

AGENCY AGREEMENT

(Capital Pool Company)

MEMORANDUM OF AGREEMENT dated the 7th day of February, 2012.

AMONG:

SOUTHTECH CAPITAL CORPORATION, a corporation incorporated under the laws of the Province of Alberta, with its registered office in the City of Calgary, in the Province of Alberta (the “**Corporation**”)

- and -

MACQUARIE PRIVATE WEALTH INC., a corporation incorporated under the laws of the Province of Ontario, with an office in the City of Calgary, in the Province of Alberta (the “**Agent**”)

WHEREAS:

- A. The Corporation wishes to raise funds for the purposes described in the Prospectus (as defined herein) by offering for sale 2,000,000 Offered Shares (as defined herein) at the Share Price (as defined herein);
- B. The Corporation has agreed to file the Prospectus (as defined herein) in accordance with the Securities Legislation (as defined herein) in order to qualify the distribution of the Offered Shares, the Agent's Option (as defined herein), and the Directors' and Officers' Options (as defined herein) in the Offering Jurisdictions (as defined herein); and
- C. The Corporation wishes to retain the Agent, and the Agent is willing to act as agent of the Corporation to solicit subscriptions for the Offered Shares (as defined herein) on a commercially reasonable efforts agency basis, subject to the terms and conditions hereof;

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. DEFINITIONS

- 1.1 For the purposes of this agreement and any amendments hereto the following words and phrases shall have the following meanings:
 - (a) “**Agent’s Option**” means the sole, exclusive, irrevocable and non-transferable option to purchase 200,000 Common Shares, as is equal to 10% of all of the Offered Shares sold pursuant to the Offering, exercisable on or before the date that is 24 months from the date the Common Shares are listed for trading on the Exchange, at a price of \$0.10 per Common Share, to be granted by the Corporation to the Agent or designated sub-agents,

if any, or as directed by the Agent pursuant to Section 2.7 hereof, in the form of the Agent's Option Agreement attached as Schedule "A" hereto;

- (b) **"Agent's Shares"** means the Common Shares issued to the Agent and its sub-agents, if any, upon exercise of the Agent's Option;
- (c) **"Agreement"** means this agreement, the recitals, the schedules attached hereto and any amendments;
- (d) **"Closing"** means the completion of the transactions contemplated by this Agreement on the Closing Date as herein provided;
- (e) **"Closing Date"** means the date upon which the Closing occurs, which date shall be agreed to between the Corporation and the Agent and shall not be more than 90 days from the date of the issuance of a receipt for the Prospectus by the Commissions, or such other date as the parties hereto may agree and Securities Legislation may allow;
- (f) **"Commissions"** means the British Columbia Securities Commission, Ontario Securities Commission and the Alberta Securities Commission;
- (g) **"Common Share"** or **"Common Shares"** means a common share or the common shares in the capital of the Corporation, respectively;
- (h) **"Corporate Finance Fee"** means the non-refundable fee of \$12,500 plus applicable taxes which is payable by the Corporation to the Agent in partial consideration of the services performed by the Agent under this Agreement;
- (i) **"CPC Policy"** means Policy 2.4 of the Exchange's Corporate Finance Manual and shall include all orders, policies, rules, instruments, regulations, by-laws and procedures of the Commissions and the Exchange which govern offerings by capital pool companies, as amended from time to time;
- (j) **"Directors' and Officers' Options"** means the options to be granted to directors and officers of the Corporation entitling the holders to purchase an aggregate of 600,000 Common Shares at a price of \$0.10 per share for a period of ten (10) years from the date of grant;
- (k) **"Exchange"** means the TSX Venture Exchange Inc.;
- (l) **"IFRS"** means the International Financial Reporting Standards as issued by the International Accounting Standards Board;
- (m) **"Misrepresentation"** has the meaning ascribed thereto by the Securities Legislation;
- (n) **"Offered Shares"** means the 2,000,000 Common Shares offered at the Share Price pursuant to the Prospectus;
- (o) **"Offering"** means the offering by the Corporation to sell the Offered Shares as contemplated by the Prospectus and this Agreement;

- (p) **“Offering Jurisdictions”** means the Provinces of British Columbia, Ontario and Alberta;
- (q) **“Preliminary Prospectus”** means the preliminary prospectus of the Corporation dated January 18, 2012 and any amendments thereto approved, signed and certified in accordance with the Securities Legislation, qualifying the distribution of the Offered Shares, Agent’s Option and Directors’ and Officers’ Options and filed with the Commissions;
- (r) **“Prospectus”** means the (final) prospectus of the Corporation dated February 7, 2012 and any amendments thereto, approved, signed and certified in accordance with the Securities Legislation, qualifying the distribution of the Offered Shares, Agent’s Option and Directors’ and Officers’ Options and filed with the Commissions;
- (s) **“Regulatory Authorities”** means the Commissions and the Exchange;
- (t) **“Securities Legislation”** means the *Securities Act* (British Columbia), *Securities Act* (Ontario) and the *Securities Act* (Alberta) and the respective rules and regulations thereto, and the policy statements, rules, notices and blanket orders of the Commissions, the national instruments, the multilateral instruments, the national policy statements and uniform act policies applied by the Commissions, and the policies and by laws of the Exchange, as amended from time to time;
- (u) **“Share Price”** means \$0.10 per Offered Share;
- (v) **“Subscriber”** or **“Subscribers”** means a person or those persons who purchase the Offered Shares through the Agent or such other registrants retained by the Agent as sub-agents to sell the Offered Shares in conjunction with the Agent;
- (w) **“Subscription Funds”** means all funds received with respect to all Successful Subscriptions in accordance with the terms and provisions of the Prospectus and of this Agreement;
- (x) **“Successful Subscription”** means a subscription for Offered Shares by a Subscriber which subscription has been accepted by the Corporation and the Agent;
- (y) **“Supplementary Material”** means, collectively, any amendment to the Preliminary Prospectus or Prospectus, any amended or supplemented Preliminary Prospectus or Prospectus or any ancillary material, information, evidence, return, report, application, statement or document which may be filed by or on behalf of the Corporation under the Securities Legislation;
- (z) **“Time of Closing”** means 11:00 a.m. Calgary time on the Closing Date, or such other time on the Closing Date as the Corporation and the Agent may agree;
- (aa) **“Total Subscription”** means all of the Successful Subscriptions for the Offered Shares; and
- (bb) **“Transfer Agent”** means Olympia Trust Company.

- 1.2 For the purposes of this Agreement, all references to “Dollars” or “\$” shall mean Canadian funds, unless otherwise specified.
- 1.3 The headings of the Sections of this Agreement are inserted for convenience of reference only and shall not in any manner affect the construction or meaning of anything herein contained or govern the rights or liabilities of the parties hereto.
- 1.4 Words importing the singular number only shall include the plural and vice versa and words of gender shall entail all genders and words importing persons shall include companies, corporations, partnerships, syndicates, trusts and any number or aggregate of persons.

2. APPOINTMENT AND REMUNERATION OF AGENT

- 2.1 Subject to the terms and conditions hereof, the Corporation hereby appoints the Agent as the sole and exclusive agent of the Corporation and the Agent hereby agrees to act as the sole and exclusive agent of the Corporation to solicit subscriptions for the Offered Shares in the Offering Jurisdictions pursuant to the Securities Legislation.
- 2.2 The Agent agrees to use its commercially reasonable efforts to obtain subscriptions to purchase all of the Offered Shares, but the Corporation understands and agrees that the Agent is acting as agent only and is under no obligation to purchase any of the Offered Shares. The Agent may retain other registrants to act as sub-agents to solicit subscriptions for the Offered Shares at no additional cost to the Corporation provided any compensation paid or payable to such sub-agents shall be solely for the account of the Agent. The Agent shall be under no liability for any failure to sell any or all of the Offered Shares or to engage sub-agents.
- 2.3 The Corporation has paid to the Agent, in consideration for the services to be performed by the Agent hereunder, a non-refundable portion of the Corporate Finance Fee of \$6,250 plus applicable taxes, and a deposit in the amount of \$7,500 (the “**Expense Deposit**”) against legal fees, receipt of which is acknowledged by the Agent. The balance of the Corporate Finance Fee will be paid by the Corporation to the Agent upon Closing of the Offering.
- 2.4 If the Agent elects not to be the agent for the Offering as a result of any material deficiencies arising out of its due diligence or if the Corporation elects not to proceed with the Offering, the Agent shall retain \$6,250 plus applicable taxes of the Corporate Finance Fee and any amount of the Expense Deposit remaining shall be returned to the Corporation.
- 2.5 If the Total Subscription is not achieved, the Agent shall apply the Expense Deposit against the Agent’s reasonable expenses and the reasonable fees, charges and expenses of the Agent’s counsel. If the Agent’s expenses and the fees, charges and expenses of the Agent’s counsel are less than the Expense Deposit, any amount of the Expense Deposit remaining shall be returned to the Corporation by the Agent or the Agent’s counsel, without interest or further deduction. If the Agent’s reasonable expenses and the reasonable fees, charges and expenses of the Agent’s counsel exceed the Expense Deposit, the Corporation shall immediately pay such excess upon invoice by the Agent or Agent’s counsel, as the case may be.
- 2.6 If the Total Subscription is achieved:
 - (a) the Agent shall apply the Expense Deposit at the Time of Closing against the Agent’s reasonable expenses and the reasonable fees, charges and expenses of Agent’s counsel,

