

## AGENCY AGREEMENT

March 8, 2019

SHARC International Systems Inc.  
1443 Spitfire Place  
Port Coquitlam, British Columbia V3C 6L4

**Attention: Lynn Mueller, President and Chief Executive Officer**

**Re: Private Placement of Debenture Units**

Echelon Wealth Partners Inc. (the “**Agent**”) understands that SHARC International Systems Inc. (the “**Corporation**”) proposes to offer for sale and issue up to 4,000 Units, subject to the Agent’s Option (as defined below) at an issue price of \$1,000 per Unit (the “**Purchase Price**”) for aggregate gross proceeds of up to \$4,000,000 (the “**Offering**”). Each Unit shall be composed of \$1,000 principal amount of 8% unsecured convertible debentures of the Corporation (the “**Debentures**”) and 1,563 Common Share purchase warrants of the Corporation (the “**Warrants**”).

Each Debenture will be convertible into Common Shares (“**Conversion Shares**”) at any time and from time to time after the date that is one year after the Closing Date and prior to 5:00 p.m. (Vancouver time) on the last Business Day prior to March 8, 2022 (the “**Maturity Date**”) at a price of \$0.32 (the “**Conversion Price**”) per Conversion Share, representing a conversion rate of approximately 3,125 Conversion Shares for each \$1,000 principal amount of Debentures, subject to adjustment in accordance with the terms of a debenture indenture (the “**Debenture Indenture**”) to be entered into at or before the Closing Time (as defined below) between the Corporation and Computershare Trust Company of Canada (“**Computershare**”); provided, however, that if after the date that is one year after the Closing Date and prior to the Maturity Date, the closing price of the Common Shares on the Stock Exchange for 20 consecutive trading days exceeds \$0.64, the Corporation shall have the right to convert all but not less than all of the principal amount of the Debentures and all accrued and unpaid interest thereon (less any tax required by law to be deducted or withheld) into Conversion Shares at the Conversion Price, upon giving advance notice to the holders of Debentures by way of a news release and concurrently providing a written notice (a “**Forced Conversion Notice**”) to the holders of Debentures in accordance with the Debenture Indenture. In the event that the Corporation exercises its conversion right, the effective date of the conversion of the Initial Debentures (the “**Forced Conversion Date**”) shall be: (a) the date stipulated in the Forced Conversion Notice (such date to be no later than five Business Days after the date of the Forced Conversion Notice); or (b) if no date is so stipulated in the Forced Conversion Notice, the date that is the second Business Day following the date of such Forced Conversion Notice, and upon such Forced Conversion Date, all of the principal amount of the Debentures and all accrued and unpaid interest thereon (less any tax required by law to be deducted or withheld) shall be converted into Common Shares at the then-applicable Conversion Price. Notwithstanding the foregoing, a Debenture may not be converted (by the holder or the Corporation) if and to the extent that after giving effect to such conversion, the holder, together with any Person acting jointly or in concert with the holder, would in the aggregate beneficially own, directly or indirectly, or exercise control or direction over that number of Common Shares which is greater than 9.9% of the total issued and outstanding Common Shares, immediately after giving effect to such conversion on a partially-diluted basis.

Each Warrant will be exercisable by the holder to purchase one Common Share (each a “**Warrant Share**”) for \$0.40 until the date that is three years after the Closing Date, on the terms and subject to adjustment as set out in the warrant indenture (the “**Warrant Indenture**”) to be entered into at or before the Closing Time between the Corporation and Computershare. Notwithstanding the foregoing, a Warrant may not be exercised if and to the extent that after giving effect to such exercise, the holder, together with any Person acting jointly or in concert with the holder, would in the aggregate beneficially own, directly or indirectly, or exercise control or direction over that number of Common Shares which is greater than 9.9% of the total issued and outstanding Common Shares, immediately after giving effect to such exercise on a partially-diluted basis.

The descriptions of the Debentures and Warrants in this Agreement are summaries only and are subject to the specific attributes and detailed provisions of the Debentures and Warrants, respectively, to be set forth in the Debenture Indenture and Warrant Indenture respectively. In case of any inconsistency between the description of the Debentures or Warrants in this Agreement and the terms set forth in the Debenture Indenture or Warrant Indenture, respectively, the provisions of the Debenture Indenture or Warrant Indenture will govern.

On the terms and subject to the conditions set out in this Agreement, the Agent agrees to act as, and the Corporation appoints the Agent as, the sole and exclusive agent of the Corporation to offer the Units for sale in the Offering Jurisdictions (as defined below) by way of private placement on a commercially reasonable best efforts basis at the Purchase Price (hereinafter defined).

The terms and conditions of this Agreement are as follows:

## 1. Definitions, Interpretation and Schedules

- (a) Definitions: Whenever used in this Agreement:
- (i) **“Additional Units”** has the meaning given to such term in Section 2(d);
  - (ii) **“Agency Fee”** has the meaning given to such term in Section 6(a)(i);
  - (iii) **“Agent”** has the meaning given to such term on page 1;
  - (iv) **“Agent’s Option”** has the meaning given to such term in Section 2(d);
  - (v) **“Agreement”** means this agreement, including the Schedule attached hereto, as amended or supplemented from time to time;
  - (vi) **“Anti-Bribery Acts”** has the meaning given to such term in Section 7(jj);
  - (vii) **“Broker Unit”** means the Units issuable upon exercise of Broker Warrants;
  - (viii) **“Broker Warrants”** has the meaning given to such term in Section 6(a)(ii);
  - (ix) **“Business Day”** means a day which is not a Saturday, Sunday or a statutory or civic holiday in the City of Toronto, Ontario or the City of Vancouver, British Columbia;
  - (x) **“Closing Date”** means March 8, 2019, or such other date or dates as the Corporation and the Agent may mutually agree upon;
  - (xi) **“Closing”** means the closing of the purchase and sale of the Offered Units subscribed for by the Purchasers pursuant to the Subscription Agreements;
  - (xii) **“Closing Time”** means 10:00 a.m. (Vancouver time) on the Closing Date or such other time on the Closing Date as the Corporation and the Agent may mutually agree upon;
  - (xiii) **“Common Shares”** means the common shares which the Corporation is authorized to issue as constituted on the date hereof;
  - (xiv) **“Computershare”** has the meaning given to such term on page 1;
  - (xv) **“Confidential Information”** has the meaning given to such term in Section 14(a);

- (xvi) **“Contaminant”** includes any pollutants, dangerous substances, liquid wastes, hazardous wastes, hazardous materials, hazardous substances or contaminants or any other matter including any of the foregoing, as defined or described as such pursuant to any Environmental Law;
- (xvii) **“Conversion Price”** has the meaning given to such term on page 1;
- (xviii) **“Conversion Shares”** has the meaning given to such term on page 1;
- (xix) **“Corporation”** means SHARC International Systems Inc., a corporation existing under the *Business Corporations Act* (British Columbia) and includes any successor corporation;
- (xx) **“Corporation Parties”** means the Corporation and the Subsidiaries;
- (xxi) **“Debenture”** has the meaning given to such term on page 1;
- (xxii) **“Debenture Indenture”** has the meaning given to such term on page 1;
- (xxiii) **“Disclosure Letter”** means the disclosure letter of the Corporation provided to the Agent dated March 8, 2019;
- (xxiv) **“Environmental Activity”** includes any past or present activity, event or circumstance in respect of a Contaminant, including, without limitation, the storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation thereof, or the release, escape, leaching, dispersal or migration thereof into the natural environment, including the movement through or in the air, soil, surface water or groundwater;
- (xxv) **“Environmental Law”** includes any and all applicable international, federal, provincial, territorial, state, municipal or local laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, or any Environmental Activity;
- (xxvi) **“Forced Conversion Date”** has the meaning given to such term on page 1;
- (xxvii) **“Forced Conversion Notice”** has the meaning given to such term on page 1;
- (xxviii) **“Governmental Authority”** means any federal, provincial, state, local, municipal, regional, territorial, aboriginal or other government, any governmental or public department, branch or ministry, or any court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature, or any self-regulatory organization;
- (xxix) **“Indemnified Party”** has the meaning given to such term in Section 10(a);
- (xxx) **“Indemnitor”** has the meaning given to such term in Section 10(a);
- (xxxi) **“Intellectual Property”** means all of the following kinds of property: (i) trademarks, service marks, trade dresses, logos, designs and slogans whether in word, mark, stylized or design format, registered and unregistered, throughout the world; (ii)

patents and patent applications (respectively issued or filed throughout the world), as well as any re-examinations, extensions, and reissues thereof and any divisionals, continuations, continuation-in-parts and any other applications or patents that claim priority from such patents and applications, (iii) copyrights, registered and unregistered, and all rights, claims and privileges pertaining thereto, software and documentation therefor, (iv) inventions (whether or not patentable), formulas, processes, invention disclosures, technology, technical data or information; (v) all rights, claims and privileges pertaining thereto, all industrial designs and variants of industrial designs, whether or not registered or the subject of an application for registration and whether or not registrable; and (vi) trade secrets, technical expertise, and research data, and other confidential information relating to goods and services; and (vii) all other intellectual and industrial property and other proprietary rights information not included in the foregoing;

