

## AGENCY AGREEMENT

THIS AGREEMENT dated for reference March 6, 2013 is made

BETWEEN

**PROSPECT PARK CAPITAL CORP.**, Dundee Place, Suite 801 –  
1 Adelaide Street East, Toronto, Ontario M5C 2V9

(the “Issuer”);

AND

**CANACCORD GENUITY CORP.**, Suite 2200 – 609 Granville  
Street, Vancouver, British Columbia V7Y 1H2

(the “Agent”).

WHEREAS:

A. The Issuer wishes to raise money in accordance with the CPC Policy (as defined herein) and for the purposes set forth in its Prospectus (as defined herein), which is to be filed by the Issuer with the Commissions (as defined herein) and the Exchange (as defined herein), by offering for sale certain of its shares;

B. The Issuer wishes to appoint the Agent to distribute those shares and the Agent accepts the appointment on the terms and conditions of this Agreement;

THE PARTIES to this Agreement therefore agree:

### 1. DEFINITIONS

In this Agreement:

- (a) “Agent’s Commission” has the meaning given to it in Section 7.1;
- (b) “Agent’s Fee” means the fee which is set out in this Agreement and which is payable by the Issuer to the Agent in consideration of the services performed by the Agent under this Agreement;
- (c) “Agent’s Option” means the non-transferable option to purchase common shares of the Issuer to be issued to the Agent as part of the Agent’s Fee and which have the terms provided in this Agreement and the certificates representing such option;
- (d) “Agent’s Option Shares” means any common shares in the capital of the Issuer that may be issued on exercise of the Agent’s Option;
- (e) “Agreement in Principle” has the meaning defined in the CPC Policy;
- (f) “Applicable Legislation” means the securities acts in the Selling Provinces, the regulations and rules made thereunder, all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued by the

Commissions and the rules and policies of the Exchange, in particular, the CPC Policy;

- (g) “Approval Date” means the date the Shares commence trading on the Exchange;
- (h) “Certificates” means the certificates representing the Shares and Agent’s Option;
- (i) “Closing” means the closing of the purchase and sale, and the issuance by the Issuer, of the Shares;
- (j) “Closing Day” means such day following the Offering Day as may be agreed to by the Issuer and the Agent on which the Closing takes place;
- (k) “Commissions” means the securities commissions in the Selling Provinces;
- (l) “Corporate Finance Fee” means the fee to be paid to the Agent by the Issuer in consideration of corporate finance and structuring services provided by the Agent;
- (m) “CPC Policy” means Policy 2.4 of the Exchange entitled, “Capital Pool Companies” as may be amended by the Exchange from time to time;
- (n) “Distribution” means the distribution or sale of the Securities pursuant to this Agreement;
- (o) “Effective Date” means the date on which the Final Receipt is issued;
- (p) “Exchange” means the TSX Venture Exchange Inc.;
- (q) “Final Receipt” means the receipt issued for the final Prospectus by the Principal Regulator pursuant to National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* (“NP 11-202”), representing a final receipt for the Prospectus in each of the Selling Provinces;
- (r) “International Financial Reporting Standards” means the international financial reporting standards adopted by the International Accounting Standards Board;
- (s) “Interpretation Policy” means Policy 1.1 of the Exchange entitled, “Interpretation” as may be amended by the Exchange from time to time;
- (t) “Material Change” has the meaning defined in the Applicable Legislation;
- (u) “Material Fact” has the meaning defined in the Applicable Legislation;
- (v) “Misrepresentation” has the meaning defined in the Applicable Legislation;
- (w) “Offering” means the offering of the Shares under the Prospectus;
- (x) “Offering Day” means the day chosen by the Agent and the Issuer to contract the purchases of Shares by the purchasers;
- (y) “Offering Price” means \$0.20 per Share;
- (z) “Preliminary Receipt” means the receipt issued for the preliminary Prospectus by the Principal Regulator pursuant to NP 11-202;