and such expenses in excess of the Expense Deposit shall be paid at the Time of Closing by the Agent deducting such amount from the Subscription Funds;

- (b) the Corporation shall further pay to the Agent the balance of the Corporate Finance Fee of \$6,250 plus applicable taxes by the Agent deducting such amount from the Subscription Funds; and
- (c) the Corporation shall further pay to the Agent, in consideration for the services to be performed by it hereunder, a cash commission in the amount of 10% percent of the Total Subscription Funds. The commission shall be paid at the Time of Closing by the Agent deducting such amount from the Subscription Funds.

2.7 Provided that the Total Subscription is achieved and the Closing occurs, the Corporation will grant to the Agent and its designated sub-agents, if any, at the Time of Closing an irrevocable, non-transferable option to purchase that number of Common Shares as is equal to 10% of the Offered Shares sold pursuant to the Offering, exercisable at the Share Price on the terms and conditions contained in Schedule "A" annexed hereto (the "**Agent's Option**"). The Agent's Option shall be qualified under and be distributed pursuant to the Prospectus.

2.8 If the Offering is completed, the Corporation hereby grants to the Agent a right of first refusal to act as its Sponsor for the Corporation's Qualifying Transaction (as the terms "Sponsor" and "Qualifying Transaction" are defined in the Exchange's Policies 1.1 and 2.4, respectively), to act as advisor for an advisory or similar engagement and to act as lead agent (in respect of an agency offering) or underwriter (in respect of an underwritten or bought deal offering), as the case may be, with respect to any distribution of any securities of the Corporation to be sold to the public in Canada (including without limitation, special warrants) in connection with a Qualifying Transaction. The right of first refusal is subject to the following terms:

- (a) in the event the Corporation receives a proposal which would be binding and enforceable if it were executed and delivered by the parties thereto from an investment dealer or dealers, other than the Agent (collectively the "**Dealer**"), pursuant to which the Dealer agrees or offers to act as the Corporation's Sponsor for a Qualifying Transaction, as an advisor for an advisory or similar engagement, or the Corporation's agent or underwriter to conduct a distribution of any of the Corporation's securities in connection with a Qualifying Transaction, whether on an agency, underwritten or bought deal basis, the Corporation shall forthwith provide written notice (the "**Notice**") thereof to the Agent;
- (b) the Notice shall contain the terms and conditions pursuant to which the Dealer has proposed to act as the Corporation's Sponsor for a Qualifying Transaction or advisor, and/or the Corporation's agent or underwriter, including the consideration to be received by such Dealer for its services and the consideration to be received by the Corporation for its securities, if known;
- (c) the Agent shall have five (5) business days after receipt of the Notice (the "**Notice Period**") to notify the Corporation of its election to exercise its rights hereunder to act as Sponsor or advisor, and/or the agent or underwriter, as the case may be, on behalf of the Corporation on the terms and conditions contained in the Notice and, if the Agent so elects, the Corporation hereby agrees to engage the Agent to act as Sponsor or advisor and/or conduct the said distribution of the securities of the Corporation to the public as its lead agent or underwriter, as the case may be; and

- (d) if the Agent declines or fails to elect within the Notice Period to act as Sponsor or advisor and/or conduct the said distribution of the securities of the Corporation distribution to the public as lead agent or underwriter on behalf of the Corporation, the Corporation shall be entitled for a period of thirty (30) days beginning upon the expiry of the Notice Period, to engage the Dealer on the same terms and conditions set forth in the Notice. Upon expiry of such thirty (30) day period or in the event that such terms and conditions of the said engagement with the Dealer materially change from those set forth in the Notice, the Corporation shall not be entitled to enter an engagement or agreement with the Dealer or any other Dealer without complying with Sections 2.8(a) to (d) inclusive.

Notwithstanding the foregoing, it is understood and agreed by the Corporation that the Agent is under no obligation pursuant to this Agreement to act as Sponsor or to provide a Sponsor Report for a Qualifying Transaction of the Corporation (as “**Sponsor**” and “**Qualifying Transaction**” are defined in the Exchange’s Corporate Finance Manual Policy 1.1 and the CPC Policy respectively).

Further, notwithstanding the foregoing, the Agent shall not have the right of first refusal in respect of a financing undertaken by the Corporation, if the Corporation does not retain or utilize a registered dealer as agent or underwriter therefore.

3. SUBSCRIPTIONS

3.1 The Corporation will:

- (a) at such time as Successful Subscriptions for the Total Subscription have been received; or
- (b) at 4:00 p.m. on the day that is 90 days from the date of the issuance of the receipt for the Prospectus by the Commissions, or such other date as the parties hereto may agree and Securities Legislation may allow;

whichever shall first occur, close the subscription books and thereafter shall not receive any further subscriptions for the Offered Shares.

3.2 Subscribers may subscribe for Offered Shares by delivering to the Agent, or any sub-agent retained pursuant to Section 2.2 hereof, on or prior to the Closing Date:

- (a) payment for the aggregate subscription price in a manner acceptable to the Agent; and
- (b) such documents, certificates and forms as, in the opinion of the Agent, may be required.

4. THE SUBSCRIPTION FUNDS

4.1 The Agent will hold, until delivered to the Corporation, the Subscription Funds in trust for the Subscribers pursuant to the terms of this Agreement, and Subscription Funds shall be dealt with by the Agent as provided in Sections 4 and 5 hereof.

5. RELEASE OF SUBSCRIPTION FUNDS

- 5.1 The Agent shall not at any time deliver any Subscription Funds received by it to the Corporation until the Total Subscription has been achieved and it has received at Closing each of the following:
- (a) a certificate signed by the President of the Corporation or such other officer or director of the Corporation as the Agent may accept, to the effect that the Successful Subscriptions have been accepted by the Corporation; and
 - (b) a written request from the Corporation requesting the delivery of Subscription Funds to the Corporation or as directed.
- 5.2 Upon receiving the documentation referred to in Section 5.1 hereof, subject to Section 5.4 hereof, the Agent shall forthwith deliver to the Corporation or as directed in Section 5.1(b) hereof, all Subscription Funds resulting from Successful Subscriptions held by it pursuant to this Agreement, less the amounts to be deducted pursuant to Section 2.6 hereof.
- 5.3 If the Total Subscription is not received or if the Agent has not received the documentation referred to in Section 5.1 hereof at or prior to the Time of Closing, the Agent shall promptly thereafter return to each Subscriber by ordinary mail without interest or deduction the Subscription Funds held for the Subscriber by the Agent, unless such Subscriber has otherwise instructed the Agent.
- 5.4 If the funds of any Subscriber delivered to the Agent are for any reason rejected (in whole or in part) by the Corporation and Agent, such rejected funds shall be returned to such Subscriber without interest or deduction in the manner provided in Section 5.3 hereof.

