

AGENCY AGREEMENT

THIS AGREEMENT is dated for reference the 29th day of March, 2019.

BETWEEN:

IM EXPLORATION INC., c/o McMillan LLP, Brookfield Place, Suite 4400,
181 Bay Street, Toronto, Ontario, M5J 2T3

(the “**Issuer**”)

AND:

HAYWOOD SECURITIES INC., c/o Garfinkle Biderman LLP, Dynamic
Funds Tower, Suite 801, 1 Adelaide Street East, Toronto, Ontario, M5C 2V9

(the “**Agent**”)

BACKGROUND

- A. The Issuer wishes to raise money for the purposes set forth in its Prospectus (as defined below), which is to be filed with the Regulatory Authorities (as defined below), by offering for sale certain of its securities; and
- B. The Issuer wishes to appoint the Agent to solicit subscriptions for those securities and the Agent is willing to accept such appointment on the terms and conditions of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

1. DEFINITIONS

1.1 In this Agreement, including the recitals above:

- (a) “**Agent’s Commission**” has the meaning set out in section 4.1(a);
- (b) “**Agent’s Warrants**” has the meaning set out in section 4.1(b);
- (c) “**Agent’s Warrant Shares**” has the meaning set out in section 4.1(b);
- (d) “**Certificates**” means the certificates representing the Shares and the Agent’s Warrants in the names and denominations requested by the Agent;
- (e) “**Closing Date**” means the date on which the Offering closes, as determined by the Agent;

- (f) “**Commissions**” means the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission;
- (g) “**Common Shares**” means common shares in the capital of the Issuer;
- (h) “**Corporate Finance Fee**” has the meaning set out in section 4.2;
- (i) “**Effective Date**” means the date on which the receipt for the Final Prospectus is issued by the Principal Regulator;
- (j) “**Exchange**” means the Canadian Securities Exchange;
- (k) “**Final Prospectus**” means the final prospectus filed or intended to be filed by the Issuer with the Regulatory Authorities in connection with the Offering and any amendments to it which may be filed with the Regulatory Authorities;
- (l) “**Indemnified Parties**” has the meaning set out in section 12.1 and “**Indemnified Party**” means any one of them;
- (m) “**Indemnifying Party**” has the meaning set out in section 12.1;
- (n) “**Material Change**” has the meaning set out in the Securities Acts;
- (o) “**Material Fact**” has the meaning set out in the Securities Acts;
- (p) “**Misrepresentation**” has the meaning set out in the Securities Acts;
- (q) “**Offering**” means the offering of Shares under the Prospectus;
- (r) “**Offering Period**” means the 90 day period following the date of the receipt for the Final Prospectus issued by the Principal Regulator, or, if there is an amendment to the Final Prospectus, the 90 day period following the date of issuance of the receipt for the amendment to the Final Prospectus if such period does not exceed 180 days from the date of receipt for the Final Prospectus;
- (s) “**Offering Price**” means \$0.10 per Share;
- (t) “**Personnel**” has the meaning set out in section 12.7;
- (u) “**Preliminary Prospectus**” means the preliminary prospectus filed by the Issuer with the Regulatory Authorities in connection with the Offering and any amendments to it which may be filed with the Regulatory Authorities;
- (v) “**Principal Regulator**” means the Ontario Securities Commission;