- (xxxii) “**Intellectual Property Rights**” means any common law or equitable principle or statutory provision which may provide a right in Intellectual Property;
- (xxxiii) “**License Agreements**” has the meaning given to such term in Section 7(hh)(vii);
- (xxxiv) “**Licensed IP**” means the Intellectual Property and rights related to Intellectual Property owned by Persons other than the Corporation or a Subsidiary and which the Corporation or a Subsidiary uses or intends to use, including Intellectual Property owned by those Persons, and that are material to business of the Corporation;
- (xxxv) “**Material Adverse Effect**” means, any change or effect (or any condition, event or development involving a prospective change or effect) in or on the business, operations, results of operations, affairs, assets, capitalization, financial condition, rights or liabilities, whether contractual or otherwise, of the Corporation or any Subsidiary which is materially adverse to the business, operations or financial condition of the Corporation (on a consolidated basis) as currently conducted or proposed to be conducted, or would, or would reasonably be expected to, materially impair the completion of the transactions contemplated by this Agreement, other than a change or effect (i) resulting from general economic, financial, currency exchange, securities market conditions; (ii) resulting from the financial markets, credit markets or capital markets in any country or region in the world, including changes in interest rates in the Canada, the United Kingdom, or any other country and changes in exchange rates for the currencies of any countries; (iii) resulting from the conditions in the industries in which the Corporation conducts business, including changes in conditions in the business’ field generally in which the Corporation operates; (iv) resulting from the political conditions in Canada, the United Kingdom, or any other country or region in the world; and (v) resulting from changes in applicable laws or regulations;
- (xxxvi) “**Material Agreements**” has the meaning given to such term in Section 7(ii);
- (xxxvii) “**Maturity Date**” has the meaning given to such term on page 1;
- (xxxviii) “**NI 45-102**” means National Instrument 45-102 – *Resale of Securities*;
- (xxxix) “**Offered Units**” means the Units offered and sold under the Offering (including, for greater certainty, any Additional Units);
- (xl) “**Offering**” means the offering for sale by the Corporation on a private placement basis of Offered Units pursuant to this Agreement;

- (xli) **“Offering Jurisdictions”** means all of the provinces and territories of Canada;
- (xlii) **“Originating Persons”** means all current and former employees, officers, directors and consultants of the Corporation or any Subsidiary, including, in the case of a consultant that is not an individual, all employees, officers, directors, shareholders and partners of the consultant;
- (xliii) **“Owned IP”** means all Intellectual Property that is owned by the Corporation or a Subsidiary, as well as all rights relating to Intellectual Property that are owned or enforceable by the Corporation or a Subsidiary;
- (xliv) **“Person”** means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency or political subdivision thereof and every other form of legal or business entity of any nature or kind whatsoever;
- (xlv) **“Public Record”** means all information found under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval commonly known as SEDAR since January 1, 2015;
- (xlvi) **“Purchase Price”** has the meaning given to such term on page 1;
- (xlvii) **“Purchaser”** means a Person subscribing for Offered Units;
- (xlviii) **“Reporting Jurisdictions”** means the provinces of British Columbia, Alberta, and Ontario;
- (xlix) **“Right of First Refusal”** has the meaning given to such term in Section 13(a);
- (I) **“Right of First Refusal Period”** has the meaning given to such term in Section 13(a);
- (ii) **“Securities Commissions”** means the securities regulatory authorities of the Offering Jurisdictions or Reporting Jurisdictions as applicable;
- (iii) **“Securities Laws”** means, the securities laws, regulations, rules, rulings and orders in the Offering Jurisdictions or the Reporting Jurisdictions, as applicable, and the policy statements issued by the securities regulators in each of the Offering Jurisdictions or the Reporting Jurisdictions, as applicable;
- (iiii) **“Selling Firm”** has the meaning given to such term in Section 2(b)
- (liv) **“Stock Exchange”** means the Canadian Stock Exchange;
- (lv) **“Subscription Agreements”** means the subscription agreements to be entered into between the Corporation and each of the Purchasers of the Offered Units;
- (lvi) **“Subsidiaries”** has the meaning given to such term in Section 7(l)(i);
- (lvii) **“Tax Act”** means the *Income Tax Act* (Canada), together with any and all regulations promulgated thereunder, as amended, re-enacted or replaced from time to time;

- (lviii) **“Transaction Documents”** means this Agreement, the Subscription Agreements, the Debenture Indenture, the Warrant Indenture, and the certificates representing the Broker Warrants;
  - (lix) **“Warrant Indenture”** means the indenture between the Corporation and Computershare dated March 8, 2019, governing the terms of the Warrants;
  - (lx) **“Warrant Shares”** has the meaning given to such term on page 1; and
  - (lxi) **“Warrants”** has the meaning given to such term on page 1.
- (b) Other Defined Terms: Whenever used in this Agreement, the words and terms “affiliate”, “associate”, “material fact”, “material change”, “misrepresentation”, “senior officer” and “subsidiary” shall have the meaning given to such word or term in the *Securities Act* (British Columbia) unless specifically provided otherwise herein.
  - (c) Extended Meanings: Whenever used in this Agreement, words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender and neuter. Every use of the words “including” or “includes” in this Agreement is to be construed as meaning “including, without limitation” or “includes, without limitation”, respectively.
  - (d) References: References in this Agreement to a “Section” or “Schedule” are to be construed as references to a Section or Schedule of or to this Agreement unless otherwise specified.
  - (e) Sections and Headings: The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
  - (f) Statutory Instruments: Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.
  - (g) Knowledge: References to the “knowledge” of a party mean the knowledge that the party either has, or would have obtained, after having made or caused to be made all reasonable inquiries necessary to obtain informed knowledge, including inquiries of the records of the party and management employees of the party who are reasonably likely to have knowledge of the relevant matter.
  - (h) Currency: All references to monetary amounts in this Agreement are to Canadian dollars.

## 2. The Agent

- (a) Appointment: The Corporation appoints the Agent as, the sole and exclusive agent of the Corporation to offer the Units for sale in the Offering Jurisdictions by way of private placement on a commercially reasonable “best efforts” basis at the Purchase Price, and the Agent accepts such appointment. The Corporation acknowledges and agrees that the Agent may, but is not obligated to, purchase any of the Units as principal.
- (b) Sub-Agents: In connection with the Offering, the Agent shall be entitled to retain as sub-agents other registered securities dealers (“**Selling Firms**”) and may receive (for delivery to the Corporation at the Closing Time) subscriptions for Units from Selling Firms. In each case, the Agent shall ensure that any such sub-agent or registered dealer retained by the

Agent complies with the obligations of the Agent with respect to the offering and sale of Units under this Agreement and all applicable Securities Laws. Any fees payable to sub-agents shall be for the account of the Agent.

- (c) Sale on Exempt Basis: The Agent shall offer for sale on behalf of the Corporation and solicit orders for the Units in the Offering Jurisdictions in compliance with the Securities Laws of the Offering Jurisdictions and only to such Persons and in such manner such that, pursuant to the provisions of the Securities Laws of the Offering Jurisdictions, no prospectus or offering memorandum or other similar document need be filed with, or delivered to, any Securities Commission and no registration of the Offered Units is required in any Offering Jurisdiction in connection therewith.
- (d) Agent's Option: The Corporation grants to the Agent an option (the "**Agent's Option**") to arrange for the sale of up to an additional 600 Units at the Purchase Price (the "**Additional Units**"), representing up to 15% of the Offering, for additional gross proceeds of up to \$600,000. The Agent's Option shall be exercisable in whole or in part at the sole discretion of the Agent at any time and from time to time for a period of up to 48 hours prior to any Closing Date by delivering written notice to the Corporation, which notice shall specify the number of Additional Units to be issued and sold. For greater certainty, the Additional Units shall have the same attributes as the Offered Units, and all references in this Agreement to Offered Units shall include any Additional Units.
- (e) Covenants of the Agent: The Agent covenants with the Corporation that:
  - (i) it will solicit or procure subscriptions for Offered Units only in the Offering Jurisdictions;
  - (ii) it will comply, and shall instruct any sub-agent and other registered dealer retained by the Agent as permitted under this Agreement to comply, with the Securities Laws of the Offering Jurisdictions in which it solicits or procures subscriptions for Offered Units in connection with the Offering;
  - (iii) It will solicit or procure subscriptions for Offered Units in a manner which will not trigger a requirement of the Corporation to prepare or file a prospectus, offering memorandum, or similar disclosure document, or comply with any continuous disclosure or reporting obligation in any jurisdiction outside Canada; and
  - (iv) it will obtain from each Purchaser, and deliver to the Corporation prior to the Closing Time, a Subscription Agreement (including all applicable exhibits and schedules thereto and any other documents required to be delivered by the Purchaser under the Subscription Agreement) completed and executed by the Purchaser.
- (f) Representations and Warranties of the Agent: The Agent represents and warrants that it is, and, to the best of its knowledge after due inquiry, each sub-agent and other registered dealer retained by the Agent as permitted under this Agreement are, qualified to so act in the Offering Jurisdictions in which they solicited or procured subscriptions for Offered Units and that it, and to the best of its knowledge after due enquiry, each sub-agent and other registered dealer retained by the Agent as permitted under this Agreement is registered or exempt from registration under the securities legislation in any jurisdiction in which it solicited or procured subscriptions, as applicable, as a dealer in an appropriate category.
- (g) Filings: The Corporation undertakes to file or cause to be filed all forms and undertakings required to be filed by the Corporation in connection with the Offering, such that the distribution of the Offered Units may lawfully occur in the Offering Jurisdictions without the

necessity of filing a prospectus or an offering memorandum and the Agent undertakes to use its commercially reasonable efforts to cause the Purchasers to complete (and it shall be a condition of Closing in favour of the Corporation that the Purchasers complete and deliver to the Corporation) any forms and undertakings and to provide such information as may be required by the Securities Laws of the Offering Jurisdictions and by the Stock Exchange. All fees payable in connection with such filings shall be at the expense of the Corporation.

- (h) No Offering Memorandum: Neither the Corporation nor the Agent shall provide to prospective Purchasers any document or other material in connection with the Offering other than the Subscription Agreements, and any documents that form part of the Public Record.

