

**CASCADA SILVER CORP.**

**AND**

**STIKEMAN ELLIOTT LLP**

**SUBSCRIPTION RECEIPT AGREEMENT**

**Providing for the Issue of up to  
57,692,307 Subscription Receipts**

**Dated as of June 3, 2024**

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## **SUBSCRIPTION RECEIPT AGREEMENT**

This subscription receipt agreement (this "**Agreement**") is dated as of June 3, 2024 between Cascada Silver Corp., a corporation existing under the laws of the Province of British Columbia (the "**Corporation**") and Stikeman Elliott LLP (the "**Subscription Receipt Agent**").

**WHEREAS** the Corporation proposes to create and issue up to 57,692,307 Subscription Receipts at a price of C\$0.013 per Subscription Receipt on a private placement basis, with each Subscription Receipt representing the right to acquire one Common Share, subject to certain adjustments, in the manner herein set forth;

**AND WHEREAS** the Subscription Receipt Agent has agreed to act as escrow agent to receive the Escrowed Proceeds, in accordance with the terms and conditions set out herein;

**AND WHEREAS** the Subscription Receipt Agent has agreed to enter into this Agreement and to hold all rights, interests and benefits contained herein for and on behalf of the Subscription Receiptholders.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that for good and valuable consideration mutually given, the receipt and sufficiency of which are hereby acknowledged, the Corporation hereby appoints the Subscription Receipt Agent as agent for the Subscription Receiptholders, to hold all rights, interests and benefits contained herein for and on behalf of the Subscription Receiptholders, and the Corporation and the Subscription Receipt Agent hereby covenant, agree and declare as follows:

### **ARTICLE 1 INTERPRETATION**

#### **1.1 Definitions**

In this Agreement and in the Subscription Receipt Certificates, unless there is something in the subject matter or context inconsistent therewith:

- (a) **"\$"** or **"C\$"** means currency of Canada;
- (b) **"Applicable Legislation"** means such provisions of any statute of Canada or of a province or territory thereof, and of regulations under any such statute, relating to subscription receipt agreements or to the rights, duties and obligations of corporations and of subscription receipt agents under subscription receipt agreements, as are from time to time in force and applicable to this Agreement;
- (c) **"Authenticated"** means with respect to the issuance of a Subscription Receipt Certificate, one which has been duly signed by the Corporation; "Authenticate", "Authenticating" and "Authentication" have the appropriate correlative meanings;
- (d) **"Business Day"** means a day on which Canadian Chartered banks are open for the transaction of regular business in Vancouver, British Columbia;
- (e) **"Certificate of the Corporation"** mean a written order, request, consent, direction and certificate, respectively, signed in the name of the Corporation by any Director or officer of the Corporation or by any other individual to whom such signing authority is delegated by the directors from time to time, and may consist of one or more instruments so executed, respectively.