- (w) **“Proceeds”** means the gross proceeds of the Offering, less:
 - (i) the Agent’s Commission, and
 - (ii) the expenses of the Agent in connection with the Offering which have not been paid by the Issuer;
- (x) **“Prospectus”** means both the Preliminary Prospectus and the Final Prospectus;
- (y) **“Regulatory Authorities”** means the Commissions and the Exchange;
- (z) **“Securities”** means the Shares, the Agent’s Warrants and the Agent’s Warrant Shares;
- (aa) **“Securities Acts”** means the *Securities Act* (British Columbia), the *Securities Act* (Alberta), the *Securities Act* (Ontario) and the regulations, rulings and orders made thereunder and all policy statements, blanket orders, notices, rulings and directions issued by the Commissions, all as amended;
- (bb) **“Selling Jurisdictions”** means British Columbia, Alberta, Ontario and such other jurisdictions as the Agent and the Issuer may agree upon;
- (cc) **“Shares”** means the 3,000,000 Common Shares issued under the Offering; and
- (dd) **“Technical Report”** means the Technical Report dated effective March 15, 2019, entitled “*NI 43-101 Technical Report on the Mulloy Graphite Property, Rowlandson Township, Porcupine Mining Division, Ontario, Canada*” prepared for the Issuer by Dr. Stewart A. Jackson, P. Geo., and Case Lewis, P. Geo.

2. APPOINTMENT OF AGENT

- 2.1 The Issuer appoints the Agent as its exclusive agent and the Agent accepts the appointment and agrees to act as the exclusive agent of the Issuer to offer, on a commercially reasonable efforts basis, the Shares for sale under the Prospectus in the Selling Jurisdictions at the Offering Price. The Agent shall use its commercially reasonable efforts to sell the Shares but it is understood and agreed that the Agent shall act as agent only and is under no obligation to purchase any Shares under the Offering.

3. LISTING APPLICATION AND CONDUCT OF THE OFFERING

- 3.1 Prior to the Effective Date, the Issuer will apply to the Exchange for a conditional listing of the Common Shares.

- 3.2 The Offering will be made in accordance with the rules and policies of the Regulatory Authorities and the Securities Acts.
- 3.3 Following the Effective Date and after consulting with the Exchange, the Issuer and the Agent will set the Closing Date, which will be on or before the last day of the Offering Period.
- 3.4 After the Offering has been completed, the Issuer and the Agent will file any documents required by the Exchange in order to remove the conditional listing and to permit the Common Shares to commence trading on the Exchange.
- 3.5 The Agent will advise the Issuer and its counsel when the distribution of Shares under the Prospectus is complete.

4. AGENT'S COMPENSATION

- 4.1 On the Closing Date, the Issuer will:
 - (a) pay the Agent a cash commission (the "**Agent's Commission**") equal to 10% of the gross proceeds of the sale of Shares by the Agent; and
 - (b) issue to the Agent non-transferable warrants (the "**Agent's Warrant**") entitling the holder to acquire such number of Common Shares (the "**Agent's Warrant Shares**") as is equal to 10% of the number of Shares sold under the Offering for a period of two years from the day the Common Shares are listed on the Exchange at an exercise price of \$0.10 per Agent's Warrant Share;
- 4.2 In addition to the Agent's Commission and the Agent's Warrant, the Agent is entitled to a non-refundable corporate finance fee (the "**Corporate Finance Fee**") of (i) \$12,500 (plus applicable taxes), and (ii) 100,000 non-transferable warrants, exercisable on the same terms as the Agent's Warrants (the "**Corporate Finance Warrants**").
- 4.3 If the Agent retains subagents or receives subscriptions from subagents, the Agent, in its sole discretion, may pay them a fee as may be agreed among them, but in no event shall the Issuer be required to pay any amounts in excess of those referred to in this Agreement.
- 4.4 The Agent's Warrants will be qualified for distribution under the Prospectus and will include, among other things, provisions for the appropriate adjustment in the class, number and price of the shares to be issued under the Agent's Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares, the payment of stock dividends or the amalgamation of the Issuer.

- 4.5 The issuance of the Agent's Warrants and the Corporate Finance Warrants will not restrict or prevent the Issuer from issuing additional securities or rights during the term of the Agent's Warrants and the Corporate Finance Warrants.
- 4.6 The Agent will, on the Closing Date, deliver to the Issuer a written description and reconciliation of its expenses deducted from the gross proceeds of the Offering, to the extent they are not already paid for from the cash component of the Corporate Finance Fee.

