

AGENCY OFFERING AGREEMENT

THIS AGREEMENT dated for reference March 28, 2019 is made

BETWEEN

PROJECT ONE RESOURCES LTD., 459-409 Granville Street,
Vancouver, B.C. V6C 1T2

(the "Issuer");

AND

HAYWOOD SECURITIES INC., Suite 700, 200 Burrard Street,
Vancouver, B.C. V6C 3L6

(the "Agent").

WHEREAS:

A. The Issuer wishes to raise money for the purposes set forth in its Prospectus, which is to be filed by the Issuer with the Commissions and the Exchange, by offering for sale certain of its securities;

B. The Issuer wishes to appoint the Agent to distribute those securities and the Agent is willing to accept 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 Counsel" means Miller Thomson LLP;
- (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) "Applicable Legislation" means the securities acts in the Selling Provinces, the regulations and rules made thereunder, and all administrative policy statements, blanket orders, notices, directions and rulings issued by the Commissions;
- (d) "Business Day" means any day other than a Saturday, Sunday or any statutory or civic holiday in the City of Vancouver;
- (e) "Certificates" means the certificates representing the Compensation Option;
- (f) "Closing" means the closing of the purchase and sale, and the issuance by the Issuer, of the Shares;
- (g) "Closing Day" means the day for Closing as determined by the Agent in its sole discretion;

- (h) “Commissions” means the securities commissions in the Selling Provinces;
- (i) “Compensation Option” means the option to purchase one common share of the Issuer per option at the Offering Price which will be issued as part of the Agent’s Fee and which has the terms provided in this Agreement and the certificate(s) representing such option;
- (j) “Compensation Option Shares” means any common shares in the capital of the Issuer that may be issued on exercise of the Compensation Option;
- (k) “Corporate Finance Fee” means the cash fee of \$20,000 plus applicable taxes to be paid to the Agent by the Issuer in consideration of corporate finance and structuring services provided by the Agent;
- (l) “Distribution” means the distribution or sale of the Securities pursuant to this Agreement;
- (m) “Effective Date” means the date on which the Final Receipt is issued;
- (n) “Exchange” means the Canadian Securities Exchange;
- (o) “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;
- (p) “Material Change” has the meaning defined in the Applicable Legislation;
- (q) “Material Fact” has the meaning defined in the Applicable Legislation;
- (r) “Misrepresentation” has the meaning defined in the Applicable Legislation;
- (s) “Offering” means the offering of the Shares under the Prospectus, including any Shares offered pursuant to the exercise of the Over-Allotment Option;
- (t) “Offering Day” means the day chosen by the Agent to contract the purchases of Shares by the purchasers;
- (u) “Offering Price” means \$0.10 per Share;
- (v) “Over-Allotment Option” has the meaning ascribed to it in section 3;
- (w) “Preliminary Receipt” means the receipt issued for the preliminary prospectus by the Principal Regulator pursuant to NP 11-202;
- (x) “Principal Regulator” means the British Columbia Securities Commission;
- (y) “Proceeds” means the gross proceeds of the Offering, less:
 - (i) that portion of the Agent’s Fee which is payable in cash;
 - (ii) the Corporate Finance Fee;
 - (iii) the expenses of the Agent in connection with the Offering which have not been repaid by the Issuer; and

- (iv) any amount already received by the Issuer.
- (z) “Prospectus” means the preliminary long-form prospectus and the final long-form prospectus each prepared pursuant to NI 41-101 and 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;
- (aa) “Regulatory Authorities” means the Commissions and the Exchange;
- (bb) “Securities” means the Shares, Compensation Option, Compensation Option Shares, and any securities of the Issuer which may be qualified under the Prospectus;
- (cc) “Selling Provinces” means British Columbia, Alberta and Ontario or such other provinces as may be agreed to by the Issuer and the Agent; and
- (dd) “Shares” means the common shares in the capital of the Issuer.

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 4,000,000 Shares for sale under the Prospectus at the Offering Price for gross proceeds of \$400,000 on a commercially reasonable efforts basis.

3. THE OVER-ALLOTMENT OPTION

The Issuer hereby grants to the Agent an over-allotment option (the “Over-Allotment Option”) permitting the Agent to sell an additional 600,000 Shares at the Offering Price for additional gross proceeds of \$60,000. The Agent may exercise the Over-Allotment Option, in whole or in part, by providing notice in writing to the Issuer no later than 48 hours prior to the Closing Day.

