

## **STANDBY GUARANTEE AGREEMENT**

This agreement made the 22<sup>nd</sup> day of April, 2013 between:

**GreenBank Capital Inc.,**

- A company incorporated under the laws of the Province of British Columbia (the "Company")

**AND**

**Daniel Wettreich (the "Standby Guarantor")**

### **RECITALS:**

- A. The company intends to carry out an offering of Rights to the holders of record of its Common Shares in the Qualifying Jurisdictions pursuant to a Rights Offering Circular; and**
- B. The Standby Guarantor has agreed to act as guarantor of the Rights Offering and to purchase 100% of the Rights Shares that are not otherwise purchased under the Rights Offering on the terms and conditions set forth in this Agreement.**

**NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:**

### **1. DEFINITIONS**

#### **1.1 In this Agreement, including the Recitals hereto:**

- (a) "Additional Subscription Privilege" has the meaning given in Section 2.2**
- (b) "Basic Subscription Privilege" has the meaning given in Section 2.1**
- (c) "Business Day" means any day, other than a Saturday or a Sunday, upon which banks are open for business in the City of Toronto, Ontario**
- (d) "Closing Date" means that day which falls seven (7) Business Days following the Rights Expiry Date or such earlier date after the Rights Expiry Date that is practicable and as agreed between the Company and the Standby Guarantor;**
- (e) "Closing Time" has the meaning given in Section 8.1 of this Agreement;**
- (f) "Commissions" means the provincial securities commission or other regulatory authority in the Filings Jurisdictions;**
- (g) "Common Shares" means common shares in the capital of the Company;**
- (h) "Disclosure Record" means all Information Circulars, annual information forms, financial statements, management's discussion and analysis, press releases, material change reports, and other public documents filed by or with respect to the Company with applicable Commissions;**
- (i) "Exchange" means the Canadian National Stock Exchange ("CNSX");**
- (j) "Filing Jurisdictions" means each of the provinces of Canada, with the exception of Quebec;**

- (k) **"Governmental Entity" means**
- (i) **multinational, federal, provincial, territorial, municipal, local, or other governmental or public department, central bank, court commission, board, bureau, agency, or instrumentality, domestic or foreign;**
  - (ii) **any subdivision or authority of any of the foregoing; or**
  - (iii) **any quasi-governmental exercising a regulatory, expropriation or taxing authority under or for the account of any of the above**
- (l) **"Laws" means any and all applicable laws including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, instruments, policies, guidelines, and general principles of common law and equity, binding on or affecting the Person referred to;**
- (m) **"Material Adverse Change" means any change, development, event or occurrence with respect to the business, condition (financial or otherwise), properties, assets, liabilities (contingent or otherwise), capital operations, or results of operations of the Company and its subsidiaries on a consolidated basis, that is, or would reasonably be expected to be material and adverse to the Company**
- (n) **"Misrepresentation" means**
- (i) **A "misrepresentation" as defined in Section 1(1) of the Securities Act; or**
  - (ii) **As to any document, any untrue statement of the material fact or omission to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;**
- (o) **"NI 45-101" means National Instrument 45-101 Rights Offerings of the Canadian Securities Administrators;**
- (p) **"Non-Qualifying Jurisdiction" means any Jurisdiction other than the Qualifying Jurisdictions;**
- (q) **"Person" means an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, association, trust, estate, custodian, trustee, executor, administrator, nominee, or other entity or organization, including (without limitation) a Governmental Entity or political subdivision or an agency or instrumentality thereof;**
- (r) **"Qualifying Jurisdictions" means other jurisdictions outside Canada where it is lawful to mail the Rights Offering Circular and the certificates representing the Rights to Shareholders resident therein;**
- (s) **"Record Date" means the record date for the purpose of the Rights Offering that will be established by the Company;**
- (t) **"Regulatory Authorities" means the Commissions and the Exchange**
- (u) **"Rights" means the non-transferable rights that will be distributed to each Shareholder on the Record Date to subscribe for Rights Shares at the Subscription Price under the Rights Offering;**
- (v) **"Rights Expiry Date" has the meaning given in Section 2.1 of this Agreement;**
- (w) **"Rights Expiry Time" means 5:00 p.m. (Toronto time) on the Rights Expiry Date;**

