

May 7, 2019

**PRIVATE AND CONFIDENTIAL**

**Cross River Ventures Corp.**  
3-4607 Main Street  
Vancouver BC V5V 3R6

**Attention: John Fraser, CEO**

Dear Sir:

**Re: Cross River Ventures Corp. Initial Public Offering**

Haywood Securities Inc. ("**Haywood**"), hereby offers to act as lead agent for Cross River Ventures ("**Cross River**" or the "**Company**") in connection with the proposed initial public offering of common shares (the "**Offered Common Shares**") of the Company (the "**IPO**") and concurrent listing (the "**Listing**") of the common shares (the "**Common Shares**") of the Company on the Canadian Securities Exchange (the "**Exchange**").

The Offered Common Shares will be offered by way of long-form prospectus to be filed in each of the Canadian Qualifying Jurisdictions (as hereinafter defined) pursuant to National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**").

Certain indicative terms and conditions of the IPO are as set out in the term sheet attached hereto as Schedule "**A**", which Schedule forms part of this agreement.

The IPO is subject to the following terms and conditions:

1. No Underwriting Commitment. Notwithstanding anything to the contrary contained herein or any oral representations or assurances previously or subsequently made by the parties hereto, this agreement does not constitute a commitment by or legally binding obligation of the Agents (as hereinafter defined) or any of their respective affiliates to act as underwriters, initial purchasers, arrangers, and/or placement agents in connection with any offering of securities of the Company, including the Offered Common Shares, or to provide or arrange any financing. The final terms of the offering of the Offered Common Shares will be subject to the provisions of the Agency Agreement (as hereinafter defined), as described in subsection 15(f) herein.
2. Offering Basis. Haywood agrees to act as the lead manager and sole bookrunner in connection with the IPO and will have an agency participation of not less than 60% of the IPO, but which may be as high as 100% in the event that no other agent is involved in the IPO for any reason whatsoever. The Company shall ensure that its senior officers are available to participate in the marketing of the IPO, including attendance at roadshows, investor meetings and assisting in the preparation of marketing materials. All orders and expressions of interest shall be referred to Haywood.

**Head Office – Vancouver**

Waterfront Centre  
200 Burrard Street, Suite 700  
Vancouver, BC V6C 3A6

Phone: (604) 697-7100  
Facsimile: (604) 697-7499  
Toll-Free: (800) 663-9499

**Calgary**

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Suite 301  
Calgary, AB T2P 1M9