4. MINIMUM SUBSCRIPTION

4.1 The Offering is subject to a minimum subscription of 4,000,000 Shares (the “Minimum Subscription”).

4.2 All funds received by the Agent for subscriptions will be held in trust by the Agent or placed in trust with the Issuer’s registrar and transfer agent until the Minimum Subscription has been obtained.

4.3 Notwithstanding any other term of this agreement, all subscription funds received by the Agent will be returned to the subscribers without interest or deduction if the Minimum Subscription is not obtained by 5:00 p.m. on the Offering Day unless the subscribers have otherwise instructed the Agent.

5. FILING OF PROSPECTUS

5.1 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 best efforts to have the Prospectus accepted by the Regulatory Authorities.

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

5.3 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) 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 of information relating solely to the Agent) which is required to be stated therein or is necessary to make statements of 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 the Shares in compliance herewith and with the Applicable Legislation.

5.4 The Issuer acknowledges that the Agent will be conducting a due diligence investigation of the Issuer's business, securities, management and affairs and the Issuer covenants that it will afford the Agent with access to the contracts, properties, commitments, corporate records and other documents the Agent may reasonably request. The Issuer also covenants to use its best efforts to secure the cooperation of the Issuer's professional advisors (including its legal advisors and auditors) to participate in any due diligence conference calls required by the Agent, and the Issuer consents to the use and the disclosure of information obtained during the course of the due diligence investigation (including during any due diligence conference call) where such disclosure is required by law or required by the Agent to maintain a defense to any regulatory or other civil action. The Issuer further covenants, during the term of this Agreement, to keep the Agent informed of all material business and financial developments affecting the Issuer, whether or not requested by the Agent.

6. LISTING APPLICATION AND CONDUCT OF THE OFFERING

6.1 Prior to the Closing Day, the Issuer will make application to list the Shares and Compensation Option Shares on the Exchange and will take all necessary steps 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 Shares and Compensation Option Shares on the Exchange on the Closing Day. Confirmation of the Exchange's approval of the Listing Application must be received by the Agent and the Shares and Compensation Option Shares must be listed on the Exchange prior to the Closing.

6.2 Following the Effective Date and after consulting with the Exchange, the Issuer and the Agent will set the Offering Day.

6.3 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.

7. OPINIONS AND CERTIFICATES

7.1 On the Effective Date, the Issuer will deliver the following documents to the Agent and its counsel in a form acceptable to them:

- (a) a comfort letter from the auditor of the Issuer, dated as of the date of the Prospectus and addressed to the Agent and its counsel, relating to the accuracy of the financial statements forming part of the Prospectus and the accuracy of the financial, numerical and certain other information disclosed in the Prospectus; and
- (b) 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.

7.2 On Closing, 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) lock-up agreements signed by each of the officers and directors of the Issuer in which each officer and director agrees not to sell or agree to sell (or announce any intention to do so), any Shares or securities exchangeable or convertible into Shares for a period of 90 days from the Closing Day without the prior written consent of the Agent, such consent not to be unreasonably withheld;
- (c) 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;
- (d) an opinion of counsel for the Issuer, dated as of the Closing Day and addressed to the Agent and its counsel, relating to the legal title of the material mineral property of the Issuer as set forth in the Prospectus;
- (e) 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
- (f) any other certificates, comfort letters or opinions in connection with any matter related to the Offering which are reasonably requested by the Agent or its counsel.

8. AGENT'S FEE

8.1 In consideration of the services performed by the Agent under this Agreement, the Issuer agrees to pay the Agent's Fee to the Agent as follows:

- (a) a cash commission of 10% of the Offering Price per Share sold (including any sold pursuant to the exercise of the Over-Allotment Option), whether purchased by the Agent for its own account or for its clients or purchased by selling group members for their own accounts or for their clients, payable in lawful Canadian currency;

- (b) issue the Compensation Option to the Agent or to members of its selling group as directed by the Agent entitling the Agent or members of its selling group to purchase such number of Compensation Option Shares as is equal to 10% of the number of Shares sold under the Offering (including any sold pursuant to the exercise of the Over-Allotment Option). The Compensation Option will be non-transferable. The right to purchase Compensation Option Shares under the Compensation Option may be exercised at any time up to the close of business on the date that is 24 months after the Closing Day at the Offering Price.