- (x) "Rights Offering" means the offering of the Company of the Rights undertaken in accordance with Article 2;
- (y) "Rights Offering Circular" means the Rights Offering Circular
- (z) "Rights Shares" means the Common Shares which may be issued on exercise of the Rights;
- (aa) "Securities" means the Rights, the Rights Shares, and the Standby Shares;
- (bb) "Securities Act" means the *Securities Act* (British Columbia), as amended;
- (cc) "Securities Laws" means all applicable securities laws of each of the Qualifying Jurisdictions and the applicable rules of the Exchange;
- (dd) "SEDAR" means the System for Electronic Document Analysis and Retrieval (SEDAR) as further described in National Instrument 13-101 of the Canadian Securities Administrators;
- (ee) "Shareholder" means a holder of record of Common Shares of the Company;
- (ff) "Standby Fee" has the meaning given in Section 3.1 of this Agreement;
- (gg) "Standby Guarantee" has the meaning given in Section 3.1 of this Agreement;
- (hh) "Standby Guarantor" has the meaning given on the cover page of this Agreement;
- (ii) "Standby Shares" means the Rights Shares which remain unsubscribed for by holders of Rights on the Rights Expiry Date, to a maximum of 100% of all Rights Shares issuable under the Rights Offering;
- (jj) "Subscription Price" has the meaning given in Section 2.1;

**1.2 Headings etc.** The division of this Agreement into articles, sections, paragraphs, and clauses and the provision of headings are for the convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereunder", and similar expressions refer to this Agreement as a whole, and not to any particular article, section, paragraph, clause, or other portion of this Agreement and include any agreement or instrument supplemental or ancillary to this Agreement. Unless something in the subject matter or context is inconsistent therewith, references in this Agreement to articles, sections, paragraphs, or clauses are to articles, sections, paragraphs, or clauses of this Agreement.

**1.3 Plurality and Gender.** Words importing the singular number only will include the plural and vice versa, words importing any gender will include all genders.

**1.4 Currency.** Unless otherwise specifically stated, all references to dollars and cents in this Agreement are to the lawful currency of Canada

**1.5 Governing Law.** This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each party hereby unconditionally and irrevocably submits to the nonexclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising out of this Agreement

**1.6 Severability.** If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part

thereof and the remaining part of such provision and all other provisions of this Agreement will continue in full force and effect. The parties to this Agreement agree to negotiate in good faith a substitute provision which will be as close as possible to the intention of any invalid or unenforceable provision as may be valid or enforceable. The invalidity or unenforceability of any provision in any particular jurisdiction will not affect its validity or enforceability in any other jurisdiction where it is valid or enforceable.

**1.7 Statutes.** Any reference to a statute, act, or law will include and will be deemed to be a reference to such statute, act, or law and to the regulations, instruments, and policies made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute, act or law that may be passed which has the effect of supplementing or superseding such statute, act, or law so referred to.

## **2. CONDUCT OF THE RIGHTS OFFERING**

**2.1 Terms of Rights Offering.** Pursuant to the Rights Offering, the Company will distribute, on a pro rata basis at no charge, Rights to each Shareholder resident in the Qualifying Jurisdictions as of the Record Date on the basis of one Right for each Common Share held. Each such Right will not be transferable. Four Rights will entitle the holder to purchase, at the election of such holder, one Rights Share (the "Basic Subscription Privilege") at a price per Rights Share equal to \$0.015 (the "Subscription Price").

**2.2 Additional Subscription Privilege.** Pursuant to the Securities Laws, each holder of Rights who exercises its full Basic Subscription Privilege will be entitled, on a pro rata basis (based on the number of Rights which it exercised under the Basic Subscription Privilege as a proportion of all Rights exercised under the Basic Subscription Privilege) to subscribe for additional Rights Shares at the Subscription Price, to the extent that other holders of Rights do not exercise all of their Rights under the Basic Subscription Privilege (the "Additional Subscription Privilege").