- (aa) “Principal Regulator” means the Ontario Securities Commission;
- (bb) “Proceeds” means the gross proceeds of the Offering, less:
  - (i) the Agent’s Commission;
  - (ii) the Corporate Finance Fee;
  - (iii) the expenses of the Agent payable by the Issuer pursuant to section 14 which have not been repaid by the Issuer, less any amount previously paid to the Agent by the Issuer; and
  - (iv) any amount already received by the Issuer;
- (cc) “Prospectus” means the preliminary prospectus and the final prospectus filed or intended to be filed by the Issuer with the Regulatory Authorities in connection with the Offering and any amendments to the preliminary prospectus and final prospectus which may be filed with the Regulatory Authorities;
- (dd) “Qualifying Transaction” has the meaning defined in the CPC Policy;
- (ee) “Regulatory Authorities” means the Commissions and the Exchange;
- (ff) “Securities” means the Shares, Agent’s Option and Agent’s Option Shares;
- (gg) “Selling Provinces” means British Columbia, Alberta and Ontario;
- (hh) “Shares” means a minimum of 3,550,000 to a maximum of 4,000,000 previously unissued common shares of the Issuer to be offered by the Issuer pursuant to this Agreement having the terms provided in this Agreement; and
- (ii) “Significant Assets” has the meaning defined in the CPC Policy.

## **2. APPOINTMENT OF AGENT**

The Issuer appoints the Agent as its exclusive agent and the Agent accepts the appointment and will act as the exclusive agent of the Issuer to offer the Shares for sale under the Prospectus at the Offering Price on a commercially reasonable efforts basis.

## **3. THE SHARES**

The Shares will be issued and registered in the names and amounts reasonably requested by the Agent.

## **4. FILING OF PROSPECTUS**

4.1 The Issuer will cause the Prospectus to be filed with the Regulatory Authorities, will deliver all necessary copies of the Prospectus to the Regulatory Authorities and will use its commercially reasonable efforts to have the Prospectus accepted by the Regulatory Authorities.

4.2 The Issuer will provide the Agent with as many copies of the Prospectus as the Agent reasonably requests.

4.3 Delivery of the Prospectus and any amendment thereto shall constitute a representation and warranty by the Issuer to the Agent that all information and statements (except information and statements relating solely to the Agent or provided by the Agent) contained in the Prospectus and any amendment thereto are true and correct in all material respects at the time of delivery thereof and contain no Misrepresentations and constitute full, true and plain disclosure of all Material Facts relating to the Issuer and the Securities and that no Material Fact or material information has been omitted therefrom (except facts or information relating solely to the Agent or provided by the Agent) which is required to be stated therein or is necessary to make statements or information contained therein not misleading in light of the circumstances under which they were made. Such delivery shall also constitute the Issuer's consent to the Agent's use of the Prospectus, any amendment thereto and any other documents supplied to the Agent by the Issuer for the purpose of the sale of Shares in compliance herewith and with the Applicable Legislation.

## **5. LISTING APPLICATION AND CONDUCT OF THE OFFERING**

5.1 Prior to the Closing Day, the Issuer will apply to list the Shares and Agent's Option Shares on the Exchange and conditional approval of such application must be obtained from the Exchange prior to Closing.

5.2 Following the Effective Date, the Issuer and the Agent will set the Offering Day.

5.3 The Offering Day will be on or before the day which is:

- (a) 90 days after the Effective Date; or
- (b) if a receipt is issued for an amendment to the final Prospectus, 90 days after the date of such receipt,

and in any event, no later than 180 days after the Effective Date.

5.4 Immediately after the Offering Day, the Issuer shall use its commercially reasonable efforts to complete and file with the Exchange its application for listing with all other documentation required by the Exchange, to allow for the listing and posting for trading of the common shares of the Issuer on the Exchange, which is to occur no earlier than 10 days after the Offering Day and no later than five days after the Closing Day unless otherwise agreed to by the Agent.

5.5 The Agent will advise the Issuer and its counsel in writing when the Distribution under the Prospectus is complete.

## **6. OPINIONS AND CERTIFICATES**

6.1 On the Closing Day, the Issuer will deliver the following documents to the Agent and its counsel in a form acceptable to them:

- (a) evidence of the necessary approval of the Regulatory Authorities for the Offering;
- (b) an opinion of counsel for the Issuer, dated as of the Closing Day and addressed to the Agent and its counsel, relating to any legal matter in connection with the creation, issuance and sale of the Securities for which the Agent may reasonably request an opinion;

- (c) a certificate of the Issuer, dated as of the Closing Day and signed by the chief executive officer and chief financial officer of the Issuer or such other officers approved by the Agent, certifying certain facts relating to the Issuer and its affairs (the “Officers’ Certificate”); and
- (d) any other certificates, comfort letters or opinions in connection with any matter related to the Prospectus which are reasonably requested by the Agent or its counsel.

## **7. AGENT’S FEE**

7.1 In consideration of the services performed by the Agent under this Agreement, the Issuer agrees to pay the Agent a commission of 10% of the Offering Price per Share sold, whether purchased by the Agent for its own account or for its clients or purchased by other members of the Exchange for their own accounts or for their clients (the “Agent’s Commission”).