8.2 The Issuer will also pay the Agent a Corporate Finance Fee of \$20,000 plus applicable taxes in cash.

9. CLOSING

9.1 The Closing will take place on the Closing Day.

9.2 On Closing, if the Issuer has satisfied all of its obligations under the Agreement, the Issuer will deliver the Certificates to the Agent and will deposit the Shares with CDS Clearing and Depository Services Inc. against payment of the Proceeds.

9.3 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 and upon receipt of satisfactory evidence that the Shares have been deposited with CDS Clearing and Depository Services Inc.

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

- (a) completion by the Agent of 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, including but not limited to all deliveries under section 7 of this Agreement;
- (c) the Issuer shall have received the Exchange's bulletin confirming the listing of the Shares and the Compensation Option Shares on the Exchange;
- (d) the Issuer shall have received all necessary regulatory approvals to complete the Offering;
- (e) each of the representations and warranties of the Issuer herein shall continue to be true, and the Officers' Certificate shall contain certification to that effect; and
- (f) 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. MATERIAL CHANGES

10.1 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.

10.2 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.

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) the Agent is not satisfied in its sole discretion with its due diligence review and investigations;
- (b) the state of the financial markets, whether national or international, or the market for the Shares is such that in the opinion of such Agent, it would be impractical or unprofitable to offer or continue to offer the Securities for sale;
- (c) the Agent or the Agents' counsel, identify any undisclosed adverse information regarding the Issuer as a result of their due diligence proceedings or otherwise that could reasonably be expected to have a material adverse effect on the Issuer or an adverse effect on the Offering;
- (d) there is an inquiry or investigation (whether formal or informal) by any Regulatory Authority, including without limitation the Exchange, in relation to the Issuer or any one of its officers or directors that could be reasonably expected to have a material adverse effect on the Issuer;
- (e) 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 the Agent, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Issuer and its subsidiaries, if any, taken as a whole or the ability of the Agent to perform its obligations under this Agreement or an investor's decision to purchase Shares;
- (f) any condition shall remain outstanding and uncompleted at any time after the time which is it required to be completed or waived;

- (g) an adverse Material Change or change in a Material Fact relating to any of the Securities occurs or is announced by the Issuer;
- (h) 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;
- (i) 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, including any securities regulatory authorities such as the Exchange;
- (j) 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;
- (k) any material adverse information with respect to the Issuer is revealed during the Agent's due diligence review or otherwise that could reasonably be expected to have material adverse effects on the Issuer or the Offering or the Agent is otherwise not satisfied, in its sole discretion, with its due diligence review and investigations of the Issuer pursuant to section 5.4 of this Agreement; or
- (l) the Issuer is in breach of, default under or non-compliance with any material representation, warrant, term, condition or covenant of this Agreement or any material representation or warranty given by the Issuer in this Agreement becomes false.

11.2 The Issuer and the Agent may mutually agree to terminate this Agreement.

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.

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) 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;
- (e) 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;
- (f) the Issuer has no subsidiaries;
- (g) the Issuer will reserve or set aside sufficient common shares in its treasury to issue the Shares and the Compensation Option Shares;
- (h) all necessary corporate action has been taken, or will be taken before Closing, to authorize the issue and sale of, and the delivery of certificates representing, the Shares and the Compensation Option and, upon payment of the requisite consideration therefor, the Shares and the Compensation Option Shares will be validly issued as fully paid and non-assessable Shares.
- (i) except as qualified by the Prospectus, the Issuer is the legal and beneficial owner of and has good and marketable title to the properties, business and assets or the interests in the properties, business or assets referred to in the Prospectus;
- (j) all agreements by which the Issuer holds an interest in a property, business or asset are in good standing according to their terms, and the properties are in good standing under the applicable laws of the jurisdictions in which they are situated and all filings and work commitments required to maintain the properties in good standing have been properly recorded and filed in a timely manner with the appropriate regulatory body and there are no mortgages, liens, charges, encumbrances or any other interests in or on such properties;
- (k) 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;
- (l) the financial statements of the Issuer which form part of the Prospectus have been prepared in accordance with Canadian generally accepted accounting principles, 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;