5. CLOSING

- 5.1 If the Issuer has satisfied all of its obligations under this Agreement, the Agent will, on the Closing Date, pay the Proceeds to the Issuer against either physical delivery of the Certificates or confirmation that the securities represented by the Certificates have been transferred to the Agent electronically, as requested by the Agent.

6. OPINIONS AND CERTIFICATES

- 6.1 On the Closing Date, the Issuer will provide the Agent and its counsel with an opinion of counsel (and local counsel in the Selling Jurisdictions as requested by the Agent) for the Issuer, dated as of the Closing Date and addressed to the Agent and its counsel, relating to any legal matter in connection with the Prospectus and Offering for which the Agent may request an opinion, acting reasonably, and a certificate of the Issuer, dated as of the Closing Date and signed by the Chief Executive Officer and Chief Financial Officer of the Issuer, certifying certain facts relating to the Issuer and its affairs.

7. MATERIAL CHANGES

- 7.1 If, after the Final Prospectus is first filed with the Regulatory Authorities but before the conclusion of the distribution of all the Shares under the Prospectus, a Material Change occurs in the affairs of the Issuer (or if an adverse Material Change occurs in the affairs of the Issuer after the Preliminary Prospectus is first filed with the Regulatory Authorities), 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 Material Change occurs, an amendment to the Prospectus disclosing the Material Change or adverse Material Change, as the case may be; and
 - (c) provide as many copies of the amendments to the Agent as the Agent may reasonably request.

8. TERMINATION

8.1 The Agent may without liability in its sole discretion terminate its obligations under this Agreement by written notice to the Issuer on or before the Closing Date if at any time prior to the Closing Date:

- (a) in the opinion of the Agent, acting reasonably, there shall have occurred any Material Change or change in Material Fact in relation to the Issuer or there shall be discovered any previously undisclosed Material Fact in each case which would be expected to result in a material adverse change in relation to the Issuer or have a material adverse effect on the market price or value of the Common Shares;
- (b) any inquiry, action, investigation or other proceeding (whether formal or informal) is made, announced or threatened or any order is issued by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, regulatory authority or other instrumentality including, without limitation, the Exchange or any other exchange or quotation platform or any securities regulatory authority involving the Issuer's securities, directors or officers (except for any inquiry, action, investigation or other proceeding based upon activities of the Agent and not upon activities of the Issuer), or any law or regulation is enacted or changed, which, in the opinion of the Agent, acting reasonably, prevents or restricts trading in or the distribution of the Common Shares or the Securities or materially and adversely affects or might reasonably be expected to materially and adversely affect the market price or value of the Common Shares or the Securities;
- (c) if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including terrorism) or any law or regulation which, in the opinion of the Agent, acting reasonably, materially adversely affects or involves, or might reasonably be expected to materially adversely affect or involve, the financial markets or the business, operations or affairs of the Issuer ;
- (d) the Agent becomes aware, as a result of its due diligence review or otherwise, of any material adverse change or an adverse change in any Material Fact with respect to the Issuer (in the sole opinion of the Agent, acting reasonably) which has not been disclosed to the Agent prior to the date hereof, or the Agent is not satisfied, acting reasonably, with the results of its due diligence review in respect of the Issuer, its securities, assets or operations, the tax attributes of any of the securities of the Issuer or the Securities or otherwise;

- (e) the Issuer is in breach of any term, condition or covenant of this Agreement or any representation or warranty given by the Issuer in this Agreement becomes or is false; or
 - (f) if the state of financial markets in Canada is such that, in the reasonable opinion of the Agent, the Shares cannot be marketed profitably or successfully.
- 8.2 Unless otherwise agreed to by the parties, this Agreement will terminate if a receipt for the Final Prospectus is not issued by the Principal Regulator within 120 days of the date of this Agreement.