Phone: (403) 509-1900  
Facsimile: (403) 509-1999  
Toll-Free: (877) 604-0044

**Toronto**

Brookfield Place, 181 Bay Street  
Suite 2910, Box 808  
Toronto, ON M5J 2T3

Phone: (416) 507-2300  
Facsimile: (416) 507-2350  
Toll-Free: (866) 615-2225

3. IPO Size and Pricing. It is anticipated that the IPO will seek aggregate gross proceeds of approximately \$400,000. The definitive size of the IPO and the price per Offered Common Share (the "Issue Price") will be decided based on negotiations between the Agents (as hereinafter defined) and the Company prior to the filing of the Final Prospectus (as hereinafter defined). The Company grants the Agents an option (the "**Over-Allotment Option**"), exercisable, in whole or in part by Haywood, on behalf of the Agents, giving notice to the Company up to 48 hours prior to the Closing Date (as hereinafter defined) to sell up to an additional number of Offered Common Shares (the "**Additional Offered Common Shares**") equal to 15% of the Offered Common Shares sold pursuant to the IPO at a price per Additional Offered Common Share equal to the Issue Price. All references herein to "IPO" shall be deemed to include the Over-Allotment Option and all references herein to Offered Common Shares shall be deemed to include the Additional Offered Common Shares.
4. Syndicate Arrangements. This offer is subject to the formation of an agency syndicate satisfactory to Haywood. Haywood reserves the right to invite one or more investment dealers to form the agency group (Haywood, together with such other dealers, being referred to, collectively, as the "**Agents**") to participate in the IPO, provided that Haywood will at all times be the lead agent and sole bookrunner for the IPO. Haywood shall have the right to select syndicate members, subject to prior consultation with the Company, and shall control all syndicate arrangements.
5. Jurisdictions. Subject to compliance with applicable regulatory requirements, the Offered Common Shares will be offered for sale on a best-efforts agency basis to purchasers resident in British Columbia, Alberta and Ontario (the "**Canadian Qualifying Jurisdictions**") and/or to eligible purchasers resident in jurisdictions other than Canada that are mutually agreed to by the Company and Haywood, each acting reasonably (together with the Canadian Qualifying Jurisdictions, the "**Qualifying Jurisdictions**").
6. Exchange Listing. The Company will apply for a listing of its Common Shares on the Exchange. It shall be a condition of closing of the IPO that the Common Shares are listed on the Exchange concurrently with the closing of the IPO.
7. Prospectus. The Company will prepare, with the assistance of the Agents and with the advice of the respective legal counsel for the Company and the Agents, a preliminary long-form prospectus (the "**Preliminary Prospectus**") and a final long-form prospectus (the "**Final Prospectus**"), each pursuant to NI 41-101 with respect to the IPO. The Company will be responsible for the preparation and filing of each of the Preliminary Prospectus and the Final Prospectus, and any U.S. placement memorandum or other "wrapper" (collectively, the "**Prospectus Supplements**") as may be required under the applicable laws in jurisdictions outside of Canada, the documentation required for the Listing, and all other documentation required for the IPO. The Agents and their counsel will be entitled to participate fully in the preparation of each of the Preliminary Prospectus and the Final Prospectus, Prospectus Supplements, the listing application to the Exchange in connection with the Listing and all related documentation and shall review all documents incorporated by reference therein.
8. Review by Agents. Prior to the filing of each of the Preliminary Prospectus and the Final Prospectus, the Company shall allow the Agents to conduct all due diligence investigations which the Agents may reasonably require to fulfil their obligations as agents under section 14 of this agreement and to execute the certificate required of them in each of the Preliminary Prospectus and the Final Prospectus.
9. Auditor Due Diligence. The Company agrees to undertake to do all such things as are necessary to enable the Company's auditors to attend and participate in any due diligence teleconference or meeting, including, if necessary, retaining at the Company's expense the Company's independent auditors to conduct a review of: (i) the audited comparative financial statements for the previous three completed financial years and provide an auditor's report therefor; (ii) unaudited comparative financial statements for the most recent interim or quarterly period and provide a long-form comfort letter therefor; and (iii) any such other materials

deemed necessary by the Company's auditors to enable their participation in any due diligence teleconference or meeting requested by the Agents.