### **3. Due Diligence**

- (a) Prior to the Closing Time, the Agent shall be permitted to conduct all due diligence that they may, in their sole discretion, require, including with respect to the business, properties, assets, affairs and financial condition of the Corporation and its subsidiaries. The Corporation will make available to the Agent and its legal counsel, on a timely basis, all corporate and operating records, material agreements, reports, financial information, budgets, and other relevant information necessary in order to complete the due diligence investigation. Without limiting the scope of the due diligence inquiries the Agent may conduct, the Corporation will make available to the Agent and its legal counsel the directors, officers, key employees, advisors (including financial advisors and legal counsel), and auditors of the Corporation and its subsidiaries to answer the questions of the Agent in one or more due diligence meetings to be conducted prior to the Closing Time.
- (b) The Agent will be entitled to rely on, and to assume, with no independent verification, the accuracy and completeness of all information furnished by the Corporation and its representatives as provided in this Section 3. The Agent will be under no obligation to verify, the accuracy or completeness of such information and the Agent will not be liable to the Corporation under any circumstances for damages arising out of the inaccuracy or incompleteness of such information.

### **4. Deliveries By Closing Time**

At the Closing Time,

- (a) the Corporation will deliver to the Agent:
  - (i) legal opinions dated the applicable Closing Date of legal counsel to the Corporation (or, in the case of an opinion with respect to a Subsidiary, of legal counsel to such Subsidiary) addressed to, among others, the Agent, Computershare, their respective legal counsel and the Purchasers satisfactory in form and substance to counsel to the Agent, acting reasonably, addressing the following:
    - (A) the Corporation is existing and in good standing under the laws of the Province of British Columbia and has not been dissolved;
    - (B) each Subsidiary is existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has not been dissolved;



- (C) the Corporation and each Subsidiary is duly registered to do business and is in good standing in each jurisdiction in which the location or character of its assets or the nature of its activities make registration necessary;
- (D) the authorized and issued share capital of the Corporation and each Subsidiary;
- (E) the corporate power, authority, and capacity of the Corporation to carry on its business as now conducted and to own or lease and operate the property and assets thereof, to enter into and perform its obligations under each of the Transaction Documents and the Ancillary Agreements, and to issue the Offered Units, the Broker Warrants, the Broker Units underlying the Broker Warrants, the Debentures and Warrants underlying the Offered Units and Broker Units, the Debenture Shares, and the Warrant Shares;
- (F) all necessary corporate action having been taken to authorize the execution and delivery of the Transaction Documents by the Corporation and the performance by the Corporation of its obligations thereunder;
- (G) each of the Transaction Documents having been duly executed and delivered by the Corporation, and constituting a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults;
- (H) all necessary corporate action has been taken by each Subsidiary, as applicable, to authorize the execution and delivery of certain Material Agreements, and that each such Material Agreement has been duly executed and delivered by each applicable party, and constitutes a valid and binding obligation of each such party, enforceable against each such party in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults;
- (I) the offering and sale of the Offered Units and the Broker Warrants, the execution and delivery of the Transaction Documents, and the performance by the Corporation of its obligations under the Transaction Documents and the consummation of the transactions contemplated therein, do not result in a breach or violation of, or conflict with, or result in a default under: (1) any of the constating documents or articles of the Corporation; (2) any resolutions of the directors or shareholders of the Corporation; or (3) any statute, rule or regulation applicable to the Corporation;
- (J) the Offered Units (and underlying securities) and Broker Warrants (and underlying securities) have been duly and validly authorized and:
  - (1) the Offered Units, and the Debentures and Warrants underlying each Offered Unit, have been validly created and issued;

- (2) the Broker Warrants have been validly created and issued;
  - (3) upon due exercise of the Broker Warrants in accordance with their terms, including full payment of the exercise price for each Broker Unit, the Debentures and Warrants underlying each of Broker Unit will be validly created and issued;
  - (4) the Debenture Shares issuable upon conversion of Debentures (including, for greater certainty, Debentures underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants) have been reserved for issuance to the holders of Debentures, and upon conversion of the Debentures in accordance with their terms, the Debenture Shares will be validly issued as fully paid and non-assessable shares of the Corporation; and
  - (5) the Warrant Shares underlying Warrants (including, for greater certainty, Warrants underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants) have been reserved for issuance to the holders of Warrants, and upon due exercise of the Warrants in accordance with their terms, including full payment of the exercise price for each Warrant Share, the Warrant Shares will be validly issued as fully paid and non-assessable shares of the Corporation;
- (K) the offering, issuance and sale of the Offered Units to the Purchasers and the granting and issuance of the Broker Warrants to the Agent have been effected in such a manner as to be exempt from the prospectus requirements of applicable Securities Laws, and no documents are required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained by the Corporation under applicable Securities Laws in connection therewith, subject to the filing of applicable exempt distribution reports and other customary filings;
- (L) the issuance and delivery of the Debentures and Warrants underlying the Offered Units, the Broker Units upon exercise of the Broker Warrants, the Debentures and Warrants underlying the Broker Units, the Debenture Shares upon conversion of the Debentures (including, for greater certainty, Debentures underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants), and the Warrant Shares upon exercise of the Warrants (including, for greater certainty, Warrants underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants) is or will be exempt from the prospectus requirements of applicable Securities Laws, and no documents are or will be required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under applicable Securities Laws to permit the issuance and delivery of any such securities;
- (M) no other documents will be required to be filed, proceedings taken, approvals, permits, consents or authorizations obtained under Securities Laws to permit the first trade of the Debentures and Warrants underlying the Offered Units, the Broker Units upon exercise of the Broker Warrants, the Debentures and Warrants underlying the Broker Units, the Debenture Shares upon conversion of the Debentures (including, for greater certainty, Debentures underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants), and the Warrant Shares upon

exercise of the Warrants (including, for greater certainty, Warrants underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants) made through a registrant registered in an appropriate category under applicable Securities Laws who has complied with such Securities Laws, and provided that at the time of such first trade:

- (1) the Corporation is and has been a “reporting issuer” for the four months immediately preceding the first trade in a jurisdiction of Canada;
  - (2) at the time of the first trade, at least four months have elapsed from the “distribution date” (as such term is defined in NI 45-102) of the applicable security;
  - (3) the certificates representing the securities that are the subject of the trade were issued with a legend stating the prescribed restricted period in accordance with Section 2.5(2)3(i) of NI 45-102 or if the securities are entered into a direct registration or other electronic book-entry system, or if the purchaser did not directly receive a certificate representing the security, the purchaser received written notice containing the legend restriction notation set out in Section 2.5(2)3(i) of NI 45-102;
  - (4) such trade is not a “control distribution” (as such term is defined in NI 45-102);
  - (5) no unusual effort is made to prepare the market or create a demand for the securities that are the subject of the trade;
  - (6) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
  - (7) if the selling securityholder is an insider or officer of the Corporation at the time of the first trade, the selling securityholder has no reasonable grounds to believe that the Corporation is in default of securities legislation;
- (N) the Corporation is a “reporting issuer” in each of the Reporting Jurisdictions and is not included in the list of defaulting issuers maintained by the Securities Commissions in the Reporting Jurisdictions, as the case may be, pursuant to the applicable Securities Laws;
- (O) Computershare has been duly appointed as the trustee for the Debentures under the Debenture Indenture, and the Warrants under the Warrant Indenture;
- (P) the forms of certificate representing the Debentures, Warrants and Broker Warrants (as applicable) have been approved by the board of directors of the Corporation and conform with the provisions of the *Corporations Act* (British Columbia) and the constating documents of the Corporation; and
- (Q) such other matters as the Agent may reasonably request;

- (ii) a certificate dated the applicable Closing Date signed by the Chief Executive Officer and Chief Financial Officer of the Corporation and addressed to, among others, the Agent and the Purchasers with respect:
  - (A) to the articles and notice of articles of the Corporation, the resolutions of the directors of the Corporation with respect to the Offering;
  - (B) and any other corporate action taken relating to this Agreement and the Transaction Documents and with respect to such other matters as the Agent may reasonably request and including specimen signatures of the signing officers of the Corporation;
- (iii) Subscription Agreements, accepted and executed by the Corporation in accordance with Section 5(b);
- (iv) the Offered Units, represented by way of an instant deposit to or for the account of the Agent with CDS, a global certificate registered in the name of CDS or its nominee for the purposes of being held by or on behalf of CDS for Book Entry Only Participants, as the Agent will direct the Corporation in writing before the Closing Time;
- (v) one or more executed certificates representing the Broker Warrants, registered as the Agent will direct the Corporation in writing before the Closing Time; and
- (vi) such further documents as may be contemplated by this Agreement or as the Agent may reasonably require,

all in form and substance reasonably satisfactory to the Agent.

- (b) the Agent shall have delivered or cause to be delivered to the Corporation:
  - (i) payment of the aggregate Purchase Price for the Offered Units purchased by the Purchasers by wire transfer, certified cheque or bank draft payable to the Corporation or as the Corporation may otherwise direct in writing; provided, however, that at the option of the Agent, the Agent may deduct and withhold for the account of the Agent (A) the Agency Fee as provided in Section 6(a)(i), and (B) any expenses (including legal expenses) of the Agent to be reimbursed by the Corporation as provided in Section 11; and
  - (ii) such further documents as may be contemplated by this Agreement or as the Corporation may reasonably require;

all in form and substance reasonably satisfactory to the Corporation.

## **5. Closing**

- (a) Closing: The Closing shall be completed via electronic means or at the offices of counsel for the Corporation, at the Closing Time and on the applicable Closing Date.
- (b) Subscription Agreements: At the Closing, the Corporation will accept and execute any Subscription Agreement which has been properly completed and executed by a Purchaser pursuant to the Offering and properly tendered by the Agent in compliance with this Agreement.

