.

then the Investor may, by notice to the Company, postpone any Closing Date, postpone any Conversion, suspend its unperformed obligations under this Agreement and/or terminate this Agreement and require the Company to repay to the Investor the Amount Outstanding (without any penalty) in full on the date specified by the Investor in its notice, which must not be earlier than five calendar days after the date on which the Investor gives the notice, or any earlier date required by the applicable Law.

#### **13.2 Payment of Amount Outstanding**

If the Investor gives a notice under Section 13.1, the Company must on the date determined under Section 13.1 pay to the Investor the Amount Outstanding in full (without penalty).

### **14. Termination**

#### **14.1 Events of Termination**

This Agreement may be terminated by agreement of the Parties at any time and otherwise:

- (A) by either Party, by notice to the other, effective immediately, if the First Closing has not occurred within 15 Toronto Business Days of the Execution Date or such later date as the Parties agree in writing, however this right is not available to any Party that is in material breach of or default under this Agreement;
- (B) by either Party, by notice to the other Party, effective immediately, at any time after the later of (i) the date as of which no further Conversions and no further Closings could occur under this Agreement and (ii) the date that is the second Trading Day after the date that falls fourteen months after the Execution Date;
- (C) by the Investor, by notice to the Company, effective as of the date stipulated by the Investor in such notice, if the Company has made, or has become required to make, a cash payment to the Investor for any reason (and, for the avoidance of doubt, such right of termination is not deemed to have been waived in connection with subsequent payments, if not exercised in connection with any earlier payment required); or
- (D) by the Investor under any of Sections 12.5 or 13.1.

#### **14.2 Effect of Termination**

- (A) The termination of this Agreement shall not affect any Closing that occurred prior to the effectiveness of such termination, any Convertible Security arising at any such prior Closing, any issuance of Conversion Shares in connection with Conversion of

any such Convertible Security, or any other Investor's rights under this Agreement under the provisions that survive the termination of this Agreement.

- (B) A Party's right of termination under Section 14.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination is not an election of remedies.
- (C) Nothing in this Agreement releases the Company from any liability for any breach by the Company of this Agreement or impairs the right of the Investor to compel specific performance by the Company of its obligations under this Agreement.

## 15. Survival and Indemnification

### 15.1 Survival

- (A) Each of (1) the Company's representations and warranties given pursuant to Section 7, and (2) the provisions of Sections 1, 2.4, and 3 to 16 of this Agreement, shall survive and continue in full force and effect, notwithstanding the execution of this Agreement, the consummation of any of the Contemplated Transactions, and the termination of this Agreement or another Transaction Document or any related provision. No term of this Agreement merges on completion of any Contemplated Transaction.
- (B) The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the provisions themselves do not expressly provide for this.

### 15.2 Revival

To the extent that any Conversion or any payment by the Company is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to any person, then to such extent, any Amount Outstanding satisfied by such Conversion or payment is immediately revived and continues, and the Company must take such action as may be reasonably requested by the Investor to effect such reinstatement; unless such revival and continuation are waived by the Investor.

### 15.3 Exculpation and Indemnification

- (A) No Relevant Person is liable to the Company or any other person, and the Company must indemnify, defend and hold harmless each Relevant Person from and against any and all Losses, whether or not involving any action, investigation or proceeding by any third party, that arise out of, are based on, relate to, or are incurred in connection with, (1) any inaccuracy in or breach of any of the representations or warranties set forth in any of the Transaction Documents or any breach of any of the obligations or agreements of the Company set forth in any of the Transaction Documents (including, for clarity, a delay in the Investor's receipt of any parcel of Investor's Shares or a delay in the Investor's ability to, or the Investor's inability to, dispose of any of the Investor's Shares, in each case in connection with any such inaccuracy or breach (including as to the issuance, listing and posting to trading of any Investor's Shares) and/or (2) any action, claim, proceeding, suit or investigation brought, made, commenced or threatened at any time by or on behalf of any third party (including any Governmental Authority) against a Relevant Person, in connection with the entry by the Parties into this Agreement or the Contemplated Transactions; provided, however, that the Company is not liable to indemnify the

Investor from, or hold the Investor harmless against, any Losses that result solely from:

- (i) the Investor's breach of any representation or warranty contained in this Agreement; or
  - (ii) the Investor's fraud, gross negligence or wilful default in performing its obligations under this Agreement.
- (B) To the extent that the Company's undertaking in this Section 15.3 may be unenforceable for any reason, the Company must make the maximum contribution to the payment and satisfaction of all Losses that is permissible under applicable Law.
- (C) The Investor or any other Relevant Person is not required to incur any expense or make any payment before enforcing any indemnity under this Agreement.
- (D) The Company acknowledges that the Indemnity given under this Section 15.3 is directly enforceable against it by any Relevant Person.
- (E) The Company hereby constitutes the Investor as trustee for each of the other Relevant Parties of the Company's covenants under this indemnity with respect to such persons and the Investor agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

#### 15.4 Indemnities generally

Each indemnity in this Agreement:

- (A) is a continuing obligation, independent of the Company's other obligations under this Agreement;
- (B) continues notwithstanding any termination of this Agreement;
- (C) constitutes a liability of the Company separate and independent from any other liability under this Agreement and under any other agreement; and
- (D) survives, and continues in full force and effect, in accordance with Section 15.1.