- (f) **"Closing Date"** means the closing date(s) of the Offering being May 22, 2024 or such other date or dates as agreed to by the Corporation and the Subscription Receipt Agent, provided that the closing of the Offering may occur on one or more dates in one or more tranches;
- (g) **"Closing Time"** means 9:00 a.m. (Vancouver time) on the Closing Date or such other time as agreed to by the Corporation and the Subscription Receipt Agent;
- (h) **"Common Shares"** means the common shares in the capital of the Corporation;
- (i) **"Corporation"** means Cascada Silver Corp.;
- (j) **"CSE"** means the Canadian Securities Exchange;
- (k) **"Current Market Price"** means, at any date, the volume weighted average price per share at which the Common Shares have traded:
  - (i) on the CSE;
  - (ii) if the Common Shares are not listed on the CSE, on any stock exchange upon which the Common Shares are listed as may be selected for this purpose by the board of directors of the Corporation, acting reasonably; or
  - (iii) if the Common Shares are not listed on any stock exchange, on any over-the-counter market on which the Common Shares are trading, as may be selected for this purpose by the board of directors of the Corporation, acting reasonably;during the 20 consecutive Trading Days (on each of which at least 500 Common Shares are traded in board lots) ending the third Trading Day before such date and the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive Trading Days by the number of Common Shares sold or, if not traded on any recognized market or exchange, as determined by the directors of the Corporation, acting reasonably;
- (l) **"Director"** means a director of the Corporation for the relevant time, and reference without more to action by the directors means action by the directors of the Corporation as a board or, to the extent empowered, by a committee of the board, in each case by resolution duly passed;
- (m) **"Escrow Release Conditions"** means:
  - (i) the receipt of all necessary regulatory approvals, including any approval of the CSE and the approval of shareholders for the issuance of the Common Shares on exchange of the Subscription Receipts as required under the policies of the CSE; and
  - (ii) the Corporation having delivered a Release Notice;
- (n) **"Escrowed Proceeds"** means the cash amount of up to C\$750,000.00, being the maximum gross proceeds of the Offering to be delivered to the Subscription Receipt Agent to be held in escrow on the terms and subject to the conditions of this Agreement;
- (o) **"Offering"** means the private placement on a non-brokered basis of up to 57,592,307 Subscription Receipts for aggregate gross proceeds of up to C\$750,000.00 at the Purchase Price;

- (p) **"Person"** includes an individual, corporation, partnership, trustee, unincorporated organization or any other entity whatsoever, and words importing Persons have a similar extended meaning;
- (q) **"Purchase Price"** means C\$0.013 per Subscription Receipt;
- (r) **"Regulation D"** means Regulation D under the U.S. Securities Act;
- (s) **"Regulation S"** means Regulation S under the U.S. Securities Act;
- (t) **"Release Date"** means either (i) the date, prior to the Termination Time, on which the Release Notice with respect to the Offering is received by the Subscription Receipt Agent in accordance with the terms of this Agreement, provided that the Release Notice is received by the Subscription Receipt Agent by 9:00 a.m. (Vancouver time) on such date; or (ii) the first Business Day, provided that it is prior to the Termination Time, following the date on which the Release Notice with respect to the Offering is received by the Subscription Receipt Agent in accordance with the terms of this Agreement, if the Release Notice is received by the Subscription Receipt Agent after 9:00 a.m. (Vancouver time) on such date;
- (u) **"Release Deadline"** means 5:00 p.m. (Vancouver time) on July 31, 2024 unless otherwise agreed to in writing by the Corporation and the Subscription Receipt Agent.
- (v) **"Release Notice"** means written notice in substantially the form set out in Schedule "B" attached hereto executed by the Corporation only confirming that the Escrow Release Conditions have been met or waived, as applicable;
- (w) **"Release Time"** means 9:00 a.m. (Vancouver time) on the Release Date, or such other time as may be agreed by the Corporation and the Subscription Receipt Agent;
- (x) **"Subscription Receipt Agent"** means Stikeman Elliott LLP, including its successors and assigns;
- (y) **"Subscription Receipt Certificate"** means a certificate representing one or more Subscription Receipts substantially in the form of the certificate attached hereto as Schedule "A";
- (z) **"Subscription Receiptholders"** or **"holders"** means the Persons from time to time entered in a register of holders described in Section 3.1 hereof as holders of Subscription Receipts;
- (aa) **"Subscription Receipts"** means the subscription receipts created, issued and Authenticated pursuant to Section 2.1(a) hereof, and that have not at the particular time expired, been purchased by the Corporation converted or otherwise have become null, void and of no further force or effect;
- (bb) **"Termination Date"** means, with respect to the Escrowed Proceeds, the earlier of:
  - (i) the date on which the Subscription Receipt Agent receives the Termination Notice; provided that if such notice is not received on a Business Day or is received after 5:00 p.m. (Vancouver time) on a Business Day the Termination Date shall be the next Business Day; or
  - (ii) the date that is the first Business Day after the Release Deadline, if the Subscription Receipt Agent has not received the Release Notice prior to 5:00 p.m. (Vancouver time) on the Release Deadline;