10. Concurrent Offerings. The Company agrees that it will not, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any additional Common Shares or any securities convertible into or exchangeable for Common Shares, other than pursuant to (i) the exercise of the Over-Allotment Option; (ii) the grant or exercise of stock options and other similar issuances pursuant to any stock option plan or similar share compensation arrangements in place prior to the Closing Date; (iii) the issue of Common Shares upon the exercise of convertible securities, warrants or options outstanding prior to the Closing Date; and (iv) previously scheduled property and/or other corporate acquisitions, from the date hereof and continuing for a period of 90 days from the Closing Date without the prior written consent of Haywood, such consent not to be unreasonably withheld or delayed.
11. Sales by Management. The Company's officers and directors will agree, prior to closing, not to sell, or agree sell (or announce any intention to do so), any common shares or securities exchangeable or convertible into common shares of the Company for a period of 90 days from Closing without the prior written consent of Haywood, such consent not to be unreasonably withheld.
12. Material Changes. The Company represents and warrants to the Agents that, as of the date hereof, there are no material facts or material changes relating to the Company which have not been publicly disclosed.
13. Power & Authority. The Company represents and warrants to the Agents, and acknowledges that the Agents are relying upon such representations and warranties, that: (i) it has the requisite corporate power, authority and capacity to enter into this agreement and to perform the transactions contemplated herein and (ii) it is not party to any instrument or subject to any order or ruling which restricts or might restrict its ability to perform the transactions contemplated herein.
14. Due Diligence. The Agents, their counsel and their other professional advisors shall have the right to conduct such due diligence with respect to the Company, its financial position and its properties as the Agents and their counsel may reasonably determine, including meeting with senior management of the Company, and the Company shall make arrangements, on a timely basis, for the Agents to meet with its independent engineers and the auditors of the Company prior to the closing of the IPO. The Company will make available to the Agents and their legal counsel, on a timely basis, all corporate and operating records, material contracts, reserve reports, technical reports, financial information, budgets and other relevant information necessary in order to complete the due diligence investigation of the business, properties and affairs of the Company as well as of its directors, officers and employees. The Agents shall have the right to terminate this agreement resulting from the Company's acceptance of this offer if such due diligence reveals any material adverse information concerning the Company and its subsidiaries or affiliates, on a consolidated basis. The Company agrees that, during the term of this engagement, the Agents and their legal counsel will be kept informed of all material business and financial developments affecting the Company and its properties and affairs, whether or not requested by the Agents or their legal counsel. For greater clarity, only upon Haywood being satisfied with its due diligence review of the Company will the proposed IPO close.
15. Preceding Steps. The completion of the IPO and the obligations of the Agents will be preceded by the following steps, in addition to any other events set out in this letter agreement or in the Agency Agreement contemplated herein:
  - (a) The Company having satisfied the Exchange's listing criteria (other than those criteria relating to the distribution of the Common Shares and financial criteria to be satisfied upon completion of the IPO)

and having received conditional approval to the Listing from the Exchange on customary terms and conditions;

- (b) The Company having delivered financial statements compliant with Canadian prospectus disclosure standards or having obtained exemptions or waivers therefor from applicable Canadian securities regulatory authorities;
- (c) The Company having received a receipt for the Final Prospectus;
- (d) The Company having delivered typical documentation in support for the IPO and Listing including, *inter alia*, legal opinions and a long-form comfort letter from its independent auditors;
- (e) The Company having delivered a technical report on its material properties in compliance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*;
- (f) The Company shall enter into a definitive agency agreement (the "**Agency Agreement**") in respect of the IPO. The Agency Agreement will be negotiated *bona fide* and in good faith prior to the filing of the Final Prospectus and shall incorporate the terms and conditions provided herein and will contain terms and conditions customary for agreements of this nature, including, without limitation, additional representations and warranties, conditions, indemnification, contribution and termination provisions, including but not limited to, "material adverse change out", "disaster out", "regulatory out", "breach of agreement out" and "market out" clauses, such termination provisions to commence on acceptance of the Offer and terminate on Closing;
- (g) All necessary regulatory approvals to complete the IPO having been obtained; and
- (h) Haywood, on its own behalf and on behalf of the other Agents, not having terminated the engagement hereunder for any reason set forth in section 19 herein.

16. Closing. The closing of the IPO will be determined by Haywood in its sole discretion.

17. Fees. In consideration for their services rendered in connection with the issue and sale of the Offered Common Shares, the Company, on the Closing Date, shall:

- (a) pay to the Agents a cash fee (the "**Cash Fee**") in an amount equal to 8.0% of the gross proceeds from the sale of the Offered Common Shares under the IPO. The proceeds from the sale of the Offered Common Shares less the Cash Fee and Agents' other costs and expenses as provided for in this letter agreement, shall be paid by the Agents to the Company on the Closing Date;
- (b) issue to the Agents, subject to compliance with all required regulatory approvals, compensation options (the "**Compensation Options**") on the Closing Date entitling the Agents to purchase that number of Common Shares equal to 8.0% of the aggregate number of Offered Common Shares issued by the Company under the IPO with an exercise price per Compensation Option that is equal to the Issue Price. The Compensation Options shall have a term of 24 months from the Closing Date; and
- (c) pay to Haywood a corporate finance fee of \$32,500 in cash.