- (m) 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 are independent public accountants as required under Applicable Legislation and there has never been a reportable event (within the meaning of National Instrument 51-102) with the present auditors of the Issuer;
- (n) 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* (British Columbia) in relation to the issue and trading of its securities and in all matters relating to the Offering;
- (o) the Issuer is in compliance with all applicable laws, regulations and statutes (including all environmental laws and regulations) in the jurisdictions in which it carries on business and which may materially affect the Issuer, has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations and statutes, and is not aware of any pending change or contemplated change to any applicable law or regulation or governmental position that would materially affect the business of the Issuer or the business or legal environment under which the Issuer operates;
- (p) the Issuer has obtained all material licences, permits, approvals, consents, certificates, registrations and other authorizations (collectively, the "Permits") under all applicable laws necessary as at the date hereof for the operation of the businesses currently carried on by the Issuer and for its activities as disclosed in the Prospectus, and each Permit is valid, subsisting and in good standing and, to the knowledge of the Issuer, the Issuer is not in material default or breach of any Permit and, to the knowledge of the Issuer, no proceeding is pending or threatened to revoke or limit any Permit;
- (q) the Issuer has not caused or permitted the release, in any manner whatsoever, of any pollutants, contaminants, chemicals or industrial toxic or hazardous waste or substances (collectively, the "Hazardous Substances") on or from any of its properties or assets nor has it received any notice that it is potentially responsible for a clean-up site or corrective action under any applicable laws, statutes, ordinances, by-laws, regulations, or any orders, directions or decisions rendered by any government, ministry, department or administrative regulatory agency relating to the protection of the environment, occupational health and safety or otherwise relating to dealing with Hazardous Substances;
- (r) 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;

- (s) 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;
- (t) there are no judgments against the Issuer which are unsatisfied, nor are there any consent decrees or injunctions to which the Issuer is subject;
- (u) there is not any Material Change or change in any Material Fact relating to the Issuer which has not been fully disclosed in the Prospectus;
- (v) the Issuer is not party to any instrument which restricts or might restrict its ability to perform the transactions contemplated herein;
- (w) 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;
- (x) the Issuer has complied with all requirements of National Instrument 43-101, including but not limited to the preparation and filing of technical reports;
- (y) 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;
- (z) 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;
- (aa) the Issuer owns or possesses adequate rights to use all material patents, trademarks, service marks, trade names, copyrights, trade secrets, information, proprietary rights and other intellectual property necessary for the business of the Issuer now conducted and proposed to be conducted, without any conflict with or infringement of the rights of others. The Issuer has received no communication alleging that the Issuer has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity;
- (bb) 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));

- (cc) the Issuer shall not take any action which would be reasonably expected to result in the delisting or suspension of its common shares on or from the Exchange or on or from any stock exchange, market or trading or quotation facility on which its common shares are listed or quoted and the Issuer shall comply, in all material respects, with the rules and regulations thereof;
- (dd) 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
- (ee) 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; and
- (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.

13. CONCURRENT OFFERINGS

The Issuer 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 Shares or any securities convertible into or exchangeable for 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 Day; (iii) the issue of Shares upon the exercise of convertible securities, warrants or options outstanding prior to the Closing Day; 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 Day without the prior written consent of the Agent, such consent not to be unreasonably withheld or delayed.

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 even if the Prospectus and this Agreement are not accepted by the Regulatory Authorities or the transactions contemplated by this Agreement are not 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 at which time payable immediately whether or not the Offering is complete.

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 The Agent acknowledges receipt of the sum of \$10,000, with such funds representing an advance with respect to expenses of the Agent payable pursuant to this Section.

15. INDEMNITY

15.1 The Issuer hereby agrees to indemnify and save harmless to the maximum extent permitted by law, the Agent and its affiliates and their respective directors, officers, employees, partners, agents, advisors 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) whether joint or several, 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 (each a “**Claim**” and, collectively, the “**Claims**”) to which an Indemnified Party may incur or become subject to or otherwise involved 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 performance of services rendered by the Agent in connection with this Agreement whether performed before or after the execution of the Agreement by the Issuer 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.

15.2 If and to the extent that a court of competent jurisdiction, in a final non-appealable judgement in a proceeding in which an Indemnified Party is named as a party, determines that a Claim was caused by or resulted from an Indemnified Party’s gross negligence, fraud or wilful misconduct, this indemnity shall cease to apply to such Indemnified Party in respect of such Claim and such Indemnified Party shall reimburse any funds advanced by the Issuer to the Indemnified Party pursuant to this indemnity in respect of such Claim. The Issuer agrees to waive any right the Issuer 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.