- (cc) **"Termination Notice"** means a written notice from the Corporation addressed to the Subscription Receipt Agent indicating that the Escrow Release Conditions will not be satisfied and directing the Subscription Receipt Agent to return the Escrowed Proceeds to the Subscription Receiptholders as provided hereunder;
- (dd) **"Termination Time"** means 5:00 p.m. (Vancouver time) on the Termination Date;
- (ee) **"Trading Day"** means a day on which the CSE (or such other exchange on which the Common Shares are listed and which forms the primary trading market for such shares) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;
- (ff) **"this Subscription Receipt Agreement", "this Agreement", "hereto", "hereunder", "hereof", "herein", "hereby"** and similar expressions mean or refer to this Subscription Receipt Agreement and any amendment, deed or instrument supplemental or ancillary hereto, and the expressions "article", "section", "subsection", "paragraph", "subparagraph", "clause" and "subclause" followed by a number mean the specified article, section, subsection, paragraph, subparagraph, clause or subclause of this Agreement;
- (gg) **"United States"** means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (hh) **"U.S. Securities Act"** means the United States Securities Act of 1933, as amended;
- (ii) **"U.S. Subscription Receiptholder"** means an original registered purchaser of the Subscription Receipts who was, at the time of purchase: (a) any person purchasing such Subscription Receipts on behalf of, or for the account or benefit of, any Person in the United States; (b) any Person who receives or received an offer to acquire such Subscription Receipts while in the United States; or (c) any Person who was in the United States at the time such Person's buy order was made or the subscription agreement pursuant to which such Subscription Receipts were acquired was executed or delivered; and
- (jj) **"Voting Shares"** means shares of any corporation of one or more classes or series of a class of shares of such corporation carrying voting rights under all circumstances (and not by reason of the happening of a contingency) sufficient if exercised to elect all of the directors of such corporation, provided that such shares shall be deemed not to cease to be Voting Shares solely by reason of a right to vote for the election of one or more of the directors of such corporation accruing to shares of another class or series of a class of shares of such corporation by reason of the happening of a contingency.

## 1.2 **Interpretation**

- (a) Words Importing the Singular: Words importing the singular include the plural and *vice versa* and words importing a particular gender or neuter include both genders and neuter.
- (b) Interpretation Not Affected by Headings, Etc.: The division of this Agreement into articles, sections, subsections, paragraphs, subparagraphs, clauses and subclauses, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (c) Day Not a Business Day: Unless otherwise indicated, if the day on or before which any action which would otherwise be required to be taken hereunder is not a Business Day that action will be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.
- (d) Time of the Essence: Time will be of the essence in all respects in this Agreement and the Subscription Receipt Certificates.

- (e) Currency: Except as otherwise stated, all dollar amounts herein and in the Subscription Receipt Certificates are expressed in Canadian dollars.
- (f) Severability: In the event that any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof, all of which shall remain in full force and effect.
- (g) Conflict: In the event of a conflict or inconsistency between a provision in this Agreement and the Subscription Receipt Certificates issued hereunder, the relevant provision of this Agreement shall prevail to the extent of the inconsistency.

### **1.3 Applicable Law**

This Agreement and the Subscription Receipt Certificates will be construed and enforced in accordance with the laws prevailing in the Province of British Columbia and the federal laws of Canada applicable therein and will be treated in all respects as British Columbia contracts.

## **ARTICLE 2 THE SUBSCRIPTION RECEIPTS**

### **2.1 Creation and Issue of Subscription Receipts**

- (a) An aggregate of up to 57,692,307 Subscription Receipts, on the terms and subject to the conditions herein provided, are hereby created and authorized for issue at the Purchase Price.
- (b) One Subscription Receipt shall be issued by the Corporation, without any further act or formality, on the Closing Date for each C\$0.013 received by or on behalf of the Corporation as payment therefor and each such Subscription Receipt shall be a fully paid and non-assessable security of the Corporation.
- (c) Upon the issue of the Subscription Receipts in accordance with Section 2.1(b), Subscription Receipt Certificates shall be executed by the Corporation and delivered by the Corporation to the Subscription Receiptholders.
- (d) Each Subscription Receipt issued hereunder will entitle the holder thereof, upon the conversion thereof in accordance with the provisions of Article 4 hereof, and without payment of any additional consideration, to be issued one Common Share.