18. Expenses. The Company will pay all expenses and fees in connection with the IPO, including, without limitation, all expenses of or incidental to the creation, issue, sale or distribution of the Offered Common Shares; the fees and expenses of the Company's counsel; all costs incurred in connection with the preparation of documents relating to the IPO; and all expenses and fees incurred by the Agents which shall include the reasonable fees (not to exceed \$15,000 without written approval by the Company) and disbursements of the

Agents' counsel. All fees and expenses incurred by the Agents or on their behalf shall be payable by the Company immediately upon receiving an invoice therefor from Haywood and shall be payable whether or not the IPO is completed. Upon execution of this letter agreement, the Company shall deposit with Haywood a retainer of \$10,000.

19. Termination. The Agents, or any of them, may terminate their obligations herein by giving notice in writing to the Company if: (i) such Agent is not satisfied in its sole discretion with its due diligence review and investigations (ii) the Company is in breach of, default under or non-compliance with any material representation, warrant, term, condition or covenant of this agreement or the Agency Agreement or any material representation or warranty given by the Company in this agreement or the Agency Agreement becomes false; (iii) the state of the financial markets, whether national or international, is such that in the opinion of such Agent, it would be impractical or unprofitable to offer or continue to offer the Offered Common Shares for sale; (iv) such Agent or the Agents' counsel, identify any undisclosed adverse information regarding the Company as a result of their due diligence proceedings or otherwise that could reasonably be expected to have a material adverse effect on the Company or an adverse effect on the IPO; (v) there is an inquiry or investigation (whether formal or informal) by any securities regulatory authority, including without limitation the Exchange, in relation to the Company or any one of its officers or directors that could be reasonably expected to have a material adverse effect on the Company; (vi) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation which, in the opinion of such Agent, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company and its subsidiaries taken as a whole; (vii) any condition shall remain outstanding and uncompleted at any time after the time which is it required to be completed or waived; or (viii) both Haywood and the Company mutually agree to terminate this agreement.
20. Alternative Transaction. In the event that the Company withdraws from the IPO, after the date of this letter agreement in order to complete an alternative transaction (which transaction is completed within 12 months of the withdrawal from the IPO), the Company shall pay to the Agent promptly upon closing the alternative transaction a fee equal to the maximum amount of fees otherwise payable under this agreement calculated on the basis of the maximum offering of Offered Common Shares proposed hereunder.

An "**Alternative Transaction**" means the issuance of securities of the Company or a business transaction, either of which involve a change in control of the Company, or any material subsidiary including a merger, amalgamation, arrangement, take-over bid supported by the board of directors of the Company, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or any similar transaction, excluding an issuance of securities pursuant to the exercise of securities of the Company outstanding on the date hereof or in connection with a bona fide acquisition by the Company (other than a direct or indirect acquisition, whether by way of one or more transactions, of an entity all or substantially all of the assets of which are cash, marketable securities or financial in nature or an acquisition that is structured primarily to defeat the intent of this provision)
21. Approvals and Consents. This agreement and the transactions described herein are subject to: (i) the approval of the Exchange and all other securities regulatory authorities having jurisdiction over the Company; and (ii) compliance with any conditions of such approvals.
22. Indemnity. The Company agrees to indemnify and hold harmless the Agents, their affiliates and their respective directors, officers, employees, partners, agents, and shareholders in accordance with Schedule "B" attached hereto, which Schedule forms part of this agreement and the consideration for which is the entering into of this agreement.
23. Right of First Refusal. If, within **12 months** after the Closing Date, the Company (a) proposes to issue debt or equity securities, (b) proposes to acquire or dispose of any assets or securities out of the ordinary course