15.3 If any 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 Issuer, the Indemnified Party will give the Issuer prompt written notice of any such Claim of which the Indemnified Party has knowledge and the Issuer 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 shall not relieve the Issuer of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in forfeiture by the Issuer of substantive rights or defences.

15.4 No admission of liability and no settlement, compromise or termination of any Claim, or investigation shall be made without the consent of the Issuer 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 Issuer 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 Issuer will undertake the investigation and defence of any Claim, the Indemnified Parties will have the right to employ one separate counsel in each applicable jurisdiction with respect to such Claim and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Parties unless:

- (a) employment of such counsel has been authorized in writing by the Issuer;
- (b) the Issuer 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 the Issuer, and any of the Indemnified Parties, and the Indemnified Parties shall have been advised by counsel to the Indemnified Parties that there may be a conflict of interest between the Issuer and any Indemnified Party; or
- (d) there are one or more defences available to the Indemnified Parties which are different from or in addition to those available to the Issuer, as the case may be,

in which case such fees and expenses of such counsel to the Indemnified Parties will be for the account of the Issuer, provided that the Issuer will not be responsible for the fees of more than one legal firm in any single Selling Jurisdiction for all of the Indemnified Parties. Without limiting the generality of the foregoing, this Indemnity shall apply to all reasonable expenses (including legal expenses), losses, claims and liabilities that the Agent may incur as a result of any action, suit, proceeding or claim that may be threatened or brought against the Issuer. 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.

15.5 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 insufficient to hold them harmless, the Issuer agrees to 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 Issuer or the Issuer's shareholders, and their constituencies 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 Issuer 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 the Indemnified Parties hereunder.

15.6 The Issuer hereby constitutes the Agent as trustee for each of the other Indemnified Parties of the covenants of the Issuer under this indemnity with respect to such persons and the Agent agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

15.7 The Issuer agrees that, in any event, no Indemnified Party shall have any liability (either direct or indirect, in contract or tort or otherwise) to the Issuer or any person asserting claims on their behalf or in right for or in connection with the performance of services rendered by the Agent under this Agreement, except to the extent that any losses, expenses, claims, actions, damages or liabilities incurred by the Issuer are determined by a court of competent jurisdiction in a final judgement (in a proceeding in which an Indemnified Party is named as a party) that has become non-appealable to have resulted from the gross negligence, fraud or wilful misconduct of such Indemnified Party.

15.8 The Issuer agrees to reimburse the Agent monthly for the time spent by the Agent's personnel in connection with any Claim at their normal per diem rates. The Issuer also agrees that if any action, suit, proceeding or claim shall be brought against, or an investigation commenced in respect of the Issuer and the Agent and personnel of the Agent shall be required to testify, participate or respond in respect of or in connection with the performance of the services rendered by the Agent, the Agent shall have the right to employ its own counsel in connection therewith and the Issuer will reimburse the Agent monthly for the time spent by its personnel in connection therewith at their normal per diem rates together with such disbursements and reasonable out-of-pocket expenses as may be incurred, including fees and disbursements of the Agent's counsel.

15.9 The indemnity and contribution obligations of the Issuer shall be in addition to any liability which the Issuer may otherwise have at common law or otherwise, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Issuer, and any Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of this Agreement.

16. NO FIDUCIARY DUTY

The Issuer hereby acknowledges that (i) the transactions contemplated hereunder are arm's-length commercial transactions between the Issuer, on the one hand, and the Agent and any affiliate through which it may be acting, on the other, (ii) the Agent is acting as agent but not as fiduciary of the Issuer and (iii) the Issuer's engagement of the Agent in connection with the Offering and the process leading up to the Offering is as agent and not in any other capacity. Furthermore, the Issuer agrees that it is solely responsible for making its own judgments in connection with the Offering (irrespective of whether the Agent has advised or is currently advising the Issuer on related or other matters). The Agent has not rendered advisory services beyond those, if any, required of an investment dealer by Applicable Legislation in respect of an offering of the nature contemplated by this Agreement and the Issuer agrees that it will not claim that the Agent has rendered advisory services beyond those, if any, required of an investment dealer by Applicable Legislation in respect of the Offering, or that the Agent owes a fiduciary or similar duty to the Issuer, in connection with such transaction or the process leading thereto.