#### 16. Miscellaneous

##### 16.1 Time of the essence

With regard to all dates and time periods set out or referred to in any Transaction Document, time is of the essence.

##### 16.2 No partnership or advisory or fiduciary relationship

Nothing in this Agreement creates a partnership between the Parties, or a fiduciary or an advisory relationship between the Investor or any of its Affiliates, on the one hand, and the Company or any Group Company on the other hand.

##### 16.3 Certificates

Each certificate or notice given by the Investor to the Company, including each certificate as to the occurrence of a Closing or a Conversion, is sufficient evidence of an amount or

matter in connection with any Transaction Document or Contemplated Transaction, unless the content of such certificate or notice is proven to be incorrect.

#### 16.4 Remedies and injunctive relief

- (A) The rights and remedies of the Investor set out in this Agreement and the other Transaction Documents are in addition to all other rights and remedies given to the Investor by Law or otherwise.
- (B) The Company acknowledges that:
  - (1) monetary damages alone would not be adequate compensation to the Investor for a breach by the Company of a Transaction Document (including where the Company has not issued Securities in accordance with this Agreement);
  - (2) the Investor may seek an injunction or an order for specific performance from a court of competent jurisdiction if:
    - (a) the Company fails to comply or threatens not to comply with a Transaction Document; or
    - (b) the Investor has reason to believe that the Company will not comply with a Transaction Document; and
  - (3) the Investor may suffer additional losses by reason of the Company's failure to issue Securities in accordance with this Agreement notwithstanding whether specific performance has been ordered by a court of competent jurisdiction.
- (C) If the Investor seeks an order for specific performance in connection with a failure by the Company to issue Securities in accordance with this Agreement, the Company:
  - (1) agrees that it will not oppose the order on the basis that monetary damages are adequate compensation to the Investor;
  - (2) acknowledges that, even where specific performance is ordered in respect of the obligation on the Company to issue Securities in accordance with this Agreement, the Investor may suffer additional losses by reason of the Company's failure to issue Securities in accordance with this Agreement; and
  - (3) agrees that it will not oppose any additional order for monetary compensation in respect of the losses referred to in Section 16.4(C)(2) on the basis that the Investor has sought an order for specific performance of the Company's obligations to issue Securities in accordance with this Agreement.

#### 16.5 Successors, assigns and third party beneficiaries

- (A) The rights and obligations of the Parties under this Agreement are personal and may not be assigned to any other person or assumed by any other person, except as expressly provided in this Section 16.5.
- (B) Neither this Agreement nor any of the Company's rights and obligations under this Agreement may be assigned by the Company without the prior written consent of the Investor.

- (C) The Investor may assign this Agreement and/or any of its rights and obligations under this Agreement to any of its Affiliates or any other third party, on two calendar days' prior notice to the Company.
- (D) Nothing in this Section 16.5 prevents the Investor from assigning, transferring, encumbering or otherwise dealing with its rights under, or in connection with, the Securities without the consent of any person.
- (E) The provisions of this Agreement inure to the benefit of, and are binding upon, the respective permitted successors and assignees, of the Parties.
- (F) Except as set out in Section 15.3, this Agreement is intended for the benefit of the Parties and their respective successors and permitted assignees only, and does not benefit or create any right, obligation to, or cause of action in or on behalf of, any other person, and no other person may enforce any provision of this Agreement.

**16.6 Counterparts and execution**

- (A) This Agreement may be executed in any number of counterparts, each of which is deemed an original, and all of which together constitute one and the same instrument.
- (B) Such counterparts may be delivered by one party to the other by electronic means, and such counterparts are valid for all purposes.

**16.7 Notices**

- (A) Except as otherwise expressly agreed, all communications in connection with any Transaction Document must be by notice in writing and must be delivered by a courier or hand, or sent by e-mail, to a Party at the address, or e-mail address of the Party specified in Section 16.7(F) (in the case of the Company), Section 16(G) (in the case of the Investor) or as otherwise specified by the Party by notice to the other Party.
- (B) When delivered by a courier or hand in Canada, a notice is deemed given:
  - (1) when delivered, if received during business hours in the place of delivery; or
  - (2) otherwise, at 9.00 a.m. (Pacific time) on the New York Business Day immediately following the date of such delivery.
- (C) When delivered by a courier or hand-delivery outside Canada, a notice is deemed given:
  - (1) when delivered, if received during business hours in the place of delivery; or
  - (2) otherwise, at 9.00 a.m. (Eastern Time) on the New York Business Day immediately following the date of such delivery.
- (D) When sent by e-mail transmission, a notice is deemed given:
  - (1) one hour after the time at which such transmission was sent (the "E-mail Time"), if such time falls within business hours in the place of delivery;
  - (2) otherwise, at 9.00 a.m. (Eastern Time) on the New York Business Day immediately following the date of the E-mail Time.

unless the sender receives an automated message that the email has not been delivered.