of business, (c) proposes a material corporate transaction, such as an amalgamation, recapitalization, merger, take-over bid, joint venture, plan of arrangement or reorganization, or (d) receives an unsolicited take-over bid or merger proposal, the Company hereby grants to Haywood a **5-day** right of first refusal to lead manage (**minimum of 55% economic interest**), as agent/underwriter and/or to act as exclusive financial advisor (as the case may be, depending upon the nature of the transaction and provided that the Company intends to appoint a financial advisor in connection with the transaction in question) in connection with such transaction, subject to the Company and Haywood agreeing on mutually acceptable fee arrangements and provided that the terms and conditions of any such engagement shall be no more favourable on the whole to such other financial institution than the terms and conditions offered by the Company to Haywood.

24. Term & Survival. Unless terminated as set out herein, this agreement will be effective as of the date hereof and will continue until the earlier of: (i) the Closing Date; and (ii) 12 months after the date hereof, except to the extent superseded by the Agency Agreement, or otherwise agreed upon by the Company and Haywood, on behalf of the Agents. However, the Company's obligations pursuant to sections 18, 20 and 22 herein shall survive completion of this engagement, withdrawal, termination or a decision not to proceed with IPO as set out herein or until the Agency Agreement is executed and delivered.
25. Agents Not Fiduciaries. The Company acknowledges and agrees that all written and oral opinions, advice, analysis and materials provided by the Agents in connection with this agreement hereunder are intended solely for the Company's benefit and the Company's internal use only with respect to the IPO and the Company agrees that no such opinion, advice, analysis or material will be used for any other purpose whatsoever or reproduced, disseminated, quoted from or referred to in whole or in part at any time, in any manner or for any purpose, without the Agents' prior written consent in each specific instance. Any advice or opinions given by the Agents hereunder will be made subject to, and will be based upon, such assumptions, limitations, qualification and reservations as the Agents, in their sole judgement, deem necessary or prudent in the circumstances.

The Agents shall act as independent contractors under this agreement and not in any other capacity including as a fiduciary, and any duties arising out of this agreement shall be owed solely to the Company.

26. Haywood a Securities Dealer. The Company acknowledges that Haywood is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and financial advisory services and that in the ordinary course of its trading and brokerage activities, Haywood and its affiliates at any time may hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities of the Company, or any other company that may be involved in a transaction or related derivative securities.

Haywood acknowledges its responsibility to comply with applicable securities laws as they relate to trading securities with knowledge of a material fact or a material change that has not been generally disclosed. Further, Haywood has strict internal procedures, which provide for the placing of relevant securities on a "grey list" or a "restricted list" and for restrictions on trading by Haywood and its investment banking personnel for their own account in accordance with such procedures.

27. Public Announcements. Neither the Company, nor the Agents, shall make any public announcement in connection with the IPO, except if the other party has consented to such announcement or the announcement is required by applicable laws or stock exchange rules. In such event, the party proposing to make the announcement will provide the other party with a reasonable opportunity, in the circumstances, to review a draft of the proposed announcement and to provide comments thereon.
28. Entire Agreement. This letter agreement constitutes the only agreement by the parties hereto with respect to the subject matter hereof and supersedes any and all prior negotiations and agreements, whether oral or written, between any of the Agents and the Company with respect to the IPO.

29. Enurement. This agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction) and the parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising hereunder or relating hereto.
30. Severability and Enforceability. It is expressly acknowledged and agreed that the covenants and provisions hereof are separable. If one or more provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this letter agreement, but this letter agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein. Headings used herein are for convenience of reference only and shall not affect the interpretation or construction of this agreement.
31. Currency. All financial references expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.
32. Counterparts and Facsimile Transmission. This agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which together shall constitute one and the same instrument. To evidence its execution of an original counterpart of this agreement, a party may send a copy of its original signature on the execution page hereof to the order party by facsimile transmission and such transmission shall constitute delivery of an executed copy of this agreement to the receiving party as of the date of receipt thereof by the receiving party.