### **2.2 Payment Acknowledgment**

- (a) The Subscription Receipt Agent will, by way of written confirmation to the Corporation, acknowledge receipt from the Corporation and/or Subscription Receiptholders for the Escrowed Proceeds, and will confirm that such funds have been deposited in escrow, or as otherwise directed by the Corporation in writing and the Subscription Receipt Agent will retain such funds in accordance with the terms of this Agreement pending payment of such amount in accordance with the terms of this Agreement.

### **2.3 Cancellation of Subscription Receipts**

- (a) In the event that either (i) a Termination Notice with respect to the Offering is delivered prior to the Release Deadline, or (ii) the Release Notice with respect to the Offering is not delivered to the Subscription Receipt Agent prior to the Release Deadline, those Subscription Receipts issued pursuant to the Offering shall, without any action on the part of the applicable holders thereof (including the surrender of Subscription Receipt Certificates), be cancelled by the Corporation as of the Termination Time and holders of



Subscription Receipt Certificates, as applicable, shall thereafter have no rights thereunder except to receive, and the Subscription Receipt Agent shall pay to such holders from the Escrowed Proceeds an amount equal to the aggregate Purchase Price of the Subscription Receipts then held. Such amount (less any withholding tax required to be withheld in respect thereof), shall be returned to each applicable Subscription Receiptholder by the Subscription Receipt Agent in accordance with Section 6.2 hereof.

## **2.4 Form of Subscription Receipt Certificates**

- (a) Form: Upon the issue of Subscription Receipts, Subscription Receipt Certificates shall be executed by the Corporation and delivered by the Corporation in accordance with Section 2.6. The Subscription Receipt Certificates shall be substantially in the form attached as Schedule "A" hereto, subject to the provisions of this Agreement, with such variations and changes as may from time to time be agreed upon by the Subscription Receipt Agent and the Corporation, and the Subscription Receipt Certificates shall be dated as of the Closing Date or upon exchange, the date of exchange, and shall have such distinguishing letters and numbers as the Corporation may prescribe and shall be issuable in any denomination excluding fractions.

- (b) Legend on Subscription Receipt Certificates: Subscription Receipt Certificates issued, as well as all certificates issued in exchange for or in substitution of such Subscription Receipt Certificates, shall bear the following legends:

**"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS FOUR MONTHS AND A DAY FROM THE CLOSING DATE]."**

- (c) United States Legends on Subscription Receipt Certificates: In addition to the legend set forth in Section 2.4(b), certificates representing Subscription Receipts originally issued to U.S. Subscription Receiptholders, if any, as well as all certificates issued in exchange for or in substitution of such certificates representing Subscription Receipts, shall bear the following additional legend until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws:

**"THE SECURITIES AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY (i) RULE 144 OR (ii) 144A UNDER THE 1933 ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO THE CORPORATION AND THE SUBSCRIPTION RECEIPT AGENT TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."**

provided, that if the Subscription Receipts are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S, the legend set forth above may be removed by providing an executed declaration to the Corporation in such form as the Corporation, in substantially the form set forth as Schedule "C" hereto (or in such other form prescribed from time to time) and, if requested by the Corporation, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided further, that if any of the Subscription Receipts are being sold pursuant to Rule 144 under the U.S. Securities Act and in compliance with any applicable state securities laws, the legend may be removed by delivery to the Corporation of an opinion of counsel of recognized standing in the form and substance reasonably satisfactory to the Corporation to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws.

## **2.5 Signing of Subscription Receipt Certificates**

- (a) Signing Officers: The Subscription Receipt Certificates shall be signed by any one officer of the Corporation or any one Director or by any other individual to whom such signing authority is delegated by the Directors from time to time.
- (b) Signatures: The signature of individual referred to in Section 2.5(a) hereof may be a manual signature, electronic or printed in facsimile.