9. PROSPECTUS

- 9.1 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 commercially reasonable efforts to have the Prospectus accepted by the Regulatory Authorities and the Principal Regulator issue a receipt for the Preliminary Prospectus and the Final Prospectus.
- 9.2 The Issuer will provide the Agent with as many copies of the Prospectus as the Agent may reasonably request.
- 9.3 Delivery of the Prospectus and any amendment thereto will constitute a representation and warranty by the Issuer to the Agent that all information and statements (except information and statements supplied by and 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 Shares, and that no Material Fact or material information has been omitted therefrom (except facts or information supplied by and 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 will also constitute the Issuer's consent to the Agent's use of the Prospectus, any amendment thereto and any other documents supplied to the Agent by the Issuer for the purpose of the sale of Shares in the Selling Jurisdictions in compliance herewith and with the Securities Acts.
- 9.4 The Agent will deliver to each purchaser a copy of the Prospectus sufficiently in advance of the Closing Date such that all withdrawal rights under the applicable securities laws will have expired by the Closing Date, unless the Issuer requests that the Agent set a Closing Date in advance of the expiration of such withdrawal rights.

10. WARRANTIES, REPRESENTATIONS AND COVENANTS

10.1 The Issuer covenants, represents and warrants to the Agent that:

- (a) all information and other data relating to the Issuer furnished by or on behalf of the Issuer in writing to the Agent is, or, in the case of historical information, was at the date of preparation true, accurate, complete and correct in all material respects, and does not or did not, as the case may be, contain any Misrepresentation;
- (b) the Issuer has been duly incorporated and organized and is validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to carry on its business;
- (c) the Prospectus contains full, true and plain disclosure of all Material Facts in relation to the Issuer, its business and its securities, and contains no Misrepresentation;
- (d) the financial statements of the Issuer which form part of the Prospectus have been prepared in accordance with International Financial Reporting Standards, accurately reflect the financial position of the Issuer and all material liabilities (accrued, absolute, contingent or otherwise) of the Issuer as at the date of the financial statements, and there has been no adverse Material Changes in the financial position of the Issuer since that date, except as fully and plainly disclosed in the Prospectus;
- (e) the authorized and outstanding share capital of the Issuer is as set forth in the Prospectus, all outstanding shares will have been issued as fully paid and non-assessable, and the only outstanding options, warrants or other rights to acquire any shares or other securities of the Issuer is as set forth in the Prospectus;
- (f) the Issuer is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of this Agreement does not and will not result in any breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, in any material respect, any term or provisions of the articles, by-laws, or resolutions of the Issuer, or any indenture, agreement (written or oral), lease or other document to which the Issuer is a party or by which it is bound, or any judgment, decree or order, or to its knowledge, statute, rule or regulation applicable to the Issuer, which default or breach might reasonably be expected to materially adversely affect the business, operations, assets, capital or condition (financial or otherwise) of the Issuer;
- (g) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to the

laws relating to creditors' rights generally and equitable remedies and except to the extent that the enforcement of rights to indemnity and waiver of contribution may be limited by applicable law;

- (h) the Issuer has full corporate authority and capacity to issue the Securities and:
 - (i) on the Closing Date, the Shares will be duly and validly authorized and issued as fully paid and non-assessable;
 - (ii) on the Closing Date, the Agent's Warrants and the Corporate Finance Warrants will be duly and validly created, authorized and issued; and
 - (iii) the Agent's Warrant Shares will be issuable as fully paid and non-assessable upon exercise of the Agent's Warrants in accordance with the terms thereof and receipt of payment, and any Shares issuable upon exercise of the Corporate Finance Warrants will be issuable as fully paid and non-assessable upon exercise in accordance with the terms thereof and receipt of payment;
- (i) no consent of any third party is required in connection with the transactions contemplated by this Agreement, except the consent of the Exchange and except to the extent that this Agreement contemplates obtaining receipts for the Prospectus;
- (j) no litigation, administrative proceeding, arbitration or other proceeding before or of any court, tribunal, arbitrator or regulatory or other governmental body, nor any dispute with any regulatory or other governmental body, is presently in process or, to the best of the knowledge and information of the Issuer, pending or threatened against the Issuer which if determined adversely to the Issuer might have a material adverse effect on the financial condition, results of operations, business or prospects of the Issuer, or which would materially impair the ability of the Issuer to consummate the transactions contemplated hereby or to duly observe and perform any of its covenants or obligations herein;
- (k) the Issuer has conducted its activities in connection with the Offering in compliance, in all material respects, with all applicable laws and regulatory requirements;
- (l) the Issuer shall not reject any subscription for Shares tendered by the Agent, unless all such subscriptions tendered exceed the maximum number of Shares offered pursuant to the Offering or such subscriptions are not duly completed or would otherwise result in non-compliance with the Securities Acts;