6. OBLIGATIONS OF THE AGENT

- 6.1 The Agent shall:
- (a) use its commercially reasonable efforts to obtain subscriptions for the Total Subscription, and without limiting the generality of the foregoing:
 - (i) at least 1,000,000 of the Common Shares (or such lesser number as is acceptable to the Exchange) outstanding on the Closing Date, including the Offered Shares, will be in the Public Float (as “**Public Float**” is defined in the Exchange’s Corporate Finance Manual Policy 1.1);
 - (ii) no more than 20% of the outstanding Common Shares (or such greater amount as is acceptable to the Exchange) on the Closing Date, including the Offered Shares, will be owned directly or indirectly by members of the Aggregate Pro Group (as “**Aggregate Pro Group**” is defined in the Exchange’s Corporate Finance Manual Policy 1.1), excluding the Agent’s Option and any other Common Shares reserved for issuance at a future date; and
 - (iii) to obtain subscriptions for the Offered Shares from at least 200 Subscribers (or such lesser number as is acceptable to the Exchange), each of such Subscribers:

- (1) purchasing at least 1,000 Offered Shares free of Resale Restrictions (as “**Resale Restrictions**” is defined in the Exchange’s Corporate Finance Manual Policy 1.1);
 - (2) individually purchasing, directly or indirectly, no more than 2% of the Offered Shares, and, in conjunction with such Subscriber’s Associates and Affiliates (as “**Associates**” and “**Affiliates**” are defined in the Exchange’s Corporate Finance Manual Policy 1.1), purchasing no more than 4% of the Offered Shares; and
 - (3) not being a Non Arm’s Length Party to the Corporation (as “**Non Arm’s Length Party**” is defined in the Exchange’s Corporate Finance Manual Policy 1.1);
- (b) only solicit subscriptions for the Offered Shares from subscribers resident in the Offering Jurisdictions in compliance with Securities Legislation and the terms and conditions set out herein;
 - (c) close the subscription books and thereafter not receive any further subscriptions for the Offered Shares at the earlier of such time:
 - (i) as orders for the Total Subscription have been received; or
 - (ii) as prescribed by Securities Legislation;
 - (d) provide all such notices and documents as may be required by Securities Legislation in connection with the sale of the Offered Shares pursuant to the Prospectus, including without limiting the generality of the foregoing, to deliver to the Exchange (or, at the option of the Agent, to the Corporation for delivery to the Exchange) as soon as reasonably possible prior to the Closing a Distribution Summary Statement (Exchange Form 2E) or such other document as may be required by the Exchange, if any.

7. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

The Corporation hereby represents and warrants to the Agent and acknowledges that the Agent is relying on such representations and warranties in entering into this Agreement as follows:

- 7.1 The Corporation has been duly incorporated and organized and validly exists in good standing under the laws of its jurisdiction of incorporation and has all the requisite corporate power and capacity to carry on its business as now conducted and as proposed to be conducted as described in the Prospectus.
- 7.2 The Corporation does not own or have any interest in any asset or property of any kind whatsoever, other than cash or deposits with financial institutions.
- 7.3 The Corporation does not have an Agreement in Principle (as “**Agreement in Principle**” is defined in the CPC Policy) and the board of directors of the Corporation has not reached a “meeting of minds” with any other parties to a proposed Qualifying Transaction on fundamental terms in respect of which no material conditions exist the satisfaction of which are beyond the

reasonable control of Non Arm's Length Parties (as defined in the Exchange's Corporate Finance Manual) to the Corporation or to the Qualifying Transaction.

- 7.4 The Corporation has undertaken no business since the date of its incorporation, except as permitted by the CPC Policy.
- 7.5 The authorized capital of the Corporation consists of the share capital as disclosed in the Prospectus, and such number of Common Shares are issued and outstanding as is disclosed in the Prospectus, and all of the issued and outstanding Common Shares have been duly issued and are fully paid and non-assessable. No person, firm or corporation has any agreement, option, or right or privilege, whether pre-emptive or contractual, capable of becoming an agreement, including convertible securities, for the purchase, subscription or issuance of any unissued Common Shares or other securities of the Corporation except as disclosed in the Prospectus.
- 7.6 The audited financial statements of the Corporation (the "**Financial Statements**") contained in the Prospectus, including the notes thereto, present fairly, in all material respects, the financial position of the Corporation at the date indicated in the Financial Statements, reflect all liabilities (absolute, accrued, contingent or otherwise) and have been prepared in accordance with IFRS applied on a consistent basis, and there has not been any material adverse change in such position from the date of such Financial Statements.
- 7.7 To the knowledge of the Corporation, the auditors of the Corporation who audited the Financial Statements and who provided their audit report thereon are independent public accountants as required under Securities Legislation and there has never been a reportable disagreement (within the meaning of National Instrument 51-102 - *Continuous Disclosure Requirements*) with the present auditors of the Corporation.
- 7.8 The Financial Statements have been approved by the Corporation's directors.
- 7.9 The information and statements contained in the Preliminary Prospectus and the Prospectus (except any such information and statements relating solely to the Agent) constitute full, true and plain disclosure of all material facts relating to the Corporation and the Preliminary Prospectus and the Prospectus comply with the Securities Legislation, including without limitation the CPC Policy.
- 7.10 The Preliminary Prospectus and the Prospectus do not contain a Misrepresentation (except a Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Preliminary Prospectus and Prospectus).
- 7.11 The Preliminary Prospectus, the Prospectus or any Supplementary Materials, as applicable, comply in all material respects with the Securities Legislation, including without limitation National Instrument 41-101 - *General Prospectus Requirements*.
- 7.12 There is no action, proceeding or investigation (whether or not purportedly on behalf of the Corporation) pending or, to the best of the knowledge of the Corporation and its directors or officers, threatened against or affecting the Corporation, at law or in equity or before or by any court or federal, provincial, municipal or other government department, board or agency, domestic or foreign, including without limitation the Commissions, the Exchange, or any other securities commission, stock exchange or similar regulatory authority, which in any way

materially adversely affects the Corporation, or the condition (financial or otherwise) of the Corporation or which questions the validity of the issuance, as fully paid and non assessable, of the Offered Shares or any action taken or to be taken by the Corporation pursuant to or in connection with this Agreement.

- 7.13 The Corporation has full corporate capacity, power and authority to execute and deliver this Agreement, the escrow agreement referred to in the Prospectus (the “**Escrow Agreement**”) and the Agent’s Option Agreement and to perform its obligations set out herein and therein, including, without limitation, to issue the Offered Shares and the Agent’s Shares, and to carry out the transactions contemplated hereby and by the Prospectus, and this Agreement, the Escrow Agreement and the Agent’s Option Agreement will be, on the Closing Date, duly authorized, executed and delivered by the Corporation and this Agreement and the Escrow Agreement are and the Agent’s Option Agreement will on the Closing Date, be legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms subject to the general qualification that:
- (a) enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors’ rights generally;
 - (b) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (c) the equitable or statutory powers of the courts in Canada having jurisdiction to stay proceedings before them and the execution of judgments; and
 - (d) rights to indemnity, contribution and waiver hereunder and the ability to sever unenforceable terms may be limited under applicable law.
- 7.14 The Corporation is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of any of this Agreement, the Escrow Agreement and the Agent’s Option Agreement by the Corporation or any of the transactions contemplated hereby or thereby, does not and will not result in any breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, any term or provision of the articles, notice of articles or resolutions of shareholders or directors of the Corporation, or any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound, or any law, judgment, decree, order, statute, rule or regulation applicable to the Corporation which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation or its properties or assets or would impair the ability of the Corporation to consummate the transactions contemplated hereby or thereby or to duly observe and perform any of its covenants or obligations contained in this Agreement, the Escrow Agreement and the Agent’s Option Agreement.
- 7.15 There is no person, firm or corporation acting or purporting to act for the Corporation entitled to any brokerage or finder’s fee in connection with this Agreement or any of the transactions contemplated hereunder, except as provided herein and as referred to in the Prospectus.
- 7.16 To the knowledge of the Corporation, neither the Corporation nor any of its shareholders is a party to any voting trust, securities pooling agreement or similar type of arrangement or

agreement in force in respect of any of the securities of the Corporation, other than the Escrow Agreement.