## **2.6 Validity of Subscription Receipts**

No Subscription Receipt shall (a) be considered issued, valid, or obligatory; nor (b) entitle the holder thereof to the benefits of this Agreement, until it has been Authenticated. Authentication shall be conclusive evidence as against the Corporation that the Subscription Receipts so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Agreement. No certificated Subscription Receipt (a) shall be considered issued and Authenticated nor, (b) if Authenticated, shall be obligatory nor entitle the holder thereof to the benefits of this Agreement, until it has been Authenticated substantially in the form of the Subscription Receipt set out in Schedule "A" hereto. Such Authentication on any such certificated Subscription Receipt shall be conclusive evidence that such certificated Subscription Receipt is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Agreement.

## **2.7 Subscription Receipts to Rank Pari Passu**

All Subscription Receipts will rank *pari passu* with all other Subscription Receipts whatever may be the actual dates of issue of the Subscription Receipts.

## **2.8 Issue in Substitution for Lost Certificates, Etc.**

- (a) Substitution: If any Subscription Receipt Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law and to Section 2.8(b) hereof, will issue and deliver a new Subscription Receipt Certificate of like tenor and bearing the same legends as the one mutilated, lost, destroyed or stolen in exchange for and in place of and on surrender and cancellation of such mutilated certificate or in lieu of and in substitution for such lost, destroyed or stolen Subscription Receipt Certificate, and the substituted Subscription Receipt Certificate shall be in the form of the certificate set out in Schedule "A" hereto and the Subscription Receipts evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Subscription Receipts issued or to be issued hereunder by the Corporation.
- (b) Cost of Substitution: The applicant for the issue of a new Subscription Receipt Certificate pursuant to this Section 2.8 shall bear the reasonable cost of the issue thereof and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof: (i)

furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Subscription Receipt Certificate to be replaced as is satisfactory to the Corporation in its discretion, acting reasonably; (ii) if so requested, furnish an indemnity and surety bond in amount and form satisfactory to the Corporation in its discretion, acting reasonably; and (iii) pay the reasonable charges of the Corporation in connection therewith.

## **2.9 Subscription Receiptholder not a Shareholder**

Nothing in this Agreement or in the holding of a Subscription Receipt or otherwise shall be construed as conferring on any Subscription Receiptholder any right or interest whatsoever as a shareholder of the Corporation, including but not limited to any right to vote at, to receive notice of, or to attend, any meeting of shareholders or any other proceeding of the Corporation or any right to receive any dividend or other distribution.

# **ARTICLE 3 REGISTRATION, TRANSFER AND OWNERSHIP OF SUBSCRIPTION RECEIPTS AND EXCHANGE OF SUBSCRIPTION RECEIPT CERTIFICATES**

## **3.1 Registration of Subscription Receipts**

- (a) Register: The Corporation will keep at its principal office in Toronto, Ontario, a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Subscription Receipts and particulars of the Subscription Receipts held by them;
- (b) Transfer: The Subscription Receipts may only be transferred on the register kept by the Corporation at the principal office by the holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation only upon surrendering to the Corporation at the principal office the Subscription Receipt Certificates representing the Subscription Receipts to be transferred together with a duly executed form of transfer (in the form attached to the Subscription Receipt Certificate as set out in Schedule "A"); and upon compliance with: (i) the conditions herein; (ii) such reasonable requirements as the Corporation may prescribe; and (iii) all applicable securities legislation and requirements of regulatory authorities; and such transfer shall be duly noted in such register by the Corporation. Upon compliance with such requirements, the Corporation shall issue to the transferee a Subscription Receipt Certificate representing the Subscription Receipts transferred.
- (c) Certain Transfers by U.S. Subscription Receiptholders: The Subscription Receipts and the Common Shares issuable upon conversion thereof have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. Accordingly, if a Subscription Receipt Certificate tendered for transfer bears the legend set forth in Section 2.4(c) the Corporation shall not register such transfer unless the transferor has provided the Corporation with the Subscription Receipt Certificate and: (A) the transfer is made to the Corporation; (B) the transfer is made outside the United States in an "offshore transaction" in compliance with the requirements of Rule 904 of Regulation S, if available, and in compliance with applicable local laws and regulations and a declaration to the effect set forth in Schedule "C" to this Agreement, or in such other form as the Corporation may from time to time prescribe, is delivered to the Corporation; (C) the transfer is made in compliance with an exemption from registration under the U.S. Securities Act provided by (a) Rule 144 or (b) Rule 144A thereunder, if available, and in accordance with any applicable state securities laws; (D) the transfer is made in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws; or (E) the transfer is made pursuant to an effective registration under the U.S. Securities Act, provided that, in the case of (C)(a) or (D), the U.S. Subscription Receiptholder has furnished to the Corporation and the Corporation or its registrar and transfer agent, as applicable, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect.