- (m) there is not presently, and will not be until the conclusion of the distribution under the Prospectus, any Material Change or change in any Material Fact relating to the Issuer, its business or its securities which has not been or will not be fully disclosed in the Prospectus or otherwise to the Agent;
- (n) 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;
- (o) except as described in the Prospectus or as would not, individually or in the aggregate, result in a material adverse effect on the financial condition, results of operations, business or prospects of the Issuer, (A) the Issuer is in compliance, in all material respects, with all applicable federal, provincial, state, municipal and local laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign (the "**Mining and Environmental Laws**"), including, without limitation, Mining and Environmental Laws relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), wildlife protection, occupational health and safety, current or proposed mining, exploration or development activities, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**"), or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials; and (B) the Issuer has not received any written notice of, or been prosecuted for an offense alleging actual or potential liability on the part of the Issuer based on or pursuant to, non-compliance with any Mining and Environmental Law;
- (p) except as described in the Prospectus or as would not, individually or in the aggregate, result in a material adverse effect on the financial condition, results of operations, business or prospects of the Issuer, there are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Issuer, nor has the Issuer received notice of any of the same;
- (q) except as described in the Prospectus or as would not, individually or in the aggregate, result in a material adverse effect on the financial condition, results of operations, business or prospects of the Issuer, all mineral exploration and mining operations currently being conducted by the Issuer are in compliance, in all material respects, with all Mining and

Environmental Laws, and in accordance with acceptable environmental and mining practices;

- (r) except as disclosed in the Prospectus, all of the Issuer's material mineral resource properties (collectively, the "**Property**") and all of the Issuer's material mineral interests and rights (including any material claims, concessions, exploration licences, exploitation licences, prospecting permits, mining leases and mining rights, in each case, either existing under contract, by operation of law or otherwise) (collectively, the "**Mineral Rights**"), are accurately set forth in the Prospectus. Other than the Property and the Mineral Rights set out in the Prospectus, the Issuer does not own or have any interest in any material real property or any material mineral interests and rights;
- (s) the Property and the Mineral Rights are in good standing under applicable laws and, to the knowledge of the Issuer, all work required to be performed and filed in respect thereof has been performed and filed, all taxes, rentals, fees, expenditures and other payments in respect thereof have been paid or incurred, and all filings in respect thereof have been made;
- (t) there is no material adverse claim against or challenge to the title to or ownership of the Property or any of the Mineral Rights;
- (u) the Issuer has not received any notice, whether written or oral, from any governmental authority of any revocation or intention to revoke any interest of the Issuer in the Property or any of the Mineral Rights;
- (v) the Issuer made available to the authors thereof prior to the issuance of the Technical Report, for the purpose of preparing the Technical Report, all information requested, and to the knowledge and belief of the Issuer, no such information contained any material misrepresentation as at the relevant time the relevant information was made available;
- (w) to the best of the Issuer's knowledge, the Technical Report accurately and completely sets forth all material facts relating to the Property that is subject thereto as at the date of such report, and since the date of preparation of the Technical Report there has been no change, to the best of the Issuer's knowledge, except as otherwise disclosed in the Prospectus, that would disaffirm or change any aspect of the Technical Report in any material respect; and
- (x) the Issuer is in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") in all material respects in connection with the Property and, other than the Property, the Issuer does not hold any interest in a mineral property that is material to the Issuer for the purposes of NI 43-101.