- 7.17 To the knowledge of management of the Corporation, none of the directors or senior officers of the Corporation, any holder of more than 10% percent of its outstanding Common Shares, any Promoters of the Corporation, or any Associates or Affiliates of any of the foregoing persons or companies (as “**Promoters**”, “**Associates**” or “**Affiliates**” are defined in the Securities Legislation) has had any material interest, direct or indirect, in any material transaction within the three years prior to the date of the Preliminary Prospectus, has any material interest, direct or indirect, in any material transaction which, as the case may be, materially affects, is material to or will materially affect the Corporation, except as stated in the Prospectus, in which are fully set forth all relevant particulars required by the Securities Legislation.
- 7.18 Upon issuance of the Offered Shares pursuant to the terms of this Agreement, the Offered Shares will be validly authorized and issued as fully paid and non-assessable Common Shares.
- 7.19 As of the date hereof, the minute books of the Corporation, as provided to Agent’s Counsel, are true, complete and correct in all material respects and contain the minutes of all meetings and all resolutions of the directors and shareholders thereof.
- 7.20 The Transfer Agent, at its office in the City of Calgary, has been appointed transfer agent and registrar for the Common Shares of the Corporation.
- 7.21 The Corporation has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its Common Shares or any other shares of any class since incorporation, and there is not, in the constating documents of the Corporation or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which the Corporation is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of the Corporation or the payment of dividends by the Corporation to the holders of its Common Shares.
- 7.22 The Corporation requires the signatures of two (2) authorized persons on any cheques issued by the Corporation.
- 7.23 Application has been made to list the outstanding Common Shares of the Corporation, including without limitation the Offered Shares, Agent’s Shares and the Common Shares issuable upon exercise of the Directors’ and Officers’ Options on the Exchange, and conditional approval of such application has been obtained from the Exchange.
- 7.24 The net proceeds received by the Corporation from the sale of the Offered Shares and any Common Shares sold prior to the date of the Prospectus will be applied for the specific purposes more particularly set forth under “Use of Proceeds” in the Prospectus and the Corporation has advised the Corporation’s directors and officers of the requirements and restrictions on the use of the net proceeds set out in section 8 of the CPC Policy.
- 7.25 The Corporation has not made and will not make any payments which are prohibited by the CPC Policy (except as may be permitted by the Exchange).
- 7.26 No approval, authorization, consent or other order of any governmental authority is required in connection with the execution, delivery or performance by the Corporation of this Agreement,

the Escrow Agreement or the Agent's Option Agreement except requisite filings with the Commissions (and the issuance by the Commissions of receipts for the Prospectus) and the Exchange and final approval/acceptance to the Offering from the Exchange.

- 7.27 The Corporation has complied with and will comply fully with the requirements of all applicable corporate and securities laws, including, without limitation, the Securities Legislation and the *Business Corporation Act (Alberta)* in relation to the issue and trading of its securities and in all matters relating to the Offering.
- 7.28 No order ceasing or suspending trading in securities of the Corporation or prohibiting the sale of such securities has been issued against the Corporation or, to the best of the Corporation's knowledge, after due inquiry: (i) any of its directors, officers and promoters; (ii) any other companies that have common directors, officers and promoters; and (iii) no proceedings for this purpose have been instituted or are pending, contemplated or threatened.
- 7.29 All statements, facts, data, information and materials provided from time to time by the Corporation to the Agent relating to the Corporation, and the directors and officers of the Corporation are true and correct and all material facts relating to the subject matter have been fully disclosed to the Agent and such statements, facts, data, information and materials did not and do not contain a Misrepresentation.
- 7.30 No securities commission or other governmental authority has issued any order preventing or suspending the use of the Preliminary Prospectus or the Prospectus.
- 7.31 The Corporation has advised the directors and officers of the Corporation about:
- (a) the nature and scope of their responsibilities and duties as directors and officers, respectively, of a public corporation listed on the Exchange, including, without limitation, the matters set out in Policy 3.1 of the Exchange's Corporate Finance Manual; and
 - (b) the obligations of the Corporation to prepare, file, publish and disseminate, as applicable, such information and documentation as may be required by the Securities Legislation, including, without limitation, Policies 3.2 and 3.3 of the Exchange's Corporate Finance Manual.
- 7.32 The directors and officers of the Corporation have been provided with a copy of the Preliminary Prospectus and the Prospectus for their review, and the directors have duly approved the Preliminary Prospectus and the Prospectus and the financial statements thereto at the respective times they are filed with the Commissions and the Exchange and have authorized their distribution by the Agent in connection with the Offering.
- 7.33 The stock option plan of the Corporation complies with all of the requirements of the Exchange.

8. COVENANTS OF THE CORPORATION AND CONDITIONS OF CLOSING

The Corporation covenants and agrees with the Agent and undertakes that:

- 8.1 Prior to the Closing Date, the Corporation shall allow the Agent to conduct all due diligence which the Agent may reasonably require to confirm that the Preliminary Prospectus and

Prospectus comply with the requirements of the Securities Legislation and do not contain a Misrepresentation, and to fulfil the Agent's obligations as agent.

- 8.2 Now and at all times subsequent hereto during the distribution of the Offered Shares to the public or such longer period of time, if any, while the Prospectus continues to be current, the Prospectus and any amendments thereto does and will fully comply with the requirements of the Securities Legislation. The Prospectus together with any amendments thereto does and will during such period provide full, true and plain disclosure of all material facts relating to the Corporation, to the Offered Shares and to the distribution of the Offered Shares to the public, and does not and will not during such period contain a Misrepresentation; provided that the foregoing covenants of the Corporation do not and shall not apply with respect to statements contained in the Prospectus relating solely to the Agent.
- 8.3 The Corporation shall promptly inform the Agent in writing during the period of the distribution of the Offered Shares to the public of full particulars of any material change (actual, anticipated or threatened):
- (a) in any material fact contained or referred to in the Prospectus, or any amendment thereto, which is, or may be, of such a nature as to make any such fact untrue, false or misleading at the time and in light of the circumstances under which it was made;
 - (b) in any statements, facts, data, personal information form or materials provided to the Agent with respect to the directors and officers of the Corporation or, any potential Qualifying Transaction (as that term is defined in the CPC Policy); or
 - (c) in any of the representations and warranties contained in Section 7 of this Agreement.

The Corporation shall file under the Securities Legislation, as soon as reasonably possible, and in any event within any statutory limitation therefor, such new or correcting information, amendments and other documents as the Securities Legislation may require. The Corporation shall further provide the Agent with such copies of such information, amendments or other documents as the Agent may reasonably require. In this Agreement, the terms "material change" and "material fact" shall have the meanings ascribed thereto by the Securities Legislation.

- 8.4 During the period of distribution to the public of the Offered Shares, the Corporation will advise the Agent promptly of any request of the Regulatory Authorities for amendment of the Prospectus or for any additional information, of the issuance by the Regulatory Authorities or any other securities commission, stock exchange or similar regulatory authority, of any cease trading order, halt order or similar order relating to the Common Shares or Offered Shares or the use of the Prospectus, or of the institution or threat of institution of any proceedings for that purpose or of the receipt by the Corporation of any communication from the Commissions, Exchange or any other securities commission, stock exchange or similar regulatory authority relating to the Prospectus or the offering of the Offered Shares. The Corporation will use its best efforts to prevent the issuance of any such cease trading order or halt order and, if issued, to obtain the withdrawal thereof as soon as possible.
- 8.5 The Corporation shall in good faith discuss with the Agent any change in circumstances which is of a nature that there is reasonable doubt as to whether notice in writing need be given to the Agent pursuant to Section 8.3 hereof.

- 8.6 The Corporation will deliver, from time to time without charge, to the Agent as many copies of the Prospectus (and in the event of an amendment thereto, of such amended Prospectus) as the Agent may reasonably request for the purposes contemplated hereunder and by the Securities Legislation and such delivery shall constitute the consent of the Corporation to the use thereof in connection with offering the Offered Shares to the public, subject to the provisions of the Securities Legislation relating thereto.
- 8.7 On or before the Closing Date, the Corporation shall take or cause to be taken all steps and proceedings (including but not limited to the filing of the Prospectus and the obtaining of a receipt for the Prospectus from the Commissions under the Securities Legislation), necessary in order to qualify for distribution the Offered Shares for sale to Subscribers resident in the Offering Jurisdiction through the Agent and any sub-agents retained pursuant to Section 2.2 hereof, and to qualify for distribution the Agent's Options and the Directors' and Officers' Options.
- 8.8 The Corporation shall deliver to the Agent at the Closing, an opinion to the Agent from counsel of the Corporation, substantially in the form attached hereto as Schedule "B".