- (c) Conditions of Closing: The following are conditions precedent to the obligation of the Agent to complete the Closing and of the Purchasers to purchase the Offered Units, which conditions the Corporation hereby covenants and agrees to use commercially reasonable efforts thereof to fulfil within the time set out herein therefor, and which conditions may be waived in writing in whole or in part by the Agent:
- (i) the representations and warranties of the Corporation contained in this Agreement and the Subscription Agreements will be true and correct, as if made at and as of the Closing Time, except where such representation or warranty makes reference to a certain date, then such representation or warranty is true and correct as of such date;
  - (ii) the Corporation will have complied with all covenants, and satisfied all terms and conditions, contained in this Agreement and the Subscription Agreements on its part to be complied with or satisfied at or prior to the Closing Time;
  - (iii) the Corporation shall have received all necessary approvals and consents, including all necessary regulatory approvals and consents (including those of the Stock Exchange) required for the completion of the transaction contemplated by this Agreement, all in a form satisfactory to the Agent;
  - (iv) the Stock Exchange shall have conditionally approved the listing of the Debenture Shares and Warrant Shares underlying the Offered Units and the Broker Units issuable upon exercise of the Broker Warrants, subject to the fulfillment of customary conditions;
  - (v) the Agent shall have received the opinions, certificates and documents set forth in Section 4(a) to be delivered to the Agent;
  - (vi) the Corporation will have entered into the Debenture Indenture and the Warrant Indenture, each in a form satisfactory to the Agent, acting reasonably; and
  - (vii) the Agent not having previously terminated the obligations thereof pursuant to this Agreement.
- (d) Benefit of Conditions: The conditions in Section 5(c) are for the benefit of the Agent and may be waived in whole or in part by the Agent at any time. It is the intention of the parties that the obligations of the Purchasers to complete the transactions under the Subscription Agreements will be subject to the satisfaction (or waiver by the Agent) of the conditions in Section 5(c).

## 6. Agent's Compensation

- (a) In consideration of the Agent agreeing to act as agent of the Corporation in respect of the Offering, and in consideration of the services performed and to be performed by the Agent in connection therewith, the Corporation will, at the Closing Time:
- (i) pay to the Agent a cash fee equal to 6% of the aggregate Purchase Price for the Offered Units issued to the Purchasers (including any Offered Units purchased by the Agent as principal) (the "**Agency Fee**"); and
  - (ii) issue to the Agent the number of non-transferrable broker warrants ("**Broker Warrants**") as is equal to 6% of the number of Offered Units sold under the Offering. Each Broker Warrant entitles the holder to purchase one Broker Unit at the Purchase Price for a period of three years from the Closing Date.

- (b) It is the understanding of the parties that the services provided by the Agent in connection with this Agreement will not be subject HST and any taxable supplies provided will be incidental to the exempt financial services provided. However, if the Canada Revenue Agency determines that HST is exigible on the Agency Fee, the Corporation agrees to pay the amount of HST promptly upon the request of the Agent.

## 7. **Representations and Warranties**

The Corporation hereby represents and warrants to the Agent and the Purchasers, and acknowledges that the Agent and the Purchasers are relying upon each of such representations and warranties in completing the Closing, as follows:

- (a) Incorporation and Organization: The Corporation is existing and in good standing under the laws of the Province of British Columbia and has not been dissolved.
- (b) Capacity and Power: The Corporation has all necessary corporate power, authority, and capacity to carry on its business as now conducted and to own or lease and operate the property and assets thereof.
- (c) Authority and Authorization: The Corporation has the corporate power and capacity to enter into each of the Transaction Documents and the Ancillary Agreements and to do all acts and things and execute and deliver all documents as are required hereunder to be done, observed, performed or executed and delivered by it in accordance with the terms hereof and thereof.
- (d) Extra-provincial and Territorial Registrations: The Corporation and each Subsidiary is duly registered to do business and is in good standing in each jurisdiction in which the location or character of its assets or the nature of its activities make registration necessary.
- (e) Binding Obligations: The execution and delivery of the Transaction Documents by the Corporation and the completion by the Corporation of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate action on the part of the Corporation. This Agreement has been (and each of the other Transaction Documents will by the Closing Time be) duly executed and delivered by the Corporation. This Agreement constitutes (and each of the other Transaction Documents will at the Closing Time constitute) a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.
- (f) Consents, Approvals and Conflicts: The offering and sale of the Offered Units and the Broker Warrants, the execution and delivery of this Agreement (and, as of the Closing Time, the other Transaction Documents), and the performance by the Corporation of its obligations under this Agreement and any of the other Transaction Documents and the consummation of the transactions contemplated herein and therein:
  - (i) do not require the consent, approval, or authorization, order or agreement of, or registration or qualification with, any Governmental Authority, stock exchange, or other Person except (A) such as have been obtained, or (B) such as may be required under the Securities Laws of the Offering Jurisdictions and the policies of the Stock Exchange to be filed or obtained following the applicable Closing Date;
  - (ii) do not (and will not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or violation of, or conflict with, or

result in a default under: (A) any applicable laws; (B) any agreement, indenture, mortgage, deed of trust, lease or other instrument to which the Corporation or any Subsidiary is a party or by which any of them or any of the properties or assets thereof is bound; (C) the constating documents of the Corporation or any resolution passed by the board of directors (or any committee thereof) or shareholders of the Corporation; (D) to the knowledge of the Corporation, any judgment, decree, order or award of any Governmental Authority having jurisdiction over the Corporation or its assets; or (E) any permit or license held by the Corporation or any Subsidiary, except in the case of clause (B) for any such breaches or violations that would not result in a Material Adverse Effect; and

- (iii) will not result in: (A) the creation or imposition of any encumbrance or title defect on or with respect to the assets of the Corporation; or (B) the acceleration of or the maturity of any debt under any indenture, mortgage, lease, agreement or instrument binding or affecting the Corporation or any of its assets.
  
- (g) Authorized and Issued Capital of the Corporation: The authorized share structure of the Corporation consists of an unlimited number of Common Shares. As at the date of this Agreement, there are 38,720,176 Common Shares validly issued and outstanding as fully paid and non-assessable shares of the Corporation. All securities of the Corporation have been issued in compliance with applicable laws and have not been issued in violation of any pre-emptive rights or other contractual rights to purchase securities granted by the Corporation.
  
- (h) Rights to Acquire Securities: No person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of the Corporation, except as described in Section 7(h) of the Disclosure Letter.
  
- (i) Rights Plan: The directors of the Corporation have not adopted any shareholder rights plan or a similar plan.
  
- (j) No Pre-emptive Rights: The issue of the Offered Units and the Broker Warrants will not be subject to any pre-emptive right or other contractual right to purchase securities of the Corporation.
  
- (k) Offered Units: Subject to compliance by the Agent with the provisions of Section 2 hereof and subject to the representations and warranties of the Purchasers contained in the Subscription Agreements being true and correct at the Closing Time, the execution of this Agreement and the Subscription Agreements and the issue by the Corporation to the Purchasers of the Offered Units will be exempt from the prospectus requirements of the Securities Laws of the Offering Jurisdictions.
  
- (l) Subsidiaries:
  - (i) The Corporation has no subsidiaries or equity interests in other persons which are engaged in active business or which possess any assets or liabilities which are material to the business, business prospects or condition (financial or otherwise) of the Corporation, except for the subsidiaries (the "**Subsidiaries**") named in Section 7(l)(i) of the Disclosure Letter.
  
  - (ii) Each Subsidiary is existing and in good standing under the laws of its jurisdiction of organization.

- (iii) The authorized and outstanding share capital of each Subsidiary is as described in Section 7(I)(iii) of the Disclosure Letter;
  - (iv) All securities of each Subsidiary have been issued in compliance with applicable laws and have not been issued in violation of any pre-emptive rights or other contractual rights to purchase securities.
  - (v) No person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of any Subsidiary.
- (m) Issue of Securities: The Offered Units (and underlying securities) and Broker Warrants (and underlying securities) have been duly and validly authorized and:
- (i) upon receiving full payment of the Purchase Price for each Offered Unit, the Debentures and Warrants underlying each Offered Unit will be validly created and issued;
  - (ii) as of the Closing Time, the Broker Warrants will be validly created and issued;
  - (iii) upon due exercise of the Broker Warrants in accordance with their terms, including full payment of the exercise price for each Broker Unit, the Debentures and Warrants underlying each of Broker Unit will be validly created and issued;
  - (iv) the Debenture Shares issuable upon conversion of Debentures (including, for greater certainty, Debentures underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants) have been reserved for issuance to the holders of Debentures, and upon conversion of the Debentures in accordance with their terms, the Debenture Shares will be validly issued as fully paid and non-assessable shares of the Corporation; and
  - (v) the Warrant Shares underlying Warrants (including, for greater certainty, Warrants underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants) have been reserved for issuance to the holders of Warrants, and upon due exercise of the Warrants in accordance with their terms, including full payment of the exercise price for each Warrant Share, the Warrant Shares will be validly issued as fully paid and non-assessable shares of the Corporation.
- (n) Listing: The Common Shares are listed and posted for trading on the Stock Exchange, and the Corporation is in compliance with in all material respects with the rules and regulations of the Stock Exchange. At the Closing Time, all necessary steps will have been taken and approvals received for the listing of the Common Shares issuable in connection with the Offering (including the Common Shares issuable under the Broker Warrants).
- (o) Certain Securities Law Matters: The Corporation is a reporting issuer in the Reporting Jurisdictions, and the Corporation in compliance in all material respects with Securities Laws.
- (p) Credit and Security Agreements: The Corporation and each Subsidiary is in compliance in all material respects with, and is not in breach of, any financial covenants or otherwise in respect of any existing debt obligations, security agreements, and guarantees of the Corporation or such Subsidiary, as applicable, except where such breach would not result in a Material Adverse Effect.