- 10.2 The Agent warrants, represents and covenants to the Issuer that:
- (a) it is a valid and subsisting corporation under the laws of the jurisdiction in which it was organized;
 - (b) it is duly registered under all applicable securities laws to sell the Shares in the Selling Jurisdictions;
 - (c) it is a member in good standing of the Exchange; and
 - (d) it has complied with and will fully comply with the requirements of all applicable securities laws, including, without limitation, the by-laws and rules of the Exchange in relation to trading in the Shares and all matters relating to the Offering.

11. EXPENSES OF AGENT

- 11.1 Subject to the limits in this section 11.1, the Issuer will pay all of the reasonable expenses of the Offering and all the expenses reasonably incurred by the Agent in connection with the Offering including, without limitation, travel expenses, searches and other costs incurred by the Agent to complete the due diligence process, as well as reasonable fees and disbursements of the solicitors for the Agent. The amounts payable by the Issuer for the legal fees of the solicitors for the Agent shall not exceed \$17,500 plus applicable taxes and disbursements without the consent of the Issuer, such consent not to be unreasonably withheld. The amount payable by the Issuer for expenses other than legal expenses (legal expenses being the legal fees, applicable taxes thereon and disbursements of the solicitors for the Agent) shall not exceed \$2,500 plus applicable taxes without the consent of the Issuer, such consent not to be unreasonably withheld; and the Issuer's consent shall be required for any expense other than legal expenses over \$500, such consent not to be unreasonably withheld. The Agent acknowledges receiving a retainer of \$12,500, which amount will be applied against such expenses.
- 11.2 The Issuer will pay the expenses referred to in section 11.1 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.
- 11.3 The Agent may, from time to time, render accounts for its expenses to the Issuer for payment on or before the dates set out in the accounts.
- 11.4 The Issuer authorizes the Agent to deduct its reasonable expenses in connection with the Offering from the cash component of the Corporate Finance Fee and then from the proceeds of the Offering, including expenses for which an account has not yet been rendered to the Issuer, upon delivery to, and review by, the Issuer of the account, such authorization not to be unreasonably withheld.

12. INDEMNITY AND CONTRIBUTION

- 12.1 The Issuer (the “**Indemnifying Party**”) hereby agrees to indemnify and hold harmless the Agent and each of its sub-agents, each of its subsidiaries and affiliates, and each of its directors, officers, shareholders, partners, advisors, employees and agents (collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**”), to the full extent lawful, from and against any and all expenses, losses, claims, actions, damages and liabilities, whether joint or several, (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party) to which any Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise, insofar as such expenses, losses, claims, actions, damages or liabilities relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the performance of services rendered to the Indemnifying Party by the Agent under this Agreement or otherwise in connection with the matters referred to in this Agreement.
- 12.2 Notwithstanding the foregoing, this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such expenses, losses, claims, actions, costs, damages or liabilities to which the Indemnified Party may be subject were caused by the gross negligence, illegal acts or wilful misconduct of the Indemnified Party.
- 12.3 The Indemnifying Party also agrees that no Indemnified Party will have any liability (either direct or indirect, in contract or tort or otherwise) to the Indemnifying Party or any person asserting claims on the Indemnifying Party’s behalf or in right for or in connection with the performance of services rendered to the Indemnifying Party by the Agent, except to the extent that any expenses, losses, claims, actions, costs, damages or liabilities incurred by the Indemnifying Party are determined by a court of competent jurisdiction in a final judgement that has become non-appealable to have resulted from the negligence, illegal acts or willful misconduct of such Indemnified Party.
- 12.4 If for any reason (other than a determination as to any of the events referred to in section 12.2 herein) the foregoing indemnification is unavailable to the Agent or any other Indemnified Party or is insufficient to hold the Agent or any other Indemnified Party harmless, the Indemnifying Party shall contribute to the amount paid or payable by the Agent or any other Indemnified Party as a result of such expense, loss, claim, action, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party on the one hand and the Agent or any other Indemnified Party on the other hand but also the relative fault of the Indemnifying Party, the Agent or any other Indemnified Party, as well as any relevant equitable considerations; provided that

the Indemnifying Party shall in any event contribute to the amount paid or payable by the Agent or any other Indemnified Party as a result of such expense, loss, claim, action, damage or liability any amount in excess of the fees actually received by the Agent under this Agreement.