In connection with such opinion, counsel to the Corporation may rely on the opinions of local counsel acceptable to counsel to the Agent, acting reasonably, as to the qualification for distribution of the Offered Shares or opinions may be given directly by local counsel of the Corporation with respect to those items and as to other matters governed by the laws of jurisdictions other than the province in which counsel of the Corporation is qualified to practice and may rely, to the extent appropriate in the circumstances, as to matters of fact on certificates of officers of the Corporation and others.

- 8.9 The Corporation shall deliver to the Agent at the Closing a certificate signed by the President of the Corporation, or such other director or officer of the Corporation as the Agent may accept, dated as of such date addressed to the Agent to the effect that:
- (a) the representations and warranties of the Corporation contained in this Agreement are true and correct as at the Closing Date with the same force and effect as if made at and as at the Closing Date after giving effect to the transactions contemplated hereby;
 - (b) the Corporation has duly complied with all covenants and satisfied all the conditions herein on its part to be performed or satisfied except those waived in writing by the Agent;
 - (c) no order suspending the sale or ceasing the trading of the Common Shares or any other securities of the Corporation has been issued and no proceedings for that purpose have been instituted or are pending or are, to the knowledge of such officer, contemplated or threatened by the Commissions, Exchange, or any other securities commission, stock exchange and similar regulatory authority; and
 - (d) such officer has carefully examined the Prospectus, and since the respective dates as of which information is given in the Prospectus, except as set forth in and contemplated thereby, the Corporation has not incurred any material liabilities or obligations (absolute, accrued, contingent or otherwise), or entered into any transaction not in compliance with the CPC Policy; there has been no material change in the assets, financial position, business or results of operations of the Corporation; and, to the best of the knowledge

and information of such officer, there has occurred no event and no state or fact exists that, under Securities Legislation, is required to be set forth in an amended Prospectus that has not been so set forth.

- 8.10 The Corporation shall deliver to the Agent at Closing the documentation provided for in Section 5.1 and such other documents and certificates that the Agent may reasonably require.
- 8.11 The Corporation shall take all necessary steps to complete and file with the Exchange its application for listing with all other documentation required by the Exchange prior to the Closing Date, to allow for the listing of the Common Shares on the Exchange prior to Closing.
- 8.12 The net proceeds received by the Corporation from the sale of the Offered Shares and any Common Shares sold prior to the date of the Prospectus will be applied for the specific purposes more particularly set out under "Use of Proceeds" in the Prospectus and in compliance with the provisions of the CPC Policy and the Corporation has advised the Corporation's directors and officers of the requirements and restriction on the use of the net proceeds as set out in the CPC Policy.
- 8.13 At the Time of Closing, the Corporation shall deliver to the Agent the Agent's Options and payment of the Agent's commission, Corporate Finance Fee and reasonable expenses as provided for in Sections 2 and 9 hereof.
- 8.14 At the Time of Closing, the Offered Shares will have been made "eligible" by CDS Clearing and Depository Services Inc. ("CDS") and counsel to the Corporation shall have provided written confirmation from CDS of such eligibility to Agent's Counsel.
- 8.15 The Closing shall occur at the Time of Closing on the Closing Date at the offices of the Corporation's counsel, or such other location as may be agreed to between the Corporation and the Agent.
- 8.16 Until the Corporation completes a Qualifying Transaction, the Corporation will comply with all applicable provisions of the CPC Policy. The Corporation will use its commercially reasonable efforts to maintain its status as a reporting issuer not in default of any Securities Legislation for a period of 24 months following the date that its Common Shares are listed and posted for trading on the Exchange and will use its commercially reasonable efforts to maintain its listing on the Exchange during such 24 months and best efforts to complete a Qualifying Transaction within 24 months.
- 8.17 During the period commencing from the date hereof and ending on the Closing Date (unless otherwise specified), it will promptly provide to the Agent and the Agent's counsel, for review, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any press release (including any press release issued after the Closing Date related to this Agreement and the Offering) or material change report and Corporation will use its commercially reasonable efforts to agree with the Agent as to the form and substance of such document and an appropriate legend regarding US distribution shall be included on any press release as follows: "Not for distribution to United States newswire services or for dissemination in the United States" and "These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state, and may not be offered or sold in the United States unless an exemption from registration is available. This

press release does not constitute an offer to sell or the solicitation of any offer to buy these securities in the United States”.

- 8.18 All representations, warranties, terms, covenants and conditions of this Agreement to be performed by the Corporation shall be construed as conditions, and any breach of, or default, or failure to comply with any such representation, warranty, term, covenant or condition which are for the benefit of the Agent shall entitle the Agent to terminate their obligations hereunder, by giving written notice to that effect given to the Corporation prior to the Closing Time. The Agent may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term, covenant or condition hereof, or extend the time for compliance therewith, without prejudice to any of their rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on the Agent only if the same is in writing.

9. EXPENSES

- 9.1 All costs and expenses of or incidental to the transaction herein contemplated and the issue and sale of the Offered Shares hereunder, including the reasonable expenses of the Agent and the reasonable fees, charges and expenses of the Agent’s counsel pursuant to section 2 hereof, whether or not the offering of the Offered Shares is completed, are to be assumed and paid by the Corporation, the fees and expenses payable to the Exchange and the Commissions, the fees and disbursements of qualifying the offering of the Offered Shares for sale to the public under the Securities Legislation, the preparation of the Preliminary Prospectus and the Prospectus and the printing of the Prospectus, and the fees, charges and expenses of the counsel and auditors of the Corporation.

10. INDEMNIFICATION OF AGENT

- 10.1 The Corporation hereby covenants and agrees to protect and indemnify the Agent, its directors, officers, shareholders and employees and any other registrants retained by the Agent as sub-agents pursuant to Section 2.2 hereof and their respective directors, officers, shareholders and employees (collectively the “**Indemnified Persons**”), from and against all actual or threatened claims, actions, suits, investigations and proceedings (collectively the “**Proceedings**”) and all losses, claims, damages, liabilities, costs or expenses (except loss of profits) (collectively “**Liabilities**”) caused or incurred by reason of or resulting directly or indirectly from:

- (a) any Misrepresentation or alleged Misrepresentation contained in the Preliminary Prospectus or in the Prospectus, or in any supplemental, additional or ancillary material, information, evidence, return, report, application, statement, table or document that may be filed by or on behalf of the Corporation under the Securities Legislation, or in any written or oral representation made by the Corporation to a Subscriber, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Preliminary Prospectus and the Prospectus;
- (b) any order, inquiry or investigation related to the offering of the Offered Shares arising out of any statement contained in the Prospectus, or in any written or oral representation made by the Corporation to a Subscriber, and brought by the Commissions, the Exchange or any other securities commission, stock exchange or similar regulatory authority,

except such orders, inquiries and investigations relating solely to the Indemnified Persons or any one of them;

- (c) any breach of the representations, warranties and covenants of the Corporation contained herein;
- (d) any prohibition or restriction of trading in the Offered Shares or the Agent's Shares, or any prohibition affecting the distribution of the Offered Shares or the Agent's Shares which may be ordered by any one or more competent authorities if such prohibition or restriction of trading is based on any Misrepresentation in the Preliminary Prospectus or Prospectus, or in any written or oral representations made by the Corporation to a Subscriber, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Preliminary Prospectus and the Prospectus;
- (e) any Subscriber effectively rescinding its subscription for the Offered Shares pursuant to a right of rescission under which a Subscriber may rescind a contract on the grounds that the Preliminary Prospectus or Prospectus contains a Misrepresentation, or in the event a determination is made by any competent authority setting aside the sale of the Offered Shares, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Prospectus or any determination that arises out of any act or omission of the Agent; and
- (f) the Preliminary Prospectus or the Prospectus failing to comply with the requirements of the Securities Legislation so as to permit the lawful sale of Offered Shares or by reason of the Corporation having failed to take or cause to be taken such steps or proceedings as were necessary to permit the lawful sale of Offered Shares as contemplated by the Prospectus and this Agreement.

provided that if and to the extent that a court of competent jurisdiction in a final judgment from which no appeal can be made shall determine that such Proceedings or Liabilities resulted solely from the gross negligence or wilful misconduct of the Indemnified Person, this indemnity shall cease to apply to such Indemnified Person with respect to such Proceedings or Liabilities.