- (d) Other Documentation: The Corporation shall be entitled to request any other documents that it may require in accordance with its internal policies for the removal of the legend set forth above.

### **3.2 Ownership of Subscription Receipts**

- (a) Owner: The Corporation and the Subscription Receipt Agent may deem and treat the Person in whose name any Subscription Receipt is registered as the absolute owner of such Subscription Receipt for all purposes, and such Person will for all purposes of this Agreement be and be deemed to be the absolute owner thereof, and the Corporation and the Subscription Receipt Agent will not be affected by any notice or knowledge to the contrary except as required by statute or by order of a court of competent jurisdiction.
- (b) Rights of Registered Holder: The registered holder of any Subscription Receipt will be entitled to the rights represented thereby free from all equities and rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all Persons may act accordingly, and the issue and delivery to any such registered holder of Common Shares issuable pursuant thereto (or the payment of amounts payable in respect thereof pursuant to Section 2.3(a) hereof) will be a good discharge to the Corporation and the Subscription Receipt Agent therefor and neither the Corporation nor the Subscription Receipt Agent will be bound to inquire into the title of any such registered holder.

## **ARTICLE 4 CONVERSION OF SUBSCRIPTION RECEIPTS**

### **4.1 Notice of Satisfaction of Escrow Release Conditions**

The Subscription Receipt Agent will take the actions and comply with the requirements set forth in Section 6.2 and the Subscription Receipts shall be converted pursuant to Section 4.2 upon the delivery by the Corporation only of the Release Notice in the form attached hereto as Schedule "B" by email or courier to the address of the Subscription Receipt Agent set out in Section 10.1 within one (1) Business Day of the Escrow Release Conditions being met or waived in accordance with the terms of this Agreement, and receipt of such Release Notice by the Subscription Receipt Agent.

### **4.2 Conversion of Subscription Receipts by the Corporation**

- (a) Conversion by the Corporation: Immediately, and upon receipt of the Release Notice set out in Section 4.1 hereof by the Corporation, the Subscription Receipts will be automatically converted by the Corporation at the Release Time for and on behalf of the holder thereof and the holder thereof shall, without any action on the part of the holder thereof (including the surrender of any Subscription Receipt Certificate), be deemed to have subscribed for the corresponding number of Common Shares issuable upon the conversion of such Subscription Receipts. The Corporation shall cause to be mailed within five (5) Business Days of the Release Time, one or more certificates or DRS statements representing the Common Shares upon the receipt of the Release Notice. The Common Shares shall be registered in the name of the Subscription Receiptholders and delivered to the addresses of the Subscription Receiptholders as specified in the register for the Subscription Receipts or to such address as the Subscription Receiptholders may specify in writing to the Corporation prior to the Release Time.
- (b) Release of Escrowed Proceeds: Upon receipt of the Release Notice set out in Section 4.1 hereof, the Subscription Receipt Agent will release the Escrowed Proceeds in accordance with Section 6.2 hereof.