## **3. STANDBY GUARANTEE**

**3.1 Standby Guarantee.** On the Closing Date, the Standby Guarantor will purchase 100% of the Rights Shares, issuable under the Rights Offering, which remain unsubscribed for by holders of Rights (the "Standby Guarantee").

**3.2 Payment for Standby Shares.** Subject to and in accordance with the terms of this Agreement, on the Closing Date, the Standby Guarantor will pay in immediately available funds by wire transfer to an account designated by the Company, or by certified cheque payable to the Company, the aggregate Subscription Price that is payable for the Standby Shares to be purchased by the Standby Guarantor hereunder, and the Company will issue the Standby Shares to the Standby Guarantor and deliver the certificate(s) representing such Standby Shares as soon as practicable thereafter.

**3.3 Evidence of Financial Ability.** The Standby Guarantor will provide to the Company evidence that the Standby Guarantor has the financial ability to carry out the “stand-by commitment” (as defined under NI 45-101) constituted by this Agreement, as required as Part 6 of NI 45-101.

**3.4 RESTRICTIONS ON SALE:** The Standby Guarantor agrees to sell the Standby Shares only in accordance with all applicable securities laws, and not to sell or distribute, directly, or indirectly, the Standby Shares in such a manner as to:

- (a) Require registration by the Company of the Standby Shares, or the filing by the Company of a prospectus or any similar document in any jurisdiction; or
- (b) Result in the Company becoming subject to reporting or disclosure obligations to which it is not subject as at the date of this Agreement.

**3.5 Standby Fee.** As compensation for performing its obligations under this Agreement, the Company has agreed to pay the Standby Guarantor a fee equal to \$0 (the “Standby Fee”)

**3.6 COVENANTS OF THE COMPANY.** Subject to and in accordance with the terms of this Agreement, the Company agrees with the Standby Guarantor that:

- (a) **Rights Offering Circular and Qualification.** The Company will take all steps that may be necessary in order to qualify the distribution of Rights, the Rights Shares, and the Standby Shares in the Filing Jurisdictions.
- (b) **Consents and Approvals.** The Company will use commercially reasonable efforts to obtain all necessary consents, approvals or exemptions in the Filing Jurisdictions for the creation, offering and issuance of the Securities.
- (c) **Obtaining of Report.** The Company will cause its transfer agent to deliver to the Company, as soon as is practicable following the Rights Expiry Time, details concerning the total number of Rights Shares duly subscribed and paid for by the holder of Rights under the Rights Offering, including (without limitation) those subscribed and paid for pursuant to the Additional Subscription Privilege.

#### **4. MATERIAL CHANGES**

**Material Changes during Distribution.**

- (a) During the period from the date of this Agreement to the Closing Date, the Company will promptly notify the Standby Guarantor in writing of any material change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company and its subsidiaries taken as a whole.

**(b) During the period from the date of this Agreement to the Closing Date, the Company will promptly notify the Standby Guarantor in writing of:**

- (i) Any material fact that has arisen or been discovered and that would be required to be disclosed in the Rights Offering and**
- (ii) Any change in any material fact contained in the Rights Offering Circular, including (without limitation) all documents incorporated by reference, which fact or change is, or may be, of such a nature as to result in a Misrepresentation in the Rights Offering Circular that would result in the Rights Offering Circular not complying with applicable Securities Laws.**

#### **5. WARRANTIES AND REPRESENTATIONS OF THE COMPANY**

**Representations.** The Company warrants and represents to the Standby Guarantor that.

- (a) It and its subsidiaries have been duly incorporated and organized and are validly existing and in good standing under the Laws of their respective corporate jurisdictions.**
- (b) It has all requisite corporate power to enter into and perform this Agreement**
- (c) The Standby Shares will at the time of issuance be duly and validly issued as fully paid and non-assessable.**
- (d) No order ceasing or suspending the trading of the Company's Common Shares has been issued to or is outstanding against the Company**
- (e) The execution, delivery and performance by the Company of this Agreement:**
  - (i) Does not and will not, with the giving of notice, the lapse of time or the happening of any other event or condition, violate its articles or result in a breach of, a violation of, or constitute a default under, or conflict with, any provision of any material indenture, mortgage, agreement contract or other material instrument by which it is bound; and**
  - (ii) Does not and will not result in the violation of any applicable laws.**