- (q) Public Disclosure: The Corporation has filed on SEDAR all documents required to be filed by the Corporation under Securities Laws. The Public Record does not contain a misrepresentation. There is no fact known to the Corporation which the Corporation has not publicly disclosed which materially adversely affects, or so far as the Corporation can reasonably foresee, will materially adversely affect, the assets, liabilities (contingent or otherwise), capital, affairs, business, prospects, operations or condition (financial or otherwise) of the Corporation or the ability of the Corporation to perform its obligations under this Agreement and the Subscription Agreements.
- (r) Timely Disclosure: The Corporation is in compliance in all material respects with all timely disclosure obligations under the Securities Laws, and has no confidential material change reports outstanding.
- (s) No Cease Trade Order: No order preventing, ceasing or suspending trading in any securities of the Corporation or prohibiting the issue and sale of securities by the Corporation and is continuing in effect and no proceedings for either of such purposes have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened.
- (t) Accounting Controls: The Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are completed in accordance with the general or a specific authorization of management of the Corporation; (ii) transactions are recorded as necessary to permit the preparation of financial statements for the Corporation in conformity in all material respects with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets of the Corporation is permitted only in accordance with the general or a specific authorization of management of the Corporation; and (iv) the recorded accountability for assets of the Corporation is compared with the existing assets of the Corporation at reasonable intervals and appropriate action is taken with respect to any differences therein.
- (u) Reportable Event: There has never been any "reportable event" (within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations*) with the present auditor of the Corporation or any former auditor.
- (v) Financial Statements: The audited financial statements of the Corporation for the fiscal year ended December 31, 2017, together with the auditors' report thereon and the notes thereto, and unaudited condensed consolidated interim financial statements of the Corporation for the nine months ended September 30, 2018, and the notes thereto: (i) have been prepared in accordance with IFRS, applied on a basis consistent with prior periods, (ii) are, in all material respects, consistent with the books and records of the Corporation, (iii) contain and reflect all material adjustments for the fair presentation of the results of operations and the financial condition of the business of the Corporation for the periods covered thereby, (iv) present fairly, in all material respects, the financial position of the Corporation as at the date thereof and the results of its operations and the changes in its financial position for the periods then ended, (v) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation, and (vi) do not omit to state any material fact that is required by IFRS or by applicable law to be stated or reflected therein or which is necessary to make the statements contained therein not misleading, respectively.
- (w) Insolvency: None of the Corporation or any Subsidiary has committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any Person holding any encumbrance, lien, charge,

hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it.

- (x) No Contemplated Changes: None of the Corporation or any Subsidiary has approved or entered into any agreement in respect of the change of control (by sale or transfer of shares or sale of all or substantially all of its property and assets or otherwise) of the Corporation or any Subsidiary.
- (y) Taxes and Tax Returns: The Corporation and each Subsidiary has filed in a timely manner all required tax returns and notices and has paid all applicable taxes of whatsoever nature for all tax years prior to the date hereof to the extent that such taxes have become due or have been determined by a Governmental Authority to be due or is not contested in good faith by the Corporation and the Corporation is not aware of any material tax deficiencies or interest or penalties accrued or accruing, or which have been determined by a Governmental Authority to be accrued or accruing, thereon where, in any of the above cases, it might reasonably be expected to result in any material adverse change in the condition (financial or otherwise), and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by the Corporation or the payment of any material tax, governmental charge, penalty, interest or fine against the Corporation. To the knowledge of the Corporation, there are no actions, suits, proceedings, investigations or claims now threatened or pending against the Corporation or any Subsidiary which could result in a liability in respect of taxes, charges or levies of any Governmental Authority, penalties, interest, fines, assessments or reassessments that is material to the Corporation on a consolidated basis.
- (z) Compliance with Laws, Licenses and Permits:
  - (i) The Corporation and each Subsidiary has conducted and is conducting the business thereof in compliance in all material respects with all applicable laws, rules, regulations, tariffs, orders and directives of each jurisdiction in which it carries on business and possesses all material approvals, consents, certificates, registrations, authorizations, permits and licenses issued by the appropriate provincial, territorial, state, municipal, federal or other regulatory agency or body necessary to carry on the business currently carried on by it, is in compliance in all material respects with the terms and conditions of all such approvals, consents, certificates, authorizations, permits and licenses and with all laws, regulations, tariffs, rules, orders and directives material to the operations thereof, the failure to comply with which would have a Material Adverse Effect.
  - (ii) None of the Corporation or any Subsidiary has received any notice in writing of the modification, revocation or cancellation of any such approval, consent, certificate, authorization, permit or license which, singly or in the aggregate, the failure to comply with which would have a Material Adverse Effect.
- (aa) Agreements and Actions: None of the Corporation or any Subsidiary is in violation of any term of its constating documents, except where such violations would have a Material Adverse Effect.
- (bb) Absence of Litigation: There is no action, suit, proceeding or investigation commenced, pending or, to the knowledge of the Corporation, threatened, against or affecting the Corporation, any Subsidiary, or their respective businesses, or to which the Corporation or any Subsidiary is or may be a party or to which any asset of the Corporation or a Subsidiary is or may be subject under applicable laws which, in any one case or in the aggregate, if

determined adversely to the interest of the Corporation or the applicable Subsidiary, might result in any Material Adverse Effect.

- (cc) No Defaults: None of the Corporation or any Subsidiary is in default of any term, covenant or condition under or in respect of any judgment, order, or material agreement or instrument to which it is a party or to which it or any of its property or assets are bound, except where such default would not constitute a Material Adverse Effect, and, to the knowledge of the Corporation, no event has occurred and no circumstances exist which has not been waived, which after notice or lapse of time or both, would constitute a default under any material commitment, agreement, document or other instrument to which the Corporation or any Subsidiary is a party or by which it is otherwise bound.
- (dd) Compliance with Employment Laws: The Corporation and the Subsidiaries are in compliance with all laws and regulations respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance would not constitute a Material Adverse Effect, and has not and is not engaged in any unfair labour practice.
- (ee) Labour Disputes: None of the Corporation or any Subsidiary is involved in any labour strike, dispute, slowdown, stoppage, complaint or grievance, and to the knowledge of the Corporation, none are threatened.
- (ff) Employee Plans: Each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, pension, incentive or otherwise contributed to, or required to be contributed to, by the Corporation or for the benefit of any current or former officer, director, employee or consultant of the Corporation has been maintained in material compliance with the terms thereof and with the requirements prescribed by any and all statutes, orders, rules, policies and regulations that are applicable to any such plan.
- (gg) Environmental Compliance:
  - (i) to the knowledge of the Corporation Parties, the property, assets and current operations of the Corporation Parties comply in all material respects with all applicable Environmental Laws;
  - (ii) the Corporation does not have any knowledge of, and has not received any written notice of, any material claim, judicial or administrative proceeding, pending or threatened against, or which may affect, the Corporation, any Subsidiary, or any of the property, assets or operations thereof, relating to, or alleging any violation of any Environmental Laws which would have a Material Adverse Effect; the Corporation is not aware of any facts which could give rise to any such claim or judicial or administrative proceeding;
  - (iii) to the knowledge of the Corporation, none of the assets or operations of any Corporation Party is the subject of any investigation, evaluation, audit or review by any Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any Contaminant into the environment, except for compliance investigations conducted in the normal course by any Governmental Authority;

(hh) Intellectual Property:

- (i) Section 7(hh)(i) of the Disclosure Letter sets out an accurate and complete list and description of all Owned IP that is registered with any Governmental Authority (including details as to jurisdictions, numbers, and expiry dates of all registrations), Licensed IP and related Licence Agreements, including sufficient particulars to identify each item of Owned IP, Licensed IP and related Licence Agreements, its respective owner, and the nature and jurisdictions of its use, as well as the jurisdictions and particulars of all registrations of, and applications for registration of, the Owned IP that are material to, associated with, or used in the business of the Corporation or any Subsidiary.
- (ii) The Licensed IP and Owned IP are sufficient to conduct the business of the Corporation and the Subsidiaries as it is currently conducted.
- (iii) The Corporation has taken all reasonable steps to protect its Intellectual Property in each jurisdiction where the Corporation or any Subsidiary carries on business that is material to the Corporation, on a consolidated basis.
- (iv) The Corporation is the only Person to have any right of title and interest, legal or beneficial, in any of the Owned IP, all of which is owned by the Corporation free and clear of any liens, encumbrances or security interests of any nature, other than encumbrances or security interests granted in respect of general bank security incurred or granted, as the case may be, in the ordinary course of business, and none of which is registered in the name of any Person other than the Corporation. No consent of any Person is necessary to make, construct, use, reproduce, translate, license, sell, modify, update, enhance or otherwise exploit any Owned IP. All Originating Persons have, by irrevocable written assignments, transferred to the Corporation all Intellectual Property Rights, and waived all moral rights, that any of them may have enjoyed with respect to any Owned IP to which they contribute.
- (v) Except as disclosed in Section 7(hh)(v) of the Disclosure Letter, none of the Corporation or any Subsidiary has not assigned, licensed or otherwise granted any interest in any Owned IP, including any right to receive royalties or other payments, to any Person.
- (vi) To the knowledge of the Corporation, no Person has infringed or misappropriated, or is infringing or misappropriating, any Intellectual Property Rights in any Owned IP.
- (vii) Each of the Corporation and each Subsidiary has entered into valid and enforceable written agreements pursuant to which it has been granted all licenses, rights and permissions to use, reproduce, translate, sub-license, sell, modify, update, enhance or otherwise exploit the Licensed IP to the extent required to conduct all aspects of its business as it is currently conducted (including, if required, the right to incorporate the Licensed IP into the Owned IP and to create and own derivatives and modifications of the Licensed IP) (the "**Licence Agreements**"). Except as disclosed in Section 7(hh)(vii) of the Disclosure Letter:
  - (A) all Licence Agreements are in full force and effect and none of the Corporation, any Subsidiary, nor any licensor is in default of its obligations under any Licence Agreement;