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Haywood Securities Inc. would welcome the opportunity to act as the lead Agent in the IPO. If this letter accurately reflects your understanding of the terms of our agreement and you agree to be legally bound hereby, please execute this letter (in counterparts, if necessary) where indicated below and return a copy thereof to Haywood Securities Inc. (Attention: Don Wong).

Yours very truly,

**HAYWOOD SECURITIES INC.**

Per: "Don Wong"  
**Don Wong**  
**Vice President, Investment Banking**

The foregoing accurately reflects the terms of the transaction which we hereby agree to enter into and the undersigned agrees to be legally bound hereby.

Accepted this 9 day of May, 2019.

**CROSS RIVER VENTURES CORP.**

Per: "John Fraser"  
**Authorized Signing Officer**



**SCHEDULE "A"**  
**CROSS RIVER VENTURES CORP.**  
**INDICATIVE TERM SHEET**  
**Initial Public Offering of Common Shares**

**ISSUER:** Cross River Ventures Corp. (“**Cross River**” or the “**Company**”)

**AMOUNT:** Up to \$400,000

**OFFERING:** Up to 4,000,000 common shares (the “**Offered Common Shares**”) of the Company (the “**IPO**”).

**PRICE:** \$0.10 per Offered Common Share (the “**Issue Price**”)

**OVER-ALLOTMENT:** The Company grants the Agent an option, exercisable, in whole or in part by Haywood, giving notice to the Company up to 48 hours prior to the Closing Date (as defined below) to sell up to an additional number of Offered Common Shares (the “**Additional Offered Common Shares**”) equal to 15% of the Offered Common Shares sold pursuant to the IPO at a price per Additional Offered Common Share equal to the Issue Price.

**TRANSACTION STRUCTURE:** Best-efforts long-form prospectus initial public offering of common shares of the Company.

**QUALIFYING AND SELLING JURISDICTIONS:** The Offered Common Shares will be eligible for sale in British Columbia, Alberta and Ontario and in jurisdictions other than Canada that are mutually agreed to by the Company and Haywood (collectively, the “**Qualifying Jurisdictions**”).

**USE OF PROCEEDS:** The net proceeds from the IPO will be used to fund the exploration and development of the Company’s mineral project, and for working capital and general corporate purposes.

**EXCHANGE LISTING:** The Company will apply for a listing of its common shares on the Canadian Stock Exchange (“**CSE**”). It shall be a condition of closing of the IPO that the common shares of the Company are listed on the CSE concurrently with the closing of the IPO.

**LEAD AGENT:** Haywood Securities Inc.

**COMMISSION:** 8.0% cash fee  
8.0% compensation options for common shares of the Company at a price per common share that is equal to the Issue Price until the date that is 24 months after the Closing Date.

**CORPORATE FINANCE FEE:** On the Closing Date, the Company shall pay Haywood \$32,500 in cash.

**ELIGIBILITY:**

Eligible under the usual statutes as well as for RRSPs, RRIFs, DPSPs and RESPs.

**CLOSING:**

To be determined by Haywood in its sole discretion (the “**Closing Date**”).

## SCHEDULE "B"

### INDEMNITY

In consideration for Haywood Securities Inc., on its own behalf and on behalf of syndicate of agents to be formed, (collectively, the "Agents") accepting the engagement (the "Engagement") pursuant to the engagement letter (the "Agreement") to which this Indemnity is attached, the Company (as defined in the attached Agreement) agrees to indemnify and save harmless the Agents, their respective affiliates and their respective directors, officers, employees, partners, agents, and shareholders (collectively, the "Indemnified Parties" and individually, an "Indemnified Party") from and against any and all losses, claims, actions, suits, proceedings, damages, liabilities or expenses of whatsoever nature or kind (excluding loss of profits), including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees, disbursements and taxes of their counsel in connection with any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the "Claims"), which an Indemnified Party may incur or become subject to or otherwise involved in (in any capacity) insofar as the Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the Engagement whether performed before or after the Company's execution of the Agreement, and to reimburse each Indemnified Party forthwith, upon demand, for any legal or other expenses reasonably incurred by such Indemnified Party in connection with any Claim.