- 12.5 Promptly after receiving notice of an action, suit, proceeding or claim against the Agent or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnifying Party, an Indemnified Party will notify the Indemnifying Party in writing of the particulars thereof and will provide copies of all relevant documentation to the Indemnifying Party, and the Indemnifying Party shall undertake the investigation and defence thereof on behalf of the Agent or the Indemnified Party, as applicable, including the prompt employment of counsel reasonably acceptable to the Agent or the Indemnified Party affected and the payment of all reasonable expenses; and throughout the course of any investigation or legal proceeding as contemplated herein, the Indemnifying Party will provide copies of all relevant documentation to the Agent and the Indemnified Party, will keep the Agent and the Indemnified Party advised of the progress thereof and will discuss with the Agent and the Indemnified Party all significant actions proposed. The omission of an Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability which the Indemnifying Party may have to the Agent or any other Indemnified Party except only to the extent that any such delay in or failure to give notice as herein required prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnifying Party would otherwise have under this indemnity had an Indemnified Party not so delayed in or failed to give the notice required hereunder.
- 12.6 Notwithstanding that the Indemnifying Party shall undertake the investigation and defence of any action, any Indemnified Party shall have the right, at the Indemnifying Party's expense, to employ separate counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (a) the employment of such counsel has been authorized by the Indemnifying Party; or (b) the Indemnifying Party has not assumed the defence and employed counsel therefor within 5 days after receiving notice of such action, suit, proceeding, claim or investigation; or (c) counsel retained by the Indemnifying Party or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnifying Party (in which event and to that extent, the Indemnifying Party shall not have the right to assume or direct the defence on the Indemnified Party's behalf), or that there is a conflict of interest between the Indemnifying Party and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in either of which events the Indemnifying Party shall not have the right to assume or direct the defence on the

Indemnified Party's behalf). Notwithstanding any other provision of this indemnity, any Indemnified Party shall have the right, at such Indemnified Party's expense, to employ counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation, and such employment shall not relieve the Indemnifying Party from its obligations to undertake the investigation and defence of any action, suit, proceeding, claim or investigation unless such Indemnified Party consents, in writing, to such relief.

- 12.7 The Indemnifying Party agrees that in case any legal proceeding shall be brought against the Indemnifying Party and/or the Agent or any other Indemnified Party by any governmental commission or regulatory authority, or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnifying Party and/or the Agent or any other Indemnified Party and the Agent or such other Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of this Agreement, the engagement of the Agent hereunder, or the performance of services rendered to the Indemnifying Party by the Agent hereunder, the Agent or such other Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Agent for time spent by its, or any of its affiliates, directors, officers, employees, partners or agents (collectively, "**Personnel**") in connection therewith) and out-of-pocket expenses incurred by its Personnel in connection therewith shall be paid by the Indemnifying Party as they occur.
- 12.8 No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made and the Indemnifying Party shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent, such consent not to be unreasonably withheld.
- 12.9 The Indemnifying Party hereby acknowledges that the Agent acts, and appoints the Agent, as trustee for the other Indemnified Parties of the Indemnifying Party's covenants 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.
- 12.10 The Indemnifying Party hereby agrees to waive any right it may have of first requiring the Indemnified Parties to proceed against or enforce any other right, power, remedy, security or to claim payment from any other person before claiming under this indemnity.
- 12.11 The indemnity and contribution obligations of the Indemnifying Party hereunder shall be in addition to any liability which the Indemnifying Party may otherwise have, 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 Indemnifying Party, the Agent and any other Indemnified Party. The foregoing provisions shall survive the completion of services rendered under this Agreement or any termination of this Agreement.