7.2 In consideration for acting as Agent, the Issuer will issue an Agent’s Option to the Agent or to members of its selling group as directed by the Agent entitling the Agent to purchase that number of Agent’s Option Shares equal to 10% of the Shares sold pursuant to the Offering. The Agent’s Option will be non-transferable and one Agent’s Option will entitle the holder to purchase one common share of the Issuer at an exercise price of \$0.20 per common share. The right to purchase Agent’s Option Shares under the Agent’s Option may be exercised at any time up to the close of business 24 months from the Approval Date at the Offering Price, provided that no more than 50% of the aggregate number of Agent’s Option Shares which may be acquired by the Agent on exercise of the Agent’s Option will be sold by the Agent prior to completion of the Qualifying Transaction. The terms governing the Agent’s Option will include, among other things, provisions for the appropriate adjustment in the class, number and price of the Agent’s Option Shares upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Issuer’s common shares, the payment of stock dividends or the amalgamation of the Issuer. The issue of the Agent’s Option will not restrict or prevent the Issuer from obtaining any other financing, nor from issuing additional securities or rights during the period within which the Agent’s Option is exercisable.

7.3 The Issuer agrees to pay to the Agent a Corporate Finance Fee of \$10,000.

## **8. MINIMUM SUBSCRIPTION**

8.1 The Offering is subject to a minimum subscription of 3,550,000 Shares.

8.2 All funds received by the Agent for subscriptions will be held in trust by the Agent until the minimum subscription has been obtained. Notwithstanding any other term of this Agreement, all subscription funds received by the Agent will be returned to the subscribers if the minimum subscription is not obtained by 5:00 p.m. on the Offering Day.

## **9. CLOSING**

9.1 On Closing, the Issuer will deliver the Certificates to the Agent against payment of the Proceeds.

9.2 If the Issuer has satisfied all of its obligations under this Agreement, on Closing, the Agent will pay the Proceeds to the Issuer against delivery of the Certificates.

9.3 The obligation of the Agent to pay the Proceeds to the Issuer shall be subject to the following conditions precedent:

- (a) the Agent shall have completed its due diligence on the Issuer to its reasonable satisfaction;
- (b) the Issuer shall have performed or complied with each covenant and obligation herein provided on its part to be performed or complied with;
- (c) each of the representations and warranties of the Issuer herein shall continue to be true, and the Officer's Certificate shall contain certification to that effect; and
- (d) the Issuer shall have, to the satisfaction of the Agent's counsel, taken or caused to be taken all steps and proceedings which may be requisite under the Applicable Legislation to qualify the Distribution of the Shares to the public in the Selling Provinces through registrants who have complied with the provision of the Applicable Legislation, including the filing and the obtaining of the Preliminary Receipt and the Final Receipt.

## **10. COVENANTS AND OBLIGATIONS**

10.1 The Issuer covenants and agrees that it has complied with and will abide by and comply with all Applicable Legislation and will complete all filings required of the Issuer under the Applicable Legislation and by the Exchange in connection with the Offering, the Prospectus and the listing of the Shares.

10.2 The Issuer covenants and agrees that:

- (a) it has not and will not carry on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction, until completion of a Qualifying Transaction; and
- (b) it has not entered into an Agreement in Principle.

10.3 If, after the Prospectus is filed with the Regulatory Authorities but before the conclusion of the Distribution, a Material Change or change in a Material Fact occurs in the affairs of the Issuer, the Issuer will:

- (a) notify the Agent immediately, in writing, with full particulars of the change;
- (b) file with the Regulatory Authorities as soon as practicable, and in any event no later than 10 days after the change occurs, an amendment to the Prospectus in a form acceptable to the Agent disclosing the Material Change; and
- (c) provide as many copies of that amendment to the Agent as the Agent may reasonably request.

10.4 The Issuer shall in good faith discuss with the Agent any fact or change in circumstances (actual and anticipated, contemplated or threatened, whether financial or otherwise) which is of such a nature that there is reasonable doubt as to whether notice in writing need be given to the Agent pursuant to the previous Subsection.