- (B) no licensor of any Licensed IP is involved in an insolvency, bankruptcy or similar proceeding or has had a receiver appointed;
  - (C) all License Agreements for Licensed IP material to the business of the Corporation or any Subsidiary are irrevocable licenses granted in perpetuity and worldwide in nature; and
  - (D) to the knowledge of the Corporation, no Person has infringed or misappropriated, or is infringing or misappropriating, any Intellectual Property Right of any licensor in or to any Licensed IP of which it is the exclusive licensee.
- (viii) To the knowledge of the Corporation, there are no material restrictions on the ability of the Corporation to use and exploit all Intellectual Property Rights required in the ordinary course of the Corporation's business as currently conducted.
- (ix) None of the Intellectual Property Rights of the Corporation or any Subsidiary will be impaired or affected in any way by the transactions contemplated by this Agreement.
- (x) Each Corporation Party has taken reasonable measures to protect and preserve the confidentiality of, all Intellectual Property and other material confidential information of such Corporation Party, and to protect and preserve its rights to all Intellectual Property and other material Confidential Information relating to the business of the Corporation Parties, and developed or acquired by the directors, officers, employees and consultants, including without limitation, the procurement of proprietary invention assignments and non-disclosure agreements from directors, officers, employees, consultants, subcontractors and other persons who have access to such information or materials.
- (ii) Material Agreements: Section 7(ii) of the Disclosure Letter sets forth a complete and accurate list of each agreement (the "**Material Agreements**") that is material to the Corporation on a consolidated basis. All necessary corporate action has been taken by the each Corporation Party to authorize the execution and delivery of each Material Agreement to which it is a party, and that each such Material Agreement has been duly executed and delivered by each Corporation Party that is a party to such Material Agreement, and constitutes a valid and binding obligation of each such Corporation Party, enforceable against such Corporation Party in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.
- (jj) Foreign Corrupt Practices: Neither the Corporation nor any of its subsidiaries, affiliates, directors or officers nor, to the knowledge of the Corporation, any agent, employee or affiliate of the Corporation or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that could result in a violation by such persons of the *Corruption of Foreign Public Officials Act* (Canada), the *Bribery Act 2010* (United Kingdom), the *Foreign Corrupt Practices Act of 1977* (United States), as amended, and the rules and regulations thereunder or any other anticorruption law to which the Corporation or any of its subsidiaries may be subject (collectively, the "**Anti-Bribery Acts**"), including, without limitation, making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or making use of mail or any means or instrumentality of interstate commerce in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value or benefit to any "foreign official", "foreign public official", or "public official" (as such terms are defined in the applicable Anti-Bribery Acts) or any foreign political party or official

thereof or any candidate for foreign political office, or any third party or any other person to the benefit of the foregoing, in contravention of the Anti-Bribery Acts, and the Corporation, its subsidiaries and affiliates have conducted their businesses in compliance with the Anti-Bribery Acts and will implement and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

- (kk) Minute Books: The minute books of the Corporation and the Subsidiaries (which have been made available to the Agent for the purposes of its due diligence investigations in connection with the Offering) have been maintained in accordance with all applicable laws and are complete and accurate in all material respects.
- (ll) Market Stabilization: The Corporation has not taken and will not take, except in accordance with applicable law, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in the stabilization or manipulation of the price of the Common Shares and is not aware of anyone taking any such actions.
- (mm) No Order: No Securities Commission, stock exchange or comparable authority has issued any order preventing or suspending the distribution of the Offered Units or the Broker Warrants or the trading of any of the securities of the Corporation generally and, to the knowledge of each certifying officer, there is no investigation, inquiry or proceeding for this purpose that has been commenced or which is pending, contemplated or threatened.
- (nn) No Change: Since January 1, 2018, there has been no change, event or occurrence which, individually or in the aggregate, would have or could result in a Material Adverse Effect.
- (oo) Affiliate Transactions: Other than as disclosed in the Public Record, the Corporation does not owe any amount to, and the Corporation has no present loans to, or borrowed any amount from or is otherwise indebted to, any officer, director, employee or securityholder of the Corporation or any Person who is a "related person" (within the meaning of the Tax Act) to any officer, director or employee except for usual employee, officer and director reimbursements and compensation paid in the ordinary and normal course of the business of the Corporation and except for reimbursements and compensation paid pursuant to the employment and consulting agreements with the senior management of the Corporation and disclosed to the Agent. Except for (a) usual employee or consulting arrangements made in the ordinary and normal course of business, (b) the employment and consulting agreements with the senior management of the Corporation and disclosed to the Agent, and (c) stock option agreement entered into by and between the Corporation and employees, consultants, directors and officers in accordance with incentive equity plans disclosed in the Public Record, the Corporation is not a party to any contract, agreement or understanding with any officer, director or employee of the Corporation or any other Person who is a "related person" of the Corporation. To the knowledge of the Corporation, no officer, director or employee of the Corporation has any cause of action or other claim whatsoever against, or owes any amount to, the Corporation except for claims in the ordinary and normal course of the business of the Corporation such as for accrued vacation pay or other amounts or matters which would not be material to the Corporation.
- (pp) No Redemption Obligations: The Corporation does not have any agreement or obligation to repurchase, redeem or otherwise acquire any of its outstanding securities.
- (qq) Absence of Shareholder Agreements: To the knowledge of the Corporation, there are no shareholder agreements, voting trusts or other agreements relating to the disposition or voting of any securities of the Corporation.
- (rr) Absence of Rights of First Refusal. No Person has any rights of first refusal to provide agency or underwriting services in connection with any debt or equity financing or financial advisory services to the Corporation that are in effect.

**8. Covenants of the Corporation**

- (a) Issuance of Securities: The Corporation covenants and agrees that, at the Closing Date, the Offered Units (and underlying securities) and Broker Warrants (and underlying securities) will be duly and validly authorized and:
- (i) upon receiving full payment of the Purchase Price for each Offered Unit, the Debentures and Warrants underlying each Offered Unit will be validly created and issued;
  - (ii) upon due exercise of the Broker Warrants in accordance with their terms, including full payment of the exercise price for each Broker Unit, the Debentures and Warrants underlying each of Broker Unit will be validly created and issued;
  - (iii) upon conversion of the Debentures (including, for greater certainty, Debentures underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants) in accordance with their terms, the Debenture Shares will be validly issued as fully paid and non-assessable shares of the Corporation; and
  - (iv) upon due exercise of the Warrants (including, for greater certainty, Warrants underlying Offered Units and any Broker Units issuable upon exercise of Broker Warrants) in accordance with their terms, including full payment of the exercise price for each Warrant Share, the Warrant Shares will be validly issued as fully paid and non-assessable shares of the Corporation.
- (b) Consents and Approvals: The Corporation covenants and agrees that:
- (i) the Corporation will obtain, to the extent not already obtained, the necessary regulatory consents from the Stock Exchange and, to the extent necessary, from the Securities Commissions of the Offering Jurisdictions for the Offering on such terms as are mutually acceptable to the Agent and the Corporation, acting reasonably;
  - (ii) the Corporation will comply in all material respects with all requirements of the Stock Exchange in connection with the issuance of the Offered Units (and underlying securities), the Broker Warrants (and underlying securities), and the listing on the Stock Exchange of the Debenture Shares and Warrant Shares; and
  - (iii) the Corporation will make all necessary filings and obtain all other necessary regulatory and other consents and approvals required in connection with the transactions contemplated by this Agreement.
- (c) Due Diligence and Material Changes:
- (i) The Corporation covenants and agrees to allow the Agent, during the period from the date of this Agreement until the Closing Time, to conduct all due diligence which the Agent may reasonably require in order to fulfill the Agent's obligations as agent in respect of the Offering.
  - (ii) Prior to the Closing Time, the Corporation will promptly notify the Agent and provide full particulars of: (A) any material change (actual, anticipated or, to the knowledge of the Corporation, threatened) in the business, affairs, operations, assets, liabilities (contingent or otherwise), financial condition, capital or prospects of the Corporation or the Subsidiaries; (B) any change in any material fact contained in the Public Record; (C) or the occurrence of a material fact or event

that will or may render the Public Record untrue, false or misleading in a material respect, or result in a misrepresentation in the Public Record; and (D) the discovery by the Corporation of any misrepresentation in the Public Record or in the information provided to the Agent by the Corporation in writing.

- (iii) The Corporation will in good faith discuss with the Agent any change, occurrence or event which may give rise to a reasonable question as to whether notice is required to be given under Section 8(c)(ii).
- (d) General: The Corporation hereby covenants and agrees to:
  - (i) comply with all of the Corporation's covenants under the Subscription Agreements, the Debenture Indenture, and the Warrant Indenture;
  - (ii) fulfill all legal requirements to permit the issue, offering and sale of the Offered Units, including, without limitation, compliance with the Securities Laws of the Offering Jurisdictions to enable the Offered Units to be offered for sale and sold to the Purchasers without the necessity of filing a prospectus in the Offering Jurisdictions;
  - (iii) make all commercially reasonable efforts to maintain the listing of the Common Shares on the Stock Exchange for as long as any Debentures or Warrants remain outstanding;
  - (iv) make all commercially reasonable efforts to maintain its status as a reporting issuer not in default under Securities Laws for as long as any Debentures or Warrants remain outstanding;
  - (v) file such documents as may be required under the Securities Laws of the Offering Jurisdictions relating issuance of the Offered Units and the Broker Warrants, in the form and within the time periods prescribed by Securities Laws;
- (e) Use of Proceeds: The Corporation will use the net proceeds of the Offering for development of the Corporation's projects in the United Kingdom, and for working capital purposes.
- (f) Benefit of Covenants: The provisions of this Section 8 are intended for the benefit of, and will be enforceable by, each Agent and each Purchaser that purchases Offered Units, and the Agent is, for those purposes, acting as agent and trustee on behalf of the Purchasers.