#### **6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF STANDBY GUARANTOR**

**Representations.** The Standby Guarantor represents and warrants to the Company that:

- (a) He is an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus and Registration Exemptions of the Canadian Securities Administrators.**
- (b) This Agreement has been duly executed and delivered by the Standby Guarantor and constitutes a legal, valid, and binding obligation of the Standby Guarantor, enforceable against it in accordance with its terms.**
- (c) He has, and on the Closing Date will have (regardless of the number of Rights that are exercised by the holders of Rights prior to the Rights Expiry Time), the financial ability and sufficient funds to make and complete the payment for the Standby Shares that he**

has committed to purchase pursuant to the Standby Guarantee, and the availability of such funds is not and will not be subject to the consent, approval, or authorization of any other Person. The Standby Guarantor acknowledges and covenants that he will, in connection with Section 6.1 of NI 45-101, deliver to the Company satisfactory evidence of the foregoing.

- (d) He has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Standby Shares and is able to bear the economic risks of such investment.

## **7. CLOSING AND CONDITIONS**

**7.1** The closing of the purchase by the Standby Guarantor and the sale by the Company of the Standby Shares to be purchased by the Standby Guarantor hereunder will be completed at the offices of the Company on the Closing Date or at such other time and/or on such other date and/or such other place as the Company and the Standby Guarantor may agree upon in writing. On such date, and upon payment being made by the Standby Guarantor for the Standby Shares in accordance with Section 3.2, the Company will issue and thereafter deliver as soon as practicable, to the Standby Guarantor certificates representing the Standby Shares, registered in the name of the Standby Guarantor.

**7.2** The Company will, at the Closing Time, and upon such payment being made by the Standby Guarantor for the Standby Shares, pay the Standby Fee, if any, to the Standby Guarantor in accordance with the Standby Guarantee.

**7.3** The obligation of the Standby Guarantor to complete the transaction set out in this Agreement is subject to the following conditions being satisfied in full:

- (a) There will not be any claims, litigation, investigations or proceedings in progress, or to the knowledge of the Company, pending, commenced or threatened in respect of the Rights Offering that, should they succeed, would result in a Material Adverse Change;
- (b) The Exchange will have conditionally accepted the issuance of Rights, the Rights Shares, and the Standby Shares, subject to receipt of customary final documentation;
- (c) The representations and warranties of the Company will be true and accurate as of the Closing Time as if made on and as of such time;
- (d) The terms of the Rights Offering will not have been changed; and
- (e) The completion of the Rights Offering in accordance with the Rights Offering Circular.

**7.4** The Company agrees that the conditions contained in Section 8.3 will be complied with so far as such conditions relate to acts to be performed or to be caused to be performed by the Company

and that it will use its commercially reasonable efforts to cause such conditions to be complied with.

**7.5** Provided that the Company has used commercially reasonable efforts to comply with (or cause to be complied with) such conditions, the Company's obligation to complete the transactions set out in this Agreement is subject to the following conditions being satisfied in full:

- (a)** There will be no inquiry, investigation (whether formal or informal) or other proceeding commenced in relation to the Company or any of its subsidiaries or in relation to any of the Company's directors and officers, any of which suspends or ceases trading in the Rights or Rights Shares or operates to prevent or restrict the lawful distribution of the Securities; and
- (b)** There will be no order issued by a Governmental Entity and no change of law, either of which operates to prevent or restrict the lawful distribution of the Securities.

## **8. TERMINATION**

**8.1 Termination by the Company.** The company will be entitled, at any time and in its sole discretion, to elect to terminate this Agreement by giving written notice of such election to the Standby Guarantor if the Rights Offering is otherwise terminated or cancelled, provided however that the Company will be entitled to make such election to terminate only if the Company has used commercially reasonable efforts to comply with its obligations under this Agreement.