13. ASSIGNMENT AND SELLING GROUP PARTICIPATION

- 13.1 The Agent will not assign this Agreement or any of its rights under the Agreement nor, 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 written consent of the Issuer and notice has been given to and accepted by the Regulatory Authorities.
- 13.2 The Agent may offer selling group participation in the normal course of the brokerage business to selling groups of other licensed dealers, brokers and investment dealers, who may or who may not be offered part of the commissions or securities to be received by the Agent pursuant to this Agreement. In no event shall the Issuer be required to pay a fee in excess of the Agent's Commission, the Corporate Finance Fee or the Agent's Warrants in respect of such subscriptions.

14. NOTICE

- 14.1 Any notice, direction or other instrument required or permitted to be given under this Agreement will be in writing and may be given by delivering it or sending it by facsimile or electronic mail to the following address:
- (a) If to the Agent:

Haywood Securities Inc.
Bay Wellington Tower, Brookfield Place
181 Bay Street, Suite 2910
Toronto, Ontario, M5J 2T3
Tel: (416) 507-2300
Fax: (416) 507-2399
Email: yxue@haywood.com
Attention: Yuxia Xue

with a copy to:

Garfinkle Biderman LLP
Dynamic Funds Tower
Suite 801, 1 Adelaide Street East
Toronto, Ontario, M5C 2V9
Facsimile: 416-869-7612
Email: sposen@garfinkle.com
Attention: Shimmy Posen

(b) If to the Issuer:

IM Exploration Inc.
181 Bay Street
Suite 4400, Brookfield Place
Toronto, Ontario M5J 2T3
Email: jf@resurgentcapital.ca
Attention: Joel Freudman

with a copy to:

McMillan LLP
Brookfield Place
Suite 4400, 181 Bay Street
Toronto, Ontario, M5J 2T3
Email: mark.neighbor@mcmillan.ca
Attention: Mark Neighbor

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

- 14.2 If notice is mailed, it will be deemed to have been received 3 business days following the date of mailing.
- 14.3 If there is an interruption in normal mail service due to strike, labour unrest or other cause at or during the 3 business days immediately after the date a notice is mailed, the notice will be sent by facsimile or e-mail transmission or will be delivered.

15. TIME

- 15.1 Time is of the essence of this Agreement.

16. SURVIVAL

- 16.1 The representations, warranties, covenants and indemnities of the parties contained in this Agreement will survive the closing of the Offering.

17. LANGUAGE

- 17.1 This Agreement is to be read with all changes in gender and number as required by the context.

18. ENTIRE AGREEMENT

- 18.1 This Agreement constitutes the entire agreement between the parties with respect to its subject matter, and supersedes any prior agreements with respect thereto between the Issuer and the Agent.

19. ENUREMENT

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

20. HEADINGS

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

21. LAW

21.1 This Agreement will be governed by, subject to and interpreted in accordance with the laws prevailing in the Province of Ontario and the federal laws of Canada applicable therein, and the courts of the Province of Ontario will have exclusive jurisdiction over any dispute arising in connection with this Agreement.

22. COMMUNICATION WITH PUBLIC

22.1 No press release or publicly available filings in respect of this Agreement or with respect to the relationship between the Issuer and the Agent shall be made by the Issuer without the prior written consent of the Agent, acting reasonably.

23. COUNTERPARTS

23.1 This Agreement may be executed in as many counterparts as may be necessary and delivered by facsimile or other means of electronic reproduction and such counterparts together will constitute one and the same instrument and notwithstanding the date of execution will be deemed to bear the date as of the day and year first above written.

THE PARTIES, intending to be contractually bound, have executed this Agreement as of the date first above written.

IM EXPLORATION INC.

By:

“Joel Freudman”
Authorized Signatory

HAYWOOD SECURITIES INC.

By:

“Campbell Becher”
Authorized Signatory