## 9. Termination

- (a) Right of Termination: The Agent shall be entitled, at its sole option, to terminate and cancel, without any liability on the part of the Agent, all of its obligations under this Agreement and the obligations of any Person who has executed a Subscription Agreement, by notice in writing to that effect delivered to the Corporation prior to or at the Closing Time if:
  - (i) *Due Diligence*: the Agent is not satisfied in its sole discretion with the results of the due diligence review and investigation of the Corporation and the Subsidiaries;
  - (ii) *Disaster*: there should develop, occur or come into effect or existence any event, action, state, or condition or any action, law or regulation, inquiry, including, without limitation, terrorism, accident or major financial, political or economic occurrence of national or international consequence, or any action, government, law, regulation, inquiry or other occurrence of any nature, which in the reasonable



opinion of the Agent, seriously adversely affects or involves, or may seriously adversely affect or involve, the financial markets in Canada or the business, operations or affairs of the Corporation and the Subsidiaries or the marketability of the Offered Units;

- (iii) *Market*: the state of the financial markets is such that in the reasonable opinion of the Agent it would be unprofitable to offer or continue to offer for sale the Offered Units;
  - (iv) *Material Change*: any change, occurrence or event contemplated by Section 8(c)(ii) occurs which, in the reasonable opinion of that Agent, would reasonably be expected to have an adverse effect on the market price or value of the Offered Units, Debentures, Warrants, or Common Shares;
  - (v) *Material Adverse Effect*: a Material Adverse Effect occurs and is continuing;
  - (vi) *Regulatory Actions*: there is any change in Securities Laws, or any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Corporation, its Subsidiaries, or their respective directors or officers, or the distribution of the Offered Units, is instituted, threatened or announced or any order is made by the Stock Exchange or any Governmental Authority having jurisdiction over the Corporation, its Subsidiaries, or their property (other than an inquiry, action, suit, investigation, proceeding or order based solely on the activities or alleged activities of the Agent), which, in each case, in the reasonable opinion of that Agent, prevents or restricts the distribution of or trading in the Offered Units, Debentures, Warrants, or Common Shares, or would reasonably be expected to have an adverse effect on the market price or value of the Offered Units, Debentures, Warrants, or Common Shares;
  - (vii) *Breach by Corporation*: the Corporation is in breach of any term, condition, covenant or agreement contained in any Transaction Document, or any representation or warranty given by the Corporation in a Transaction Document is or becomes untrue, false or misleading; or
  - (viii) *Failure to Satisfy Closing Conditions*: any of the conditions set out in Section 5(c) (which have not been waived) have not been satisfied by the Closing Time.
- (b) Rights on Termination: Any termination by the Agent pursuant to Section 9(a) hereof shall be effected by notice in writing delivered by the Agent to the Corporation at the address thereof as set out in Section 13. The right of the Agent to so terminate the obligations thereof under this Agreement is in addition to such other remedies as the Agent may have in respect of any default, act or failure to act of the Corporation in respect of any of the matters contemplated by this Agreement. In the event of a termination by the Agent pursuant to Section 9(a) hereof there shall be no further liability on the part of the Agent to the Corporation or of the Corporation to the Agent except any liability which may have arisen or may later arise under Sections 10 and 11.
- (c) Termination by the Corporation: The Corporation may terminate this Agreement upon ten (10) Business Days' prior written notice to the Agent and payment of the Agent's expenses as provided in Section 11. Termination by the Corporation shall not discharge or otherwise affect any liability which may have arisen or may later arise under Sections 10 and 11.

**10. Indemnity and Contribution**

- (a) The Corporation (the “**Indemnitor**”) hereby agrees to indemnify and hold harmless the Agent, its affiliates, and their respective directors, officers, employees, shareholders, partners and agents (each an “**Indemnified Party**”) from and against any and all expenses, losses, claims, actions, damages or liabilities incurred by an Indemnified Party, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims, and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any claim, in each case arising directly or indirectly with the transactions contemplated by this Agreement; provided, however, that an Indemnified Party shall not be entitled to be indemnified or paid by the Indemnitor in respect of a claim to the extent that a final non-appealable order issued by a court of competent jurisdiction shall have determined that the claim resulted from:
- (i) the fraud, negligence, or wilful misconduct of the Indemnified Party in the course of performing the transactions contemplated by this Agreement; and
  - (ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly or indirectly caused by the negligence, fraudulent act or wilful misconduct referred to in Section 10(a)(i).
- (b) If for any reason (other than the occurrence of any of the events referred to in Section 10(a)(i) or (ii)), the foregoing indemnification is unavailable to or unenforceable by an Indemnified Party or insufficient to hold harmless the Indemnified Party, then the Indemnitor shall contribute to the amount paid or payable by the Indemnified Party as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect:
- (i) the relative benefits received by the Indemnitor on the one hand and the Agent and the Agent on the other hand, from the Offering; or
  - (ii) if the allocation provided by Section 10(b)(i) is not permitted by applicable law, in a proportion that reflects the relative benefits referred to in Section 10(b)(i) and also reflects the relative fault of the Indemnitor, on the one hand, and the Agent, on the other hand;

as well as any relevant equitable considerations; provided that the Indemnitor shall in any event contribute to the amount paid or payable by the Agent or any other Indemnified Party as a result of such expense, loss, claim, damage or liability and any excess of such amount over the amount of the aggregate fees that the Agent actually received and retained pursuant to this Agreement, and the Indemnitor agrees that it would not be just and equitable if contributions under this Agreement were determined by pro rata allocation or any other method of allocation which does not take into account the equitable considerations referred to in this Section 10(b).

- (c) The relative benefit received by the Indemnitor, on the one hand, and by the Agency Fee, on the other hand, from the Offering will be deemed to be in the same proportion that the total proceeds of the Offering received by the Indemnitor (net of the Agency Fee but before deducting expenses) bear to the Agency Fee received by the Agent. The relative fault of the Indemnitor, on the one hand, and of the Agent, on the other hand, with respect to the losses, claims, damages, liabilities, costs and expenses described in Section 10(a) will be determined by reference to, among other things, whether the losses, claims, damages, liabilities, costs and expenses relate to information supplied or which ought to have been supplied by or on behalf of, or steps or actions taken or done or which ought to have been taken or done by or on behalf of, the Indemnitor or the Agent and the parties’ relative intent,

knowledge, access to information and opportunity to correct or prevent the circumstances underlying the losses, claims, damages, liabilities, costs and expenses.

- (d) If any proceedings are or investigations are instituted which may result in a claim in respect of which indemnification may be obtained from the Indemnitor, and any Indemnified Party or any personnel of an Indemnified Party is required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with those proceedings or investigations, then: (i) the Indemnitor will pay the Indemnified Party for the time spent by the Indemnified Party or its personnel at their normal per diem rates, and for all other reasonable costs and out-of-pocket expenses that any of them may incur in connection with those proceedings or investigations, and (ii) the Agent shall have the right to employ its own counsel in connection with those proceedings or investigations, and the Indemnitor will pay the reasonable fees and expenses of such counsel incurred in connection with those proceedings or investigations, in each case as those costs or expenses are incurred.
- (e) Promptly after receipt of notice of the commencement of any such legal proceeding against any Indemnified Party or after receipt of notice of the commencement of any such investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Indemnified Party will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed. The failure of an Indemnified Party to promptly notify the Indemnitor as required by this Section 10(e) will relieve the Indemnitor of liability only to the extent that the Indemnitor is materially prejudiced by that failure.
- (f) The Indemnitor shall be entitled, but not required, to assume the investigation and defence or contestation on behalf of an Indemnified Party of any claim in respect of which indemnification may be obtained from the Indemnitor, and shall employ counsel selected by the Indemnitor and satisfactory to the Agent, acting reasonably. The Indemnified Parties will provide all necessary assistance to the Indemnitor in connection with such investigation, defence or contestation.
- (g) Notwithstanding the foregoing, an Indemnified Party will be entitled to employ counsel separate from counsel to the Indemnitor, and to participate in its defence, but the fees and expenses of that counsel will be at the expense of the Indemnified Party unless:
  - (i) the employment of that counsel has been authorized by the Indemnitor;
  - (ii) the Indemnitor fails to assume the defence on behalf of the Indemnified Party within ten (10) Business Days after receiving notice of the proceeding from the Indemnified Party; or
  - (iii) the named parties to the proceeding, including any added or third parties, include the Indemnified Party and the Indemnitor and the Indemnified Party has been advised in writing by counsel (or in the event of a dispute between such counsel, a court of competent jurisdiction has determined) that there are legal defences available to the Indemnified Party that are different from or in addition to those available to the Indemnitor or that representation of the Indemnified Party by counsel for the Indemnitor is inappropriate as a result of the potential or actual conflicting interests of those represented.