17. RIGHT OF FIRST REFUSAL

17.1 Until that day which is 12 months from the Closing Day (the "ROFR Termination Date"), the Issuer will notify the Agent (the "ROFR Notice") in writing of the terms of any: (a) proposed issuance of debt or equity securities of the Issuer; (b) proposed acquisition or disposition of any assets or securities of the Issuer out of the ordinary course of business; (c) proposed material corporate transaction to be completed by the Issuer, including but not limited to an amalgamation, recapitalization, merger, take-over bid, joint venture, plan of arrangement, or reorganization; and (d) unsolicited take-over bid or merger proposal received by the Issuer and the Agent will have the right of first refusal to lead manage, as agent or underwriter and/or act as exclusive financial advisor (as the case may be depending on the nature of the transaction) with a minimum of 55% economic interest.

17.2 The right of first refusal must be exercised by the Agent within 5 days following the receipt of the ROFR Notice by notifying the Issuer that it will act as agent, underwriter or financial advisor (as applicable) for such transaction on the terms set out in the ROFR Notice, subject to the Issuer and the Agent agreeing on mutually acceptable fee agreements.

17.3 If the Agent fails to give the applicable notice within 5 days pursuant to Section 17.2, or the Agent gives notice in writing to the Issuer that it does not wish to exercise its right of first refusal, the Issuer will then be free to make other arrangements on the same terms or on terms no more favourable to such other financial institution.

17.4 For greater certainty, if the Agent does not exercise its right of first refusal following receipt of any ROFR Notice from the Issuer, notwithstanding whether the Issuer retains another agent/underwriter or advisor pursuant to Section 17.3 the Agent will, until the ROFR Termination Date, retain its right of first refusal with respect to any subsequent proposed transaction as set out in Section 17.1.

18. ASSIGNMENT AND SELLING GROUP PARTICIPATION

18.1 The Agent will not assign this Agreement or any of its rights under this Agreement or, with respect to the Securities, enter into any agreement in the nature of an option or a sub-option unless and until, for each intended transaction, the Agent has obtained the consent of the Issuer and notice has been given to and accepted by the Regulatory Authorities.

18.2 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.

19. PUBLIC ANNOUNCEMENTS

Neither the Issuer, nor the Agent, shall make any public announcement in connection with the Offering, except if the other party has consented to such announcement or the announcement is required by applicable laws or 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.

20. NOTICE

20.1 Any notice to be given hereunder shall be in writing and may be given by e-mail, mail, facsimile or by hand delivery and shall, in the case of notice to the Issuer, be addressed and e-mailed, faxed or delivered to:

Project One Resources Ltd.
459-409 Granville Street,
Vancouver, B.C. V6C 1T2

Attention: Ron Shenton, CEO
E-mail: projectone@telus.net

with a copy to:

Tupper Jonsson & Yeadon
1710 - 1177 West Hastings Street
Vancouver, BC V6E 2L3

Attention: Lee Tupper
Fax No.: 604-681-0139

and in the case of the Agent, be addressed and faxed or delivered to:

Haywood Securities Inc.
Suite 700, 200 Burrard Street
Vancouver, British Columbia V6C 3L6

Attention: Don Wong
Fax No.: (604) 697-7499

with a copy to:

Miller Thomson LLP
400-725 Granville Street
Vancouver, British Columbia, V7Y 1G5

Attention: Dwight Dee
Fax No.: (604) 643-1200

20.2 The Issuer and the Agent may change their respective addresses for notice by notice given in the manner referred to above.

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

20.4 If notice is sent by e-mail it will be deemed to be given and received on the first Business Day following the day on which it is sent.

20.5 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.

21. TIME

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

22. 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.

23. 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.

24. ENUREMENT

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

25. HEADINGS

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

26. 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.

27. COUNTERPARTS

This Agreement may be executed in two or more counterparts, 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.

28. LAW

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

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

PROJECT ONE RESOURCES LTD.

Per: "Ronald Shenton"
Authorized Signatory

Per: "Brian Roberts"
Authorized Signatory

HAYWOOD SECURITIES INC.

Per: "Don Wong"
Authorized Signatory