10.5 The Agent hereby covenants to use its commercially reasonable efforts to solicit subscriptions for all of the Shares in the Selling Provinces and, without limiting the generality of the foregoing:

- (a) ensure at least 1,000,000 of the Shares (or such lesser number as is acceptable to the Exchange) outstanding on the date the Shares are listed on the Exchange will be in the Public Float, as such term is defined in the Interpretation Policy;
- (b) ensure the ownership of the Shares by the Aggregate Pro Group (as defined in the Interpretation Policy) complies with section 14.8 of the CPC Policy; and
- (c) obtain subscriptions for the Shares from at least 200 purchasers (or such lesser number as is acceptable to the Exchange), each of such purchaser:
  - (i) purchasing at least 1,000 Shares, each free of Resale Restrictions (as such term is defined in the Interpretation Policy);
  - (ii) individually purchasing, directly or indirectly, no more than 2% of the Shares, and, in conjunction with such subscriber's Associates and Affiliates (as such terms are defined in the Interpretation Policy), purchasing no more than 4% if the Shares; and
  - (iii) not being a Non Arm's Length Party (as such term is defined in the Interpretation Policy) to the Issuer;

10.6 The Agent hereby covenants and agrees that it will not solicit subscriptions for Shares except in compliance with Applicable Legislation and the terms and conditions set forth in the Prospectus and this Agreement;

10.7 The Agent will only solicit subscriptions for the Shares from subscribers resident in the Selling Provinces in compliance with Applicable Legislation and the terms and conditions set out herein and will deliver to each subscriber a copy of the Prospectus sufficiently in advance of the Closing Day such that all withdrawal rights under Applicable Legislation will have expired at the time of closing on the Closing Day.

10.8 The Agent will close the subscription books and thereafter not receive any further subscriptions for the Shares at the earlier of such time:

- (a) as orders for the maximum number of Shares have been received (for certainty being 4,000,000 Shares); or
- (b) as prescribed by Applicable Legislation.

10.9 The obligation of the Agent to execute any certificate or deliver any documents pertaining to the Prospectus shall be conditional upon compliance by the Issuer to the date of such execution and delivery with each of its covenants contained in this Agreement to be complied with prior to the filing of the Prospectus, as the case may be.

10.10 The Agent covenants and agrees that it shall:

- (a) provide such notices and documents as may be required of an agent for the Prospectus in connection with the Offering by the Applicable Legislation; and

- (b) use its commercially reasonable efforts to deliver to the Issuer, for delivery to the Exchange, within three business days of the Closing Day, a summary statement (Form 2E of the Exchange) as required by section 3.2 of Policy 2.3 of the Exchange entitled, “Listing Procedures” as may be amended by the Exchange from time to time.

forthwith upon the proposal of such change, issuance, sale, disposition or agreement.

## **11. TERMINATION**

11.1 The Agent may terminate its obligations under this Agreement by notice in writing to the Issuer at any time before the Closing if:

- (a) there is an event, accident, governmental law or regulation or other occurrence of any nature which, in the opinion of the Agent, seriously affects or will seriously affect the financial markets or the business of the Issuer or the ability of the Agent to perform its obligations under this Agreement or an investor’s decision to purchase Shares;
- (b) an adverse Material Change or change in a Material Fact relating to any of the Securities occurs or is announced by the Issuer;
- (c) following a consideration of the history, business, products, property or affairs of the Issuer or its principals and promoters, or the state of the financial markets in general, or the state of the market for the Issuer’s securities in particular, or the possibility of investors exercising their statutory rights to withdraw from a purchase of the Issuer’s securities, the Agent determines, in its sole discretion, that it is not in the interest of investors to complete the Offering;
- (d) the Securities cannot, in the opinion of the Agent, be marketed due to the state of the financial markets, or the market for the Shares in particular; or
- (e) an enquiry or investigation (whether formal or informal) in relation to the Issuer, or the Issuer’s directors, officers or promoters, is commenced or threatened by an officer or official of any competent authority.

11.2 The Agent may terminate its obligations under this Agreement at any time if:

- (a) any order to cease trading (including communicating with persons in order to obtain expressions of interest) in the securities of the Issuer is made by a competent regulatory authority and that order is still in effect;
- (b) the Issuer is in breach of any term of this Agreement; or
- (c) the Agent determines that any of the representations or warranties made by the Issuer in this Agreement is false or has become false.

11.3 If the Agent exercises its right to terminate this Agreement, then the Issuer will immediately issue a press release setting out particulars of the termination.

11.4 The Agent, at its sole discretion, may terminate this Agreement in writing if a Final Receipt is not issued within 120 days of the reference date of this Agreement.