If separate counsel is employed by an Indemnified Party in the circumstances described under Sections 10(g)(i), (ii), or (iii):

- (iv) the Indemnitor will not have the right to assume the defence on behalf of the Indemnified Party in respect of the matters on which that counsel is retained; and
- (v) the Indemnitor will be liable to pay the reasonable fees and expenses of that counsel, provided that the Indemnitor will not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate law firm in that jurisdiction for all Indemnified Parties.
- (h) No admission of liability in respect of a claim will be made by the Indemnitor or an Indemnified Party without, in either case, the prior written consent of all parties admitting liability, which consent will not be unreasonably withheld. The Indemnitor will not be liable for any settlement made in respect of a claim by an Indemnified Party without the prior written consent of the Indemnitor, which consent will not be unreasonably withheld.
- (i) The provisions of this Section 10 are intended for the benefit of, and will be enforceable by, each of the Indemnified Parties, and the Agent is, for these purposes, acting as agent and trustee on behalf of each Indemnified Party other than the Agent.
- (j) The Indemnitor waives all rights of contribution that it may have against any Indemnified Party relating to any claim in respect of which the Indemnitor has agreed to indemnify the Indemnified Party under this Section 10.
- (k) The rights to indemnification set out in this Section 10 are in addition to, and not in derogation of, any other rights or remedies which the Indemnified Parties may have, and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnified Parties.
- (l) Neither the Indemnitor nor the Agent will be liable for indirect, punitive or special damages (including loss of profits, data, business or goodwill), regardless of the legal theory advanced or of any notice given as to the likelihood of such damages; provided that: (i) this provision shall not limit the indemnity or contribution rights as provided for in this Agreement or applicable law; and (ii) damages required to be paid an Indemnified Party to any third party may be considered direct damages.

## **11. Expenses**

Whether or not the purchase and sale of the Offered Units shall be completed as contemplated by this Agreement, all expenses of or incidental to the issue, sale and delivery of the Offered Units and of or incidental to all matters in connection with the transaction herein set out shall be borne by the Corporation including, without limitation, the reasonable fees of legal counsel for the Agent in connection with the Offering in Canada (which will not be more than \$95,000 for the Agent's Canadian counsel, and subject to additional local counsel fees as necessary in jurisdictions where the Corporation operates plus disbursements and any applicable taxes, subject to prior approval of the Corporation if such local counsel fees are expected to exceed \$2,500 in any particular jurisdiction and/or more than two jurisdictions require local counsel, in each case plus applicable taxes and disbursements) and the reasonable out-of-pocket expenses of the Agent.

## **12. Conditions**

All of the terms and conditions contained in this Agreement to be satisfied by the Corporation prior to the Closing Time shall be construed as conditions and any breach or failure by the Corporation to comply with any of such terms and conditions shall entitle the Agent to terminate the obligations thereof to complete the Closing by written notice to that effect given by the Agent to the Corporation prior to the Closing Time. It is

understood and agreed that the Agent may waive in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights thereof in respect of any other such term and condition or any other or subsequent breach or non-compliance; provided that to be binding on the Agent any such waiver or extension must be in writing and signed by or on behalf of the Agent. If the Agent shall elect to terminate the obligations thereof to complete the Closing as aforesaid, whether the reason for such termination is within or beyond the control of the Corporation, the liability of the Corporation hereunder shall be limited to the indemnity referred to in Section 10 hereof, the right to contribution referred to in Section 10 hereof and the payment of expenses referred to in Section 11 hereof.

### 13. **Right of First Refusal**

- (a) If at any time during the period from the date of this Agreement until January 24, 2020 (the “**Right of First Refusal Period**”) and provided that a Closing has occurred, the Corporation proposes to undertake a brokered offering of debt, equity securities, or securities convertible into equity securities, or engage a financial or corporate advisor in respect of any corporate transaction involving a merger or acquisition, or if the Corporation otherwise requires financial advisory services, the Corporation shall deliver written notice to the Agent, and hereby grants to the Agent a right of first refusal (“**Right of First Refusal**”) to serve as manager and exclusive placement agent for such financing or advisor for such financial advisory engagement.
- (b) In the event that the Agent exercises its Right of First Refusal, the Corporation and the Agent, will negotiate and enter into a separate agreement or other appropriate documentation for such engagement containing such terms and conditions and providing for such compensation as are customary for similar engagements, including, without limitation, appropriate indemnification provisions.
- (c) The Right of First Refusal must be exercised by the Agent within five Business Days following written notification from the Corporation, failing which the Agent shall relinquish its rights with respect to that particular engagement only, and the Corporation may engage any other agent, underwriter, and/or financial advisor (as the case may be) in connection with the proposed transaction, provided that the terms and conditions of any such engagement are no more favourable to such other agent, underwriter, or advisor than the terms and conditions offered to the Corporation by the Agent. For greater certainty, the Agent shall continue to have a Right of First Refusal in relation to any other brokered offering of debt, equity securities, or securities convertible into equity securities, or financial advisory services of the Corporation during the Right of First Refusal Period.
- (d) If, prior to, or any time after, providing the Agent with written notice in accordance with Section 13(a), the Corporation has received an offer from a third party to serve as manager, placement agent or financial advisor in connection with a financing or financial advisory engagement, the Corporation shall disclose to the Agent in writing the terms upon which such third party has proposed to act in such capacity, and the Agent shall be entitled to exercise its Right of First Refusal by notifying the Corporation, within five Business Days following such written notification from the Corporation, of its intention to match the terms proposed by such third party.

### 14. **Confidentiality**

- (a) The Agent shall keep strictly confidential and will only use for the purpose of performing its obligations hereunder, all information relating to the Corporation or its business that is of a confidential or proprietary nature, disclosed to it by the Corporation, its affiliates and their respective agents, advisors, directors, officers or employees in connection with this engagement, whether communicated in written form, orally, and whether or not designated as confidential or proprietary (“**Confidential Information**”); provided, however, that Confidential Information shall not include information which is generally available or known

to the public, other than as a result of improper disclosure by the Agent or their representatives, and information disclosed to the Agent by third parties in respect of which (to the Agent's knowledge) such third parties are not under an obligation of confidentiality to the Corporation.

- (b) Without the prior consent of the Corporation, the Agent shall not use or disclose to any other person any part of the Confidential Information, except if disclosure is required by law, by a Governmental Authority having jurisdiction over the Agent or the Corporation, or a stock exchange. The Agent shall ensure that each of its representatives, including employees and professional consultants, agents and any Selling Firms, if any, shall be made aware of and be bound by these confidentiality obligations prior to receiving any such Confidential Information.

## 15. Notices

Any notice, direction or other instrument required or permitted to be given to any party hereto shall be in writing and shall be sufficiently given if delivered personally, or transmitted by facsimile tested prior to transmission or via email to such party, as follows:

- (a) in the case of the Corporation:

1443 Spitfire Place  
Port Coquitlam, British Columbia V3C 6L4

Attention: Lynn Mueller  
Email: lynn.mueller@sharcenergy.com

- (b) in the case of the Agent:

Echelon Wealth Partners Inc.  
1 Adelaide Street East, Suite 2100  
Toronto, Ontario M5C 2V9

Attention: David G. Anderson, Head of Investment Banking  
Fax: (647) 436-7688  
Email: danderson@echelonpartners.com

A notice will, if personally delivered or sent by facsimile or email before 4:00 p.m. (local time at the place of delivery or receipt) on a Business Day, be deemed to be given and received on that day and will otherwise be deemed to be given and received on the next Business Day.

- (c) Any party hereto may change its address for service from time to time by notice given to each of the other parties hereto in accordance with the foregoing provisions.

## 16. Miscellaneous

- (a) Governing Law: This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the province of Ontario and the laws of Canada applicable therein. Any and all disputes arising under this Agreement, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the province of Ontario and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of such province sitting in the City of Toronto.

- (b) Time of Essence: Time shall be of the essence of this Agreement.
- (c) Survival: All representations, warranties, covenants, and indemnities set out in this Agreement or in any documents contemplated by, or delivered pursuant to, this Agreement or in connection with the purchase and sale of the Offered Units shall survive the purchase and sale of the Offered Units and the termination of this Agreement and shall continue in full force and effect for a period of two years from the applicable Closing Date, regardless of any subsequent disposition of Offered Units or any investigation by or on behalf of the Agent with respect thereto.
- (d) Amendment and Waiver: No amendment, discharge, modification, restatement, supplement, termination or waiver of this Agreement or any Section of this Agreement is binding unless it is in writing and executed by (or on behalf of) the party to be bound. No waiver of, failure to exercise, or delay in exercising, any Section of this Agreement constitutes a waiver of any other Section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.
- (e) Further Assurances: Each party to this Agreement will, at that party's own cost and expense, execute and deliver any further agreements and documents, take any further actions and provide any further assurances, undertakings and information as may be reasonably required by the requesting party to give effect to this Agreement.
- (f) Assignment and Enurement: Neither this Agreement nor any right or obligation under this Agreement may be assigned by any party without the prior written consent of the other parties. This Agreement enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.
- (g) Counterparts: This Agreement may be executed by any one or more of the parties to this Agreement by facsimile or other electronic communication or in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.
- (h) Entire Agreement: This Agreement, together with any other agreements and other documents to be delivered under this Agreement, constitutes the entire agreement between the Corporation and the Agent in connection with the issue and sale of the Offered Units by the Corporation and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written.
- (i) Severability: If any provision of this Agreement is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severed from this Agreement.

***[Signature page follows.]***

If this Agreement is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing this Agreement below and returning a signed copy to the Agent.

Yours truly,

**ECHELON WEALTH PARTNERS INC.**

Per: "David G. Anderson"  
David G. Anderson  
Head of Investment Banking

The undersigned hereby accepts and agrees to the foregoing as of the 8th day of March, 2019.

**SHARC INTERNATIONAL SYSTEMS INC.**

Per: "Lynn Mueller"  
Name: Lynn Mueller  
Title: Chief Executive Officer