10.2 If any matter or thing contemplated by this Section 10 shall be asserted against any Indemnified Persons, the Agent shall notify the Corporation as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit or proceeding brought to enforce such claim; provided however, that the defence shall be through legal counsel acceptable to the Indemnified Person, acting reasonably, and that no settlement may be made by the Corporation or the Indemnified Person without the prior written consent of the other, which consent will not be unreasonably withheld. If the Corporation assumes the defence of any such suit, each of the Indemnified Persons shall continue to have the right to employ their own counsel, who shall be acceptable to the Corporation, in any proceeding relating to the claim contemplated by this Section 10 and the fees and expenses of a reasonable number of such counsel shall be recoverable by the Indemnified Persons from the Corporation to the extent that the same shall be covered by the indemnity in this Section 10 if:

- (a) the Indemnified Persons have been advised by such counsel that there may be legal defences available to them which are different from or additional to defences available to

the Corporation (in which case the Corporation shall not have the right to assume the defence of such proceedings on their behalf);

- (b) the Corporation shall not have undertaken the defence of such proceedings and employed counsel 15 days after notice of commencement of such proceedings; or
- (c) the employment of such counsel has been authorized by the Corporation in connection with the defence of such proceeding.

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

- (a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand and by the Indemnified Persons on the other hand from the offering contemplated herein; or
- (b) if the allocation provided by subsection (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection (a) above, but also to reflect the relative fault of the Indemnified Persons, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing which resulted in such Liabilities, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Indemnified Persons, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the offering contemplated herein received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Agent. In the case of liability arising out of the Prospectus, the relative fault of the Corporation, on the one hand, and of the Indemnified Persons, on the other hand, shall be determined by reference, among other things, to whether the statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 10.1 which resulted in such Liabilities relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of, the Corporation or the Indemnified Persons, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 10.1.

The amount paid or payable to an Indemnified Person as a result of any Proceedings or Liabilities shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such Proceedings or Liabilities, whether or not resulting in any formal action, suit, proceeding or claim.

The Corporation agrees that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which

does not take into account the equitable considerations referred to in the immediately preceding paragraphs. Any liability of the Indemnified Persons under this Section 10.3 shall be limited to the amount of the fees payable to the Agent pursuant to Section 2.6 hereof.

- 10.4 The rights to indemnity and right of contribution provided in the foregoing sections shall be in addition to and not in derogation of any other right to contribution which the Indemnified Persons may have by any statute or otherwise at law or in equity. The Corporation waives all rights of contribution that it may have against any Indemnified Persons relating to any Liability or Proceeding in respect of which the Corporation has agreed to indemnify the Indemnified Persons hereunder.
- 10.5 It is the intention of the Corporation to constitute the Agent as trustee for the Indemnified Persons for the purposes of Section 10.1 to 10.4, inclusive, and the Agent shall be entitled, as trustee to enforce such covenants on behalf of any other Indemnified Persons.
- 10.6 If any Proceeding is brought in connection with the transactions contemplated by this Agreement and the Agent is required to testify in connection therewith or is required to respond to procedures designed to discover information relating thereto, it will have the right to employ its own counsel in connection therewith, and the fees and disbursements of such counsel in connection therewith and any other reasonable costs and out-of-pocket expenses incurred by them in connection therewith as well as its reasonable fees at the normal per diem rate for the Agent's directors, officers, employees and agents involved in preparation for and attendance at such Proceedings or in so responding will be paid by the Corporation as they are incurred, provided that the Corporation shall not be liable to pay any such fees, costs or expenses if the Proceedings are brought solely in relation to activities of the Agent or its sub-agents retained pursuant to Section 2.2 hereof.
- 10.7 The obligations under the indemnity and right of contribution provided for herein shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

11. TERMINATION AND ADDITIONAL CONDITIONS TO THE AGENT'S OBLIGATIONS

- 11.1 If at any time prior to the Time of Closing:
 - (a) in the opinion of the Agent, acting reasonably, there shall have occurred any material change or change in material fact in relation to the Corporation or there shall be discovered any previously undisclosed material fact in each case which would be expected to result in a material adverse change in relation to the Corporation or have a material adverse effect on the market price, value or marketability of the Offered Shares;
 - (b) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including terrorism) or any law or regulation which, in the sole opinion of the Agent, acting reasonably, materially adversely affects or involves, or might reasonably be expected to materially adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation;

- (c) if any new or amended prospectus discloses information which, in the Agent's sole opinion, acting reasonably, results at any time prior to the Time of Closing in the Subscribers of a material amount of the Offered Shares exercising their rights under the Securities Legislation to withdraw from or rescind their purchase thereof;
- (d) an order to cease or halt trading (other than the halt instituted by the Exchange to facilitate Closing) in the Offered Shares or any other securities of the Corporation has been made by the Commissions, the Exchange or any other securities commission, stock exchange or other regulatory authority having jurisdiction over the Corporation and has not been rescinded, revoked or withdrawn;
- (e) there is any material breach or non performance of any of the covenants, representations and warranties of the Corporation contained in this Agreement that has not been rectified or remedied or waived to the sole satisfaction of the Agent, acting reasonably;
- (f) any inquiry or investigation in relation to the Corporation or the Corporation's directors, officers or insiders (as "insiders" is defined the Securities Legislation) is commenced or threatened by the Regulatory Authorities or any other securities commission, stock exchange or other regulatory authority having jurisdiction over the Corporation; any inquiry, action, investigation or other proceeding (whether formal or informal) is made, announced or threatened or any order is issued by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, regulatory authority or other instrumentality including, without limitation, the Exchange or any other exchange or quotation or any securities regulatory authority involving the Corporation's securities, directors or officers (except for any inquiry, action, investigation or other proceeding based upon activities of the Agent and not upon activities of the Corporation) or any law or regulation is enacted or changed, which, in the sole opinion of the Agent, acting reasonably, prevents or restricts trading in or the distribution of the securities of the Corporation or the Offered Securities or materially and adversely affects or might reasonably be expected to materially and adversely affect the market price or value of the securities of the Corporation or the Offered Securities;
- (g) there is any breach or non performance by the Corporation of any provisions of any order of the Commissions or the Exchange or any other securities commission, stock exchange or other regulatory authority having jurisdiction over the Corporation;
- (h) there is any amendment to Securities Legislation which will, in the Agent's opinion, acting reasonably, increase the costs and expenses incurred or to be incurred by the Agent in connection with the offering of Offered Shares, or impose any limitations or restrictions on the exercise of the Agent's Option or on the subsequent trading of the Common Shares acquired, or which may be acquired, by the Agent pursuant to the exercise of the Agent's Option;
- (i) if the state of financial markets in Canada or elsewhere where it is planned to market the Offered Securities is such that, in the reasonable opinion of the Agent, the Offered Securities cannot be marketed profitably or successfully. or
- (j) the Agent is not satisfied, in its sole discretion, acting reasonably, with the results of its due diligence review in respect of the Corporation, its securities, assets or operations, the

tax attributes of any of the securities of the Corporation or the Offered Securities or otherwise, as contemplated in Section 8.1 hereof;

the Agent shall be entitled, at its option, to terminate and cancel its obligations under this Agreement with no liability on the Agent's part, by written notice to that effect given to the Corporation not later than the Time of Closing. In the event of any such termination pursuant to the provisions of this Section 11, the Corporation's obligations under this Agreement shall be at an end save and except that the Corporation shall be liable to make payment of such of the reasonable costs and expenses provided for in Sections 2 and 9 to be payable by the Corporation, as shall previously have been incurred by the Agent and the indemnities contained in Section 10 shall remain in full force and effect.