This indemnity shall not be available to any Indemnified Party in relation to any losses, expenses, claims, actions, damages or liabilities incurred by the Company are determined by a court of competent jurisdiction in a final judgement that has become non-appealable to have resulted primarily from the Indemnified Party's breach of agreement, gross negligence, fraud or wilful misconduct.

In the event and to the extent that a court of competent jurisdiction in a final judgement that has become non-appealable determines that an Indemnified Party was grossly negligent, fraudulent or guilty of wilful misconduct in connection with a Claim in respect of which the Company has advanced funds to the Indemnified Party pursuant to this indemnity, such Indemnified Party will reimburse such funds to the Company and thereafter this indemnity will not apply to such Indemnified Party in respect of such Claim. The Company agrees to waive any right the Company might have of first requiring the Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity.

If a Claim is brought against an Indemnified Party or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnity may be sought against the Company, the Indemnified Party will give the Company prompt written notice of any such Claim of which the Indemnified Party has knowledge and the Company will undertake the investigation and defence thereof on behalf of the Indemnified Party, including the prompt employment of counsel acceptable to the Indemnified Parties affected and the payment of all expenses. Failure by the Indemnified Party to so notify will not relieve the Company of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in forfeiture by the Company of substantive rights or defences.

No admission of liability and no settlement, compromise or termination of any Claim will be made without the Company's consent and the consent of the Indemnified Parties affected, such consents not to be unreasonably withheld; provided, however, that no consent of an Indemnified Party will be required if the Company has acknowledged in writing that the Indemnified Parties are entitled to be indemnified in respect of such Claim and such settlement, compromise or termination includes an unconditional release of each Indemnified Party from any liability arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party. Notwithstanding that the Company will undertake the investigation and defence of any Claim, an Indemnified Party will have the right to employ

CAPITAL  MARKETS

**HAYWOOD**  
SECURITIES INC.

separate counsel with respect to any Claim and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless:

- (a) employment of such counsel has been authorized in writing by the Company;
- (b) the Company has not assumed the defence of the action within a reasonable period of time after receiving notice of the claim;
- (c) the named parties to any such claim include both the Company and the Indemnified Party and the Indemnified Party will have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the Company and the Indemnified Party; or
- (d) there are one or more defences available to the Indemnified Party which are different from or in addition to those available to the Company;

in which case such fees and expenses of such counsel to the Indemnified Party will be for the Company's account, provided that the Company shall not be responsible for the fees or expenses of more than one legal firm in any single Jurisdiction for all of the Indemnified Parties. The rights accorded to the Indemnified Parties hereunder will be in addition to any rights an Indemnified Party may have at common law or otherwise.

If for any reason the foregoing indemnification is unavailable (other than in accordance with the terms hereof) to the Indemnified Parties (or any of them) or is insufficient to hold them harmless, the Company will contribute to the amount paid or payable by the Indemnified Parties as a result of such Claims in such proportion as is appropriate to reflect not only the relative benefits received by the Company or the Company's shareholders on the one hand and the Indemnified Parties on the other, but also the relative fault of the parties and other equitable considerations which may be relevant. Notwithstanding the foregoing, the Company will in any event contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim any amount in excess of the fees actually received by any Indemnified Parties hereunder.

The Company hereby constitutes Haywood (as defined in the attached Agreement) as trustee for each of the other Indemnified Parties of the Company's covenants under this indemnity with respect to such persons and Haywood agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.