**8.2 Termination by the Standby Guarantor.** The standby Guarantor will be entitled by giving written notice to the Company at any time prior to the Rights Expiry Time, to terminate and cancel, without any liability on his part, his obligations under this Agreement if:

- (a)** Any inquiry, investigation (whether formal or informal) or other proceeding is commenced by a Governmental Entity pursuant to applicable laws in relation to the Company or any of its subsidiaries or in relation to any of the Company's directors and officers, any of which suspends or ceases trading in any of the Securities or operates to prevent or restrict the lawful distribution of any of the Securities;
- (b)** If any order is issued by a Governmental Entity, or if there is any change of law, wither of which suspends or ceases trading in any of the Securities or operates to prevent or restrict the lawful distribution of any of the Securities.
- (c)** Any Material Adverse Change occurs at any time following the execution of this Agreement by the Standby Guarantor;
- (d)** The Common Shares are de-listed or suspended or halted from trading for a period greater than five Business Days for any reason by the Exchange at any time prior to the closing of the Rights Offering;

(e) The conditions set forth in Section 8.3 have not been fulfilled on or before the Closing Date.

**8.3** Despite any other provision of this Agreement, if the Company or the Standby Guarantor validly terminates this Agreement in accordance with this Article 8, the obligations of both the Company and the Standby Guarantor under this Agreement will terminate, and there will be no further liability on the part of the Standby Guarantor to the Company or on the Company's part to the Standby Guarantor hereunder.

**9. NOTICE** Any notice under this agreement will be given in writing and must be delivered, sent by facsimile 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. If notice is sent by facsimile or is delivered, it will be deemed to have been given at the time of transmission or delivery. If notice is mailed, it will be deemed to have been received three business days following the date of the mailing of the notice. If there is an interruption in normal mail service due to strike, labor unrest or other cause at or prior to the time a notice is mailed, the notice will be sent by facsimile or will be delivered.

## **10. GENERAL**

**10.1 Further Assurances.** From time to time after the date of this Agreement, the parties to this Agreement will execute, acknowledge, and deliver to the other parties such other instruments, documents, and certificates and will take such other actions as the other parties may reasonably request in order to consummate the transactions contemplated by this Agreement.

**10.2 Assignment:** This Agreement may not be assigned by any party to this Agreement, by operation of law or otherwise, without prior written consent of the other parties to this Agreement.

**10.3 Enurement:** This Agreement will enure to the benefit of and be binding upon the parties to this Agreement and their respective heirs, executors, successors, and permitted assigns.

**10.4 Waiver:** Failure by any party to this Agreement to insist in any one or more instances upon the strict performance of any one of the covenants or rights contained in this Agreement will not be construed as a waiver or relinquishment of such covenant or right. No waiver by either party to this Agreement of any such covenant or right will be deemed to have been made unless expressed in writing and signed by the waiving party.

**10.5 Amendments.** No term or provision of this Agreement may be amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of the amendment, discharge, or termination is sought.

**10.6 Counterparts and Facsimile.** This Agreement may be executed in several counterparts and by facsimile, each of which, when so executed, will be deemed to be an original and such counterparts and facsimiles together will constitute one and the same instrument and despite their date of execution, they will be deemed to be dated as of the date of this Agreement. This Agreement will be deemed to have been entered into and to have become effective at the location at which the Standby Guarantor will have signed an original, counterpart or facsimile version thereof, without regard to the place at which the Company will have signed this Agreement.

**10.7 Time.** Time is of the essence of this Agreement

**10.8 Entire Agreement.** This Agreement and any other agreements and other documents referred to in this Agreement and delivered in connection with this Agreement constitutes the entire agreement between the parties to this Agreement pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations, and discussion, whether oral or written, between the parties with respect to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date above written.

DANIEL WETTREICH

  
Authorized Signatory

GREENBANK CAPITAL INC.

By 