12. NOTICE

12.1 Any notice under this Agreement shall be given in writing and either sent by facsimile, delivered or mailed by prepaid post to the party to receive such notice at the address indicated below, or at such other address as any party may hereafter designate by notice in writing to each of the others:

(a) to the Corporation at:

Southtech Capital Corporation
Suite 200, 5970 Centre Street S.E.
Calgary, Alberta T2H

Attention: Wade J. Larson
Facsimile: (403) 265-8565

with a copy to:

Burstall Winger LLP
Suite 1600, Dome Tower
333 - 7 Avenue SW
Calgary, Alberta T2P 2Z1

Attention: Douglas M. Stuve
Facsimile: (403) 234-3337

(b) to the Agent at:

Macquarie Private Wealth Inc.
440 - 2nd Avenue South West
Suite 2200
Calgary, Alberta, Canada T2P 5E9

Attention: Jeff German
Facsimile: (403) 260-5785

with a copy to:

Davis LLP
Barristers and Solicitors

1000, 250 – 2nd Street S. W.
Calgary, Alberta, T2P 0C1

Attention: Peter Soby
Facsimile: (403) 296-4474

If such notice is sent by facsimile or is delivered, it shall be deemed to have been given at the time of receipt of the facsimile or delivery; if such notice is sent by mail, it shall be deemed to have been received five business days following the date of mailing thereof. In the event of a strike or other disruption in postal service at or prior to the time a notice is deemed to have been received, such notice shall be delivered or sent by facsimile.

13. MISCELLANEOUS

- 13.1 Time shall be of the essence of this Agreement.
- 13.2 All warranties, representations, covenants and agreements of the Corporation herein contained or contained in certificates or documents submitted pursuant to or in connection with the transaction provided for herein shall survive Closing and shall continue in full force and effect for the benefit of the Agent regardless of any investigation by or on behalf of the Agent with respect thereto.
- 13.3 This Agreement shall be construed and enforced in accordance with and the rights of the parties hereto shall be governed by the laws of the Province of Alberta. Each of the parties hereto irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Alberta.
- 13.4 This Agreement supersedes all other agreements, documents, letters, writings and oral understandings among the parties relating to the subject matter hereof, including without limitation the engagement letter dated October 14, 2011 and represents the entire agreement between the parties with respect to the subject matter hereof.
- 13.5 If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.
- 13.6 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and all such counterparts together shall constitute one and the same agreement. The parties hereto shall be entitled to rely on delivery of a facsimile or electronic copy of the executed counterpart.
- 13.7 All the terms and provisions of this Agreement shall be binding upon and enure to the benefit of and be enforceable by the parties hereto, their respective successors and assigns, but shall not be assignable without the prior written consent of the other parties hereto. The Corporation: (i) acknowledges and agrees that the Agent has certain statutory obligations as a registrant under the Securities Legislation and has fiduciary relationships with its clients; (ii) acknowledges and agrees that the Agent is not a fiduciary of the Corporation; and (iii) consents to the Agent acting hereunder while continuing to act for their clients. To the extent that the Agent's statutory obligations as a registrant under the Securities Legislation or fiduciary relationships with its clients conflicts with its obligations hereunder the Agent shall be entitled to fulfil its statutory

obligations as a registrant under the Securities Legislation and its duties to its clients. Nothing in this Agreement shall be interpreted to prevent the Agent from fulfilling its statutory obligations as a registrant under the Securities Legislation or to act as a fiduciary of its clients.

- 13.8 The parties hereto have required that this Agreement, as well as any notice, document or proceeding relating hereto be written in English. Les parties aux présentes ont exigé que le présent contrat ainsi que tout autre avis, document ou procédure s'y rapportant soit rédigé en anglais.

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IN WITNESS WHEREOF the parties hereto have executed this Agreement, the day and year first above written.

SOUTHTECH CAPITAL CORPORATION

Per: “Paul S. Readwin”

Paul S. Readwin
Director

MACQUARIE PRIVATE WEALTH INC.

Per: “Jeff German”

Jeff German, CA, CBV
Vice President, PVC, Corporate Finance

Per: “Brent Larkan”

Brent Larkan
Head of Syndication and PVC

SCHEDULE "A"

To an Agreement dated the 7th day of February, 2012 between Southtech Capital Corporation and Macquarie Private Wealth Inc.

AGENT'S OPTION AGREEMENT

MEMORANDUM OF AGREEMENT dated the ___ day of _____, 2012.

BETWEEN:

SOUTHTECH CAPITAL CORPORATION, a corporation incorporated under the laws of the Province of Alberta, with its registered office in the City of Calgary, in the Province of Alberta (the "**Corporation**")

- and -

MACQUARIE PRIVATE WEALTH INC., a corporation incorporated under the laws of the Province of Ontario, with an office in the City of Calgary, in the Province of Alberta (the "**Agent**")

WHEREAS the Corporation has agreed pursuant to an agreement with the Agent dated the 7th day of February, 2012 (the "**Agency Agreement**") to grant the Agent an option to purchase 200,000 Common Shares in the capital of the Corporation in consideration of the Agent's services performed under the Agency Agreement;

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises, mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto as follows:

1. Option

The Corporation hereby grants to the Agent, subject to the terms and conditions hereinafter set out, an irrevocable option to purchase 200,000 Common Shares in the capital of the Corporation (the "**Option**").

2. Exercise Date

The Option granted hereunder shall be exercised on or before the expiration of 24 months from the date of the listing and posting of the Common Shares on the Exchange (the "**Expiry Date**"), after which all rights granted hereunder shall terminate. The Agent agrees that only up to a total of 100,000 Common Shares obtained by the Agent pursuant to the exercise of this Option may be sold prior to the completion of a Qualifying Transaction (as that term is defined in the CPC Policy) by the Corporation. The remaining 100,000 Common Shares may only be sold after completion of a Qualifying Transaction.

The Exchange may vary these requirements in exceptional circumstances upon the application of the Agent.

3. Exercise Price

The exercise price shall be the sum of \$0.10 per Common Share.

4. Exercise of Option

The Option granted hereunder may be exercised in whole or in part, at any time and from time to time, on or prior to 4:30 p.m. (Calgary time) on the Expiry Date, by delivery of an election to exercise substantially in the form attached hereto as Exhibit "1" (the "**Election to Exercise**") at the address specified in the Agency Agreement, specifying therein the number of optioned shares in respect of which the Option is being exercised, accompanied by payment in cash, certified cheque or bankers' draft payable to the Corporation in full payment of the purchase price for such number of optioned shares so specified therein.

5. Share Certificates

Upon exercise of the Option, the Corporation shall forthwith cause the Transfer Agent to deliver to the Agent or as the Agent may otherwise in writing direct in the notice of exercise of option, within three business days following the receipt by the Corporation of payment for the number of optioned shares so exercised, a certificate or certificates representing in the aggregate such number of optioned shares as the Agent may have paid for.

6. No Rights of Shareholder Until Exercise

The Agent shall have no rights whatsoever as a shareholder (including any right to receive dividends or other distributions to shareholders or to vote at a general meeting of the shareholders of the Corporation) other than in respect to shares in respect of which the Agent shall have exercised its right to purchase hereunder and which the Agent shall have actually taken up and paid for.

7. Non Transferable

The rights conferred hereunder shall be non transferable and non tradeable.

8. No Fractional Common Shares

No fractional Common Shares will be issued on exercise of this Option, or any compensation made for such fractional Common Shares, if any.

9. Dilution

In the event of any reclassification, subdivision or redivision of the issued Common Shares of the Corporation at any time prior to the Expiry Date into a greater number of Common Shares (including the declaration or payment of any stock dividend), the Corporation shall deliver at the time of any exercise thereafter of the Option hereby granted, at no additional cost to the Agent, but only as to the Common Shares in respect of which the Option is then exercised, the number of Common Shares which the Agent would have been entitled to following such reclassification, subdivision or redivision if it had exercised the Option and held the Common Shares immediately prior to the date of reclassification, subdivision or redivision. The Agent shall pay for the number of Common Shares delivered upon exercise as aforesaid

an amount calculated by multiplying the exercise price by the number of Common Shares over which the right would have been exercised if such exercise had been made prior to the date of such reclassification, subdivision or redivision.

In the event of any consolidation or change in the Common Shares of the Corporation at any time prior to the Expiry Date into a lesser number of Common Shares, the Corporation shall deliver at the time of any exercise thereafter of the Option hereby granted, but only as to the Common Shares in respect of which the Option is then exercised, the number of Common Shares which the Agent would have been entitled to following such consolidation or change if it had exercised the Option and held the Common Shares immediately prior to the date of such consolidation or change. The Agent shall pay for the number of Common Shares delivered upon exercise as aforesaid, an amount calculated by multiplying the exercise price by the number of Common Shares over which the right would have been exercised if such exercise had been made prior to the date of such consolidation or change.