- (E) The Company's address and e-mail address is as follows:

Attention: Jason Bahnsen, Chief Executive Officer

Northern Lights Resources Corp.  
1000 – 355 Burrard Street  
Vancouver, British Columbia  
Canada, V6C 2G8  
E-mail address: jason@northernlightsresources.com

- (F) The Investor's address and e-mail address is set forth in Schedule 5.

- (G) Any notice provided for in this Agreement may be waived in writing by the Party entitled to receive such notice, either before or after the event.

#### 16.8 Amendments and waivers

- (A) Any term of this Agreement may be amended, supplemented, or modified, only by an instrument in writing signed by each Party.
- (B) Any obligation of a Party under this Agreement may be extended or waived only by an instrument in writing signed by the other Party.
- (C) No waiver of any default with respect to any provision of this Agreement is deemed to be a continuing waiver in the future or a waiver of any subsequent default, or a waiver of any other provision nor does any delay or omission of any Party to exercise any right under this Agreement in any manner impair the subsequent exercise of any such right.

#### 16.9 Legal Costs

The Parties acknowledge that the Company has made a non-refundable prepayment of C\$8,000 towards the Investor's legal costs in connection with this Agreement and the Contemplated Transactions. The Company shall reimburse the Investor upon demand for the Investor's actual legal costs in connection with this Agreement and the Contemplated Transactions, up to a maximum of C\$8,000 (inclusive of the non-refundable prepayment).

#### 16.10 Additional expenses

The Company must reimburse the Investor upon demand for all reasonable out-of-pocket expenses incurred by the Investor in connection with any amendment, modification or waiver of any Transaction Document (whether proposed or completed), and preparation of any other agreement to which the Investor and the Company, or the Investor and any Affiliates of the Company, are or would be parties, including, without limitation, reimbursement of legal fees and disbursements.

#### 16.11 Severability and supervening legislation

- (A) Every provision of this Agreement is intended to be severable, and any provision of this Agreement that is or becomes illegal, invalid, prohibited or unenforceable in any relevant jurisdiction (each, a "Deficiency", and "Deficient" shall be construed accordingly) shall be, as to such jurisdiction, ineffective to the extent of such Deficiency, but the provision must be interpreted as if it were written so as to be

enforceable to the maximum extent permitted by applicable Law, and any such Deficiency does not affect the legality, validity, permissibility or enforceability of the remainder of this Agreement in that jurisdiction, or render Deficient such or any other provision of this Agreement in any other jurisdiction.

- (B) To the extent not prohibited by applicable Law, the Parties waive and exclude any provision of Law, current or future, which renders any provision of this Agreement Deficient in any respect.
- (C) Sections 16.11(A) and 16.11(B) shall be of no force or effect to the extent that the consequence of enforcing the remainder of this Agreement without the Deficient provision would be to cause either Party to lose the material benefit of its economic bargain.
- (D) To the extent not prohibited by applicable Law, the Parties waive and exclude any provision of Law, current or future, which operates to vary the duties, obligations or liabilities of the Company or the Investor in connection with any Transaction Document so that the Investor's rights, powers, benefits, economic benefit, economic burden or remedies are adversely affected (including by way of delay or postponement).

#### 16.12 Entire Agreement

- (A) This Agreement and the Warrant Instrument supersede all prior agreements, understandings, negotiations and discussions, both oral and written, between the Parties, their Affiliates and persons acting on their behalf with respect to the subject matter thereof and constitute the entire agreement among the Parties with respect to the subject matter thereof.
- (B) Except as specifically set out in this Agreement, neither the Company nor the Investor makes any representation, warranty, covenant or undertaking with respect to the subject matter of this Agreement.

#### 16.13 Governing Law and Jurisdiction

- (A) THIS AGREEMENT AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF BRITISH COLUMBIA AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREUNDER.
- (B) WITH RESPECT TO ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ITS SUBJECT MATTER, EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE PROVINCE OF BRITISH COLUMBIA IN THE CITY OF VANCOUVER, AND EACH PARTY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING HERETO BROUGHT IN ANY SUCH COURTS, IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN ANY INCONVENIENT FORUM AND FURTHER IRREVOCABLY WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH CLAIM, SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER SUCH PARTY, PROVIDED THAT SERVICE OF PROCESS HAS BEEN MADE BY ANY LAWFUL MEANS.



- (C) Other than in relation to Section 15.13, no third party shall have any right to enforce any term or condition of this Agreement.

*[Remainder of this page left intentionally blank]*

**IN WITNESS WHEREOF** this Agreement has been executed and delivered on the date stated at the beginning.

**NORTHERN LIGHTS RESOURCES CORP.**

By: (signed) \_\_\_\_\_

**PRECIOUS METALS CAPITAL GROUP, LLC**

By: (signed) \_\_\_\_\_