## 12. WARRANTIES AND REPRESENTATIONS

12.1 The Issuer warrants and represents to the Agent that:

- (a) the Issuer is a valid and subsisting corporation duly incorporated and in good standing under the laws of the jurisdiction in which it is incorporated, continued or amalgamated;
- (b) the Issuer is duly registered and licenced to carry on business in the jurisdictions in which it carries on business or owns property where so required by the laws of that jurisdiction and is not otherwise precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document;
- (c) the Issuer has full corporate power and authority to carry on its business as now carried on by it and to undertake the Offering and this Agreement has been, or will be by the Closing, duly authorized by all necessary corporate action on the part of the Issuer;
- (d) the Issuer has not carried on any business other than the identification and evaluation of assets or business in connection with a potential Qualifying Transaction, and will continue to limit its business in this manner until the completion of the Qualifying Transaction;
- (e) the Issuer has not entered into an Agreement in Principle and has no predetermined plans respecting an acquisition of Significant Assets;
- (f) all of the material transactions of the Issuer have been promptly and properly recorded or filed in its books or records and its minute books or records contain all records of the meetings and proceedings of its directors, shareholders, and other committees, if any, since inception;
- (g) the authorized capital of the Issuer is as disclosed in the Prospectus and the issued and outstanding common shares of the Issuer are fully paid and non-assessable and, except as disclosed in the Prospectus, no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any unissued shares in the capital of the Issuer or any other security convertible into or exchangeable for any such shares, or to require the Issuer to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital;
- (h) the Issuer has no subsidiaries;
- (i) the Issuer will reserve or set aside sufficient common shares in its treasury to issue the Shares and Agent's Option Shares;
- (j) the Prospectus will contain full, true and plain disclosure of all Material Facts in relation to the Issuer, its business and its securities, will contain no Misrepresentations, will be accurate in all material respects and will omit no fact, the omission of which will make such representations misleading or incorrect;
- (k) the financial statements of the Issuer which form part of the Prospectus have been prepared in accordance with International Financial Reporting Standards,

present fairly, in all material respects, the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Issuer as at the date of the financial statements and there have been no adverse material changes in the financial position of the Issuer since the date thereof, and the business of the Issuer has been carried on in the usual and ordinary course consistent with past practice except as fully and plainly disclosed in the Prospectus;

- (l) the auditors of the Issuer who audited the financial statements of the Issuer for the most recent financial year-end and who provided their audit report thereon have represented to the Issuer that they are independent public accountants as required under Applicable Legislation;
- (m) the Issuer has complied and will comply fully with the requirements of all applicable corporate and securities laws and administrative policies and directions, including, without limitation, Applicable Legislation and its regulations and the *Business Corporations Act* (Ontario) in relation to the issue and trading of its securities and in all matters relating to the Offering;
- (n) the Issuer is in compliance with all applicable laws, regulations and statutes in the jurisdictions in which it carries on business;
- (o) the issue and sale of the Securities by the Issuer does not and will not conflict with, and does not and will not result in a breach of, or constitute a default under (A) any statute, rule or regulation applicable to the Issuer including, without limitation, the Applicable Legislation; (B) the constating documents, by-laws or resolutions of the Issuer which are in effect at the date hereof; (C) any agreement, debt instrument, mortgage, note, indenture, instrument, lease or other document to which the Issuer is a party or by which it is bound; or (D) any judgment, decree or order binding the Issuer or the property or assets of the Issuer;
- (p) the Issuer is not a party to any actions, suits or proceedings which could materially affect its business or financial condition, and no such actions, suits or proceedings are contemplated or have been threatened;
- (q) there are no judgments against the Issuer which are unsatisfied, nor are there any consent decrees or injunctions to which the Issuer is subject;
- (r) there is not presently, and will not be until the conclusion of the Distribution, any Material Change or change in any Material Fact relating to the Issuer which has not been or will not be fully disclosed in the Prospectus;
- (s) no order ceasing, halting or suspending trading in securities of the Issuer nor prohibiting the sale of such securities has been issued to and is outstanding against the Issuer or its directors, officers or promoters or against any other companies that have common directors, officers or promoters and no investigations or proceedings for such purposes are pending or threatened;
- (t) the Issuer has filed all federal, provincial, local and foreign tax returns which are required to be filed, or has requested extensions thereof, and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, or any amounts due and payable to any governmental authority, to the extent that any of the foregoing is due and payable;