If, during the term of the Option, the Corporation shall become merged, amalgamated, arranged, combined or otherwise reorganized whatsoever into or with any other corporation or other person or shall sell the whole or substantially the whole of its assets and undertaking for shares or securities of another corporation, the Corporation will make provision that, upon the exercise of the Option during its unexpired period after the effective date of such merger, amalgamation, arrangement, combination, reorganization or sale, the Agent shall receive, for the same aggregate exercise price, such number of Options of the continuing or successor corporation or person in such merger, amalgamation, arrangement, combination or reorganization or shares or other securities of the purchasing corporation or person as it would have received as a result of such merger, amalgamation, arrangement, combination, reorganization or sale as if the Agent had exercised the Option immediately prior thereto and had held such Options on the effective date of such merger, amalgamation, arrangement, combination, reorganization or sale.

Adjustments shall be made successively whenever any event referred to in this paragraph shall occur. Upon any adjustment of the number of Common Shares which may be purchased hereunder, the Corporation shall give written notice to the Agent, giving particulars of such adjustment. In the event the Corporation agrees to sell all or substantially all of the assets of the Corporation for cash, it shall use reasonable commercial efforts to give the Agent at least 30 days notice prior to the date of finalization of such proposed sale, determined as of the date of notice. In the event of the liquidation, dissolution or winding up of the affairs of the Corporation, the right to exercise this Option shall terminate 10 days before the earliest day fixed for the payment of any distribution amount on the Common Shares of the Corporation, provided at least 30 days notice of such payment date shall be given to the Agent, determined as of the date of notice.

10. Reservation of Treasury Shares

The Corporation shall at all times, during the term of this Agreement, reserve and keep available a sufficient number of unissued Common Shares to satisfy the requirements hereof.

11. Further Assurances

The parties hereto covenant that they shall and will from time to time and at all times hereafter do and perform all such acts and things and execute all such additional documents as may be required to give effect to the terms and intention of this Agreement.

12. Entire Agreement

This Agreement supersedes all other agreements, documents, writings and verbal understandings among the parties relating to the subject matter hereof and represents the entire agreement between the parties relating to the subject matter hereof.

13. Definitions

Capitalized terms used herein that are not otherwise defined shall have the same meaning as provided in the Agency Agreement.

14. Enurement

Subject to the other provisions hereof, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

15. Time

Time shall be of the essence of this Agreement.

16. Miscellaneous

This Agreement will be governed by and construed in accordance with the laws of Alberta and the parties hereto irrevocably attorn and submit to the jurisdiction of the courts of Alberta with respect to any dispute related to this Agreement.

17. Counterpart Execution

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and all such counterparts together shall constitute one and the same agreement. The parties hereto shall be entitled to rely on delivery of a facsimile or electronic copy of the executed counterpart.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

SOUTHTECH CAPITAL CORPORATION

Per: _____

MACQUARIE PRIVATE WEALTH INC.

Per: _____

EXHIBIT 1

Election to Exercise

The undersigned hereby irrevocably elects to exercise the Option to acquire the number of Common Shares set out below (or other property or securities subject thereto) as set forth below:

- (a) Number of Common Shares to be Acquired: _____
- (b) Exercise Price: _____
- (c) Aggregate Purchase Price [(a) multiplied by (b)]: \$ _____

and hereby tenders a certified cheque, bank draft or cash for such aggregate purchase price, and directs such Common Shares to be registered and certificates therefor to be issued as directed below.

DATED this _____ day of _____, 20____.

[NAME OF HOLDER]

Per: _____

Direction as to Registration

Name of Registered Holder: _____

Address of Registered Holder: _____

SCHEDULE "B"

To an Agreement dated the 7th day of February, 2012 between Southtech Capital Corporation (the "**Corporation**") and Macquarie Private Wealth Inc. (the "**Agent**")

1. The Corporation has been duly incorporated and is valid and subsisting under the laws of the Province of Alberta and has all requisite corporate power and authority to carry on its business as now conducted by it and to own its properties and assets.
2. The authorized capital of the Corporation consists of an unlimited number common shares without nominal or par value and an unlimited number of preferred shares issuable in series, of which, as at the date hereof, ♦ common Shares and nil preferred shares are issued and outstanding as fully paid and non-assessable shares, prior to the issuance of the Offered Shares.
3. The attributes and characteristics of the Offered Shares and the Agent's Shares conform in all material respects to the attributes and characteristics thereof described in the Prospectus.
4. The Corporation has all requisite corporate power and authority to enter into the Agency Agreement, Escrow Agreement and Agent's Option Agreement and to perform its obligations set out therein, and each of the Agency Agreement, Escrow Agreement and Agent's Option Agreement has been duly authorized, executed and delivered by the Corporation and constitutes legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, subject to the general qualifications relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law.
5. The execution and delivery of the Agency Agreement, Escrow Agreement and Agent's Option Agreement and the fulfilment of the terms thereof by the Corporation, and the performance of and compliance with the terms of the Agency Agreement, Escrow Agreement and Agent's Option Agreement by the Corporation do not and will not result in a breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under:
 - (a) any applicable laws of the province of Alberta or the federal laws of Canada applicable therein;
 - (b) any term or provision of the articles, by laws or any resolutions of the shareholders or directors (or any committee thereof) of the Corporation;
 - (c) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound on the applicable Closing Date; or
 - (d) of which counsel is aware, any judgment, decree, order, statute, rule or regulation applicable to the Corporation or its properties or assets,

which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation or its properties or assets.

6. All necessary corporate action has been taken by the Board of Directors of the Corporation to authorize the creation, issuance and sale by the Corporation of the Offered Shares in the manner contemplated by the Prospectus and the Agency Agreement.
7. All necessary action has been taken by the Corporation to authorize the execution and delivery by it of the Preliminary Prospectus and the Prospectus and the filing thereof, as the case may be, in each of the Offering Jurisdictions in accordance with the Securities Legislation.
8. All necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under the Securities Legislation of each of the Offering Jurisdictions in order to qualify the Offered Shares for distribution and sale to the public in each of such Offering Jurisdictions by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of such Securities Legislation and to qualify the distribution of the Agent's Options.
9. Upon the Offered Shares being issued pursuant to the terms of the Agency Agreement, such Offered Shares will have been validly issued as fully paid and non assessable shares.
10. All necessary corporate action has been taken by the Corporation to authorize the issuance of up to ♦ additional Common Shares (the "**Agent's Shares**") in the event the Agent should exercise its option pursuant to the Agent's Option Agreement, and the Agent's Shares, when issued in accordance with the terms of the Agent's Option Agreement, including payment in full of the consideration therefore, will be validly issued as fully paid and non-assessable shares.
11. Assuming that the Agent's Shares are issued in accordance with the terms and conditions of the Agent's Option Agreement, no filing, proceeding, approval, permit, consent or authorization is required to be made, taken or obtained under Securities Legislation to permit the issuance to the Agent by the Corporation of the Agent's Shares upon the due exercise of the Agent's Option.
12. The first trade by the Agent of the Agent's Option Shares, other than a trade which is otherwise exempted under the Securities Legislation will be a distribution subject to the prospectus requirements of the Securities Legislation unless:
 - (a) the trade is not a "control distribution" within the meaning ascribed thereto pursuant to Section 1.1 of National Instrument 45-102 "Resale of Securities" ("**NI 45-102**"); and
 - (b) the Corporation is a reporting issuer for the purposes of NI 45-102 at the time of the trade.
13. The Exchange has approved the listing of the Offered Shares and the Agent's Shares, subject to the Corporation fulfilling all of the requirements of the Exchange.
14. The Transfer Agent at its principal office in the City of Calgary has been duly appointed registrar and transfer agent of the Common Shares.
15. The form of share certificate representing the Common Shares of the Corporation has been duly approved and adopted by the Corporation and complies with the provisions of the *Business Corporations Act* (Alberta) and with the applicable published policies and by-laws of the Exchange.

16. The Offered Shares are “qualified investments” as set out under the heading “Eligibility for Investment” in the Prospectus.
17. The Corporation is a “reporting issuer” in each of the Provinces of British Columbia, Ontario and Alberta and is not included in a list of defaulting reporting issuers maintained pursuant to the Securities Legislation.