- (u) the Issuer has established on its books and records reserves which are adequate for the payment of all taxes not yet due and payable and there are no liens for taxes on the assets of the Issuer except for taxes not yet due, and there are no audits of any of the tax returns of the Issuer which are known by the Issuer's management to be pending, and there are no claims which have been or may be asserted relating to any such tax returns which, if determined adversely, would result in the assertion by any governmental agency of any deficiency which would have a material adverse effect on the properties, business or assets of the Issuer;
- (v) the Issuer does not have any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at "arm's length" (as such term is used in the *Income Tax Act* (Canada));
- (w) other than the Agent, no person, firm or corporation acting or purporting to act at the request of the Issuer is entitled to any brokerage, agency or finder's fee in connection with the transactions described herein; and
- (x) the warranties and representations in this Subsection are true and correct and will remain so as of the conclusion of the distribution under the Prospectus.

12.2 The Agent warrants and represents to the Issuer that:

- (a) it is a valid and subsisting corporation under the law of the jurisdiction in which it was incorporated, continued or amalgamated;
- (b) it is a member in good standing of the Exchange;
- (c) it has complied with and will fully comply with the requirements of all Applicable Legislation, its rules and regulations and the by-laws and rules of the Exchange, in relation to trading in the Securities and all matters relating to the Offering;
- (d) it is a registered dealer (or the equivalent) in each jurisdiction in which the Shares will be offered to purchasers pursuant to the Prospectus;
- (e) it will conduct activities in connection with arranging for the sale and distribution of the Shares in compliance with Applicable Legislation and provisions of this Agreement;
- (f) it will notify the Issuer when, in its sole opinion, the Distribution shall have ceased and provide the Issuer the distribution numbers for each jurisdiction where such breakdown is required for the purpose of calculating fees payable to the Commissions;
- (g) it will not make any representation or warranty with respect to the Issuer other than as set forth in the Agreement and the Prospectus without the prior approval of the Issuer;
- (h) it will not make use of any "greensheet" in respect of the Issuer and the Offering without prior approval of the Issuer;
- (i) it has good and sufficient rights to enter into this Agreement and to complete the transactions contemplated under this Agreement; and

- (j) it is not a “connected issuer” or a “related issuer” within the meaning of National Instrument 33-105 – *Underwriting Conflicts*.

### **13. ELIGIBILITY FOR INVESTMENT**

13.1 The Issuer covenants that it will use reasonable commercial efforts to obtain a letter (the "Confirmation Letter") from the Exchange confirming that the Shares will be listed on the Exchange on the Closing Day.

13.2 The Agent covenants that it will use reasonable commercial efforts to assist the Issuer with complying with Section 13.1.

13.3 The Issuer acknowledges that the Agent is relying on the Confirmation Letter with respect to sales of the Shares into TFSA, RRSP, RRIF or similar accounts and agrees that, if the Issuer does not obtain the Confirmation Letter, the Issuer will indemnify the Agent for any and all expenses, losses, fees, claims, actions, damages, obligations and liabilities, including the reasonable fees and expenses of its counsel, the Agent incurs in connection with any claims against the Agent in relation to penalties assessed by the Canada Revenue Agency against purchasers under the Offering as a result of the Shares not constituting "qualified investments" as defined in the *Income Tax Act (Canada)*.

### **14. EXPENSES OF AGENT**

14.1 The Issuer will pay all of the expenses of the Offering and all the expenses reasonably incurred by the Agent in connection with the Offering including, without limitation, the fees and expenses of the solicitors for the Agent.

14.2 The Issuer will pay the expenses referred to in the previous Subsection regardless of whether the Prospectus and this Agreement are accepted by the Regulatory Authorities or the transactions contemplated by this Agreement are completed or this Agreement is terminated, unless the failure of acceptance or completion or the termination is the result of a breach of this Agreement by the Agent.

14.3 The Agent may, from time to time, render accounts to the Issuer for its expenses for payment on the dates set out in the accounts.

14.4 The Issuer authorizes the Agent to deduct its reasonable expenses in connection with the Offering from the proceeds of the Offering, including expenses for which an account has not yet been rendered to the Issuer.

14.5 As of the date hereof, the Issuer has paid the sum of \$10,000 to the Agent as a deposit against the Agent's anticipated expenses.

### **15. INDEMNITY**

15.1 The Issuer and its affiliated companies, as the case may be, (collectively, the "Indemnitor") hereby agrees to indemnify and hold the Agent, and its affiliates, and each of their directors, officers, employees and agents (hereinafter referred to as the "Personnel") harmless from and against any and all expenses, losses (other than loss of profits), fees, claims, actions (including shareholder actions, derivative actions or otherwise), damages, obligations, or liabilities, whether joint or several, and the reasonable fees and expenses of their counsel, that may be incurred in advising with respect to and/or defending any actual or threatened claims,

actions, suits, investigations or proceedings to which the Agent and/or its Personnel may become subject or otherwise involved in any capacity under any statute or common law, or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Agent and its Personnel hereunder, or otherwise in connection with the matters referred to in this Agreement (including the aggregate amount paid in reasonable settlement of any such actions, suits, investigations, proceedings or claims that may be made against the Agent and/or its Personnel, provided that the Indemnitor has agreed to such settlement), provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

- (a) the Agent and/or its Personnel have been negligent or have committed wilful misconduct or any fraudulent act in the course of such performance; and
- (b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the negligence, wilful misconduct or fraud referred to in 15.1(a).

15.2 Without limiting the generality of the foregoing, this indemnity shall apply to all expenses (including legal expenses), losses, claims and liabilities that the Agent may incur as a result of any action or litigation that may be threatened or brought against the Agent.

15.3 If for any reason (other than the occurrence of any of the events itemized in 15.1(a) and 15.1(b) above), the foregoing indemnification is unavailable to the Agent or any Personnel or insufficient to hold the Agent or any Personnel harmless, then the Indemnitor shall contribute to the amount paid or payable by the Agent or any Personnel as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Agent or any Personnel on the other hand but also the relative fault of the Indemnitor and the Agent or any Personnel, 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 Personnel as a result of such expense, loss, claim, damage or liability any excess of such amount over the amount of the fees received by the Agent hereunder.

15.4 The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or the Agent by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, or shall investigate the Indemnitor and/or the Agent, and/or any Personnel of the Agent shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Agent, the Agent shall have the right to employ its own counsel in connection therewith provided the Agent acts reasonably in selecting such counsel, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Agent for time spent by the Agent's Personnel in connection therewith) and out-of-pocket expenses incurred by their Personnel in connection therewith shall be paid by the Indemnitor as they occur.

15.5 Promptly after receipt of notice of the commencement of any legal proceeding against the Agent or any of the Agent's Personnel or after receipt of notice of the commencement or any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Agent 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. However, the failure by the Agent to notify the Indemnitor will not relieve the Indemnitor of its obligations to indemnify the Agent and/or any Personnel. The Indemnitor shall, on behalf of itself and the Agent and/or any Personnel, as applicable, be entitled to (but not required) to assume the defence of any suit brought to enforce such legal proceeding; provided, however, that the defence shall be conducted through legal counsel acceptable to the Agent and/or any Personnel, as applicable, acting reasonably, that no settlement of any such legal proceeding may be made by the Indemnitor without the prior written consent of the Agent and/or any Personnel, as applicable, and none of the Agent and/or any Personnel, as applicable, shall be liable for any settlement of any such legal proceeding unless it has consented in writing to such settlement, such consent not to be unreasonably withheld. The Agent and its Personnel shall have the right to appoint its or their own separate counsel at the Indemnitor's cost provided the Agent acts reasonably in selecting such counsel.

15.6 The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Personnel of the Agent and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Agent and any of the Personnel of the Agent. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of this Agreement.

## **16. ASSIGNMENT AND SELLING GROUP PARTICIPATION**

16.1 The Agent may offer selling group participation in the normal course of the brokerage business to selling groups of other licensed dealers, brokers and investments dealers, who may or who may not be offered part of the commissions or warrants to be received by the Agent pursuant to this Agreement, but in no event shall the Issuer be required to pay a fee in excess of the Agent's Fee.

## **17. RIGHT OF FIRST REFUSAL**

17.1 The Issuer will notify the Agent (the "Financing Notice") of the terms of any further brokered equity financing (or securities convertible into equity) that it requires or proposes to obtain during the term of this Agreement and until that day (the "ROFR Termination Date") which is the earlier of:

- (a) that day which falls 24 months from the Approval Date; and
- (b) the date of closing of the Qualifying Transaction;

and the Agent will have the right of first refusal to provide any such financing proposed during that period. The Agent's right of first refusal will also pertain to any financing that is proposed to be completed concurrently or in connection with the Issuer's Qualifying Transaction notwithstanding that such financing is completed by an offering of securities in a target issuer involved in the Qualifying Transaction. For greater certainty, the Issuer will use its commercially reasonable efforts to ensure that any Target Company (as that term is defined in the CPC Policy) that will conduct a brokered equity financing in connection with the Qualifying Transaction agrees to grant the Agent a right of first refusal to provide such financing on the terms contained herein.

17.2 The Agent will also have a right of first refusal to provide sponsorship services (if required) for any Qualifying Transaction for the period ending on the ROFR Termination Date.

17.3 The Issuer will notify the Agent (the “Q.T. Notice”) of any Agreement in Principle which is reached with respect to a Qualifying Transaction during the term of this Agreement and before the ROFR Termination Date, and the Agent will have the right of first refusal to act as the Issuer’s sponsor with respect to the Qualifying Transaction if a sponsor is required by the Exchange.

17.4 In addition to the Q.T. Notice, the Issuer will provide the Agent with:

- (a) copies of the most recent audited financial statements and unaudited financial statements of the Issuer and appropriate financial information for any Significant Assets the Issuer proposes to purchase in the Qualifying Transaction (the “Target”), prepared as of a date satisfactory to the Agent; and
- (b) a copy of the Target’s business plan and, for a resource issuer, a copy of any technical reports related to the Target’s resource properties.

(collectively, the “Q.T. Reports”) in order that the Agent may undertake, at its own expense, an investigation of the business of the Target.

17.5 The right of first refusal must be exercised by the Agent:

- (a) within 7 days following the receipt of the Financing Notice by notifying the Issuer that it will provide such financing on the terms set out in the Financing Notice; or
- (b) within 7 days following the receipt of the Q.T. Notice and the Q.T. Reports by notifying the Issuer that it will provide sponsorship on terms to be mutually agreed upon by the parties.

17.6 If the Agent fails to give the applicable notice within 7 days, the Issuer will then be free to make other arrangements to obtain financing or sponsorship from another source on the same terms or on terms no less favourable to the Issuer.

17.7 The right of first refusal in relation to any Financing Notice will terminate on the ROFR Termination Date.

17.8 The right of first refusal in relation to a proposed Qualifying Transaction will terminate if, on receipt of a QT Notice, the Agent fails to exercise the right and the Issuer completes the Qualifying Transaction contemplated by such notice. For greater certainty, the right of first refusal in relation to a proposed Qualifying Transaction will not terminate if, on receipt of a QT Notice, the Agent fails to exercise the right and the Issuer does not complete the Qualifying Transaction contemplated by such notice.

## **18. NOTICE**

18.1 Any notice under this Agreement will be given in writing and must be delivered, sent by facsimile, or PDF transmission or mailed by prepaid post and addressed to the party to which notice is to be given at the address indicated above, or at another address designated by such party in writing.

18.2 If notice is sent by facsimile or PDF transmission or is delivered, it will be deemed to have been given at the time of transmission or delivery.

18.3 If notice is mailed, it will be deemed to have been received 48 hours following the date of mailing of the notice.

18.4 If there is an interruption in normal mail service due to strike, labour unrest or other cause at or prior to the time a notice is mailed the notice will be sent by facsimile transmission or will be delivered.

## **19. TIME**

Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the *Interpretation Act* (Ontario).

## **20. SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

The representations, warranties, covenants and indemnities of the parties contained in this Agreement will survive the closing of the purchase and sale of the Securities and shall continue in full force and effect for a period of two years following the Approval Date.

## **21. LANGUAGE**

Wherever a singular or masculine expression is used in this Agreement, that expression is deemed to include the plural, feminine or the body corporate where required by the context.

## **22. ENUREMENT**

This Agreement enures to the benefit of and is binding on the parties to this Agreement and their successors and permitted assigns.

## **23. HEADINGS**

The headings in this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement.

## **24. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement and supersedes any other previous agreement between the parties with respect to the Offering and there are no other terms, conditions, representations or warranties whether express, implied, oral or written by the Issuer or the Agent.

## **25. COUNTERPARTS**

This Agreement may be executed in two or more counterparts and delivered by facsimile or PDF transmission, each of which will be deemed to be an original and all of which will constitute one agreement, effective as of the reference date given above.



**26. LAW**

This Agreement and its application and interpretation will be governed exclusively by the laws prevailing in Ontario. The parties to this Agreement consent to the jurisdiction of the courts of Ontario, which courts shall have exclusive jurisdiction over any dispute of any kind arising out of or in connection with this Agreement.

This Agreement was executed and delivered as of the date given above.

**PROSPECT PARK CAPITAL CORP.**

Per: signed "Samuel Herschkowitz"  
Authorized Signatory

**CANACCORD GENUITY CORP.**

Per: signed "Frank G. Sullivan"  
Authorized Signatory