- (c) Rights on Conversion: Subject to Section 7.1, the holder of any Subscription Receipt converted pursuant to Section 4.2(a) hereof shall have no rights hereunder except to be issued a Common Share upon the conversion of such Subscription Receipt.
- (d) Direction of the Corporation: The parties hereby irrevocably authorize and direct the Corporation to convert the Subscription Receipts pursuant to Section 4.2(a) hereof upon receipt of the Release Notice.

#### **4.3 Effect of Conversion**

Upon the conversion of any Subscription Receipts in accordance with Section 4.2(a), the Common Shares thereby issuable will be issued at the Release Time, and the Person or Persons to whom such Common Shares are to be issued will be the holder or holders of record thereof, at the Release Time unless the transfer registers for the Common Shares are closed on that date, in which case such Common Shares will be deemed to have been issued and such Person or Persons will become the holder or holders of record thereof on the date on which such transfer registers are reopened, but such Common Shares will be issued on the basis of the number of Common Shares to which such Person or Persons were entitled at the Release Time.

#### **4.4 Fractions**

Subject to the immediately following sentence, the Corporation shall not be required, upon the conversion of the Subscription Receipts or upon any adjustment in accordance with Article 7 hereof, to issue fractions of Common Shares to any person or to issue certificates which evidence a fractional Common Share. All fractions of a Common Share will be rounded down and the Corporation shall not pay any amounts to the holder in satisfaction of the right to otherwise have received a fraction of a Common Share.

#### **4.5 Recording**

The Corporation will record (or cause to be recorded) the name and address of each Person to whom Common Shares are issued, the number of such securities so issued at the Release Time.

#### **4.6 Securities Restrictions**

- (a) General: No Common Shares will be issued pursuant to the conversion of any Subscription Receipt if the issue of such Common Shares would constitute a violation of the securities laws of any jurisdiction.
- (b) Canadian Legends: The Common Shares issued upon the conversion of the Subscription Receipts shall be subject to the following legend restriction:

**"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS FOUR MONTHS AND A DAY FROM THE CLOSING DATE]."**

- (c) United States Legends: If the Subscription Receipt Certificate representing the Subscription Receipts converted in accordance with this Article 4 bears the legend set forth in Section 2.4(c) hereof, then each certificate representing Common Shares issued upon the conversion thereof, as well as all certificates issued in exchange for or in substitution of such certificates and all certificates representing securities issued pursuant to such securities or upon exchange thereof, shall bear the following legend:

**"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES**

**MAY BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY (i) RULE 144 OR (ii) 144A UNDER THE 1933 ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO THE CORPORATION AND THE CORPORATION'S TRANSFER AGENT TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."**

provided, that if the Common Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S, the legend set forth above may be removed by providing an executed declaration to the registrar and transfer agent of the Corporation and to the Corporation in such form as the Corporation, in substantially the form set forth as Schedule "C" (or in such other form prescribed from time to time) and, if requested by the Corporation or its registrar and transfer agent, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and its registrar and transfer agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided further, that if any of the Common Shares are being sold pursuant to Rule 144 under the U.S. Securities Act and in compliance with any applicable state securities laws, the legend may be removed by delivery to the Corporation's registrar and transfer agent of an opinion of counsel of recognized standing in the form and substance reasonably satisfactory to the Corporation and its registrar and transfer agent to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws.

## **ARTICLE 5 COVENANTS**

### **5.1 General Covenants**

So long as any Subscription Receipts remain outstanding the Corporation represents, warrants and covenants as follows:

- (a) Maintenance: The Corporation will use its commercially reasonable efforts to at all times maintain its corporate existence, carry on and conduct its business, and that of its material subsidiaries, in a proper, efficient and business-like manner and keep or cause to be kept proper books of account in accordance with generally accepted accounting principles.
- (b) Authorization: The Corporation is duly authorized to create and issue the Subscription Receipts and, when issued and Authenticated as herein provided, such Subscription Receipts shall be valid and enforceable against the Corporation in accordance with the terms herein.
- (c) Listing: The Corporation will use its commercially reasonable efforts to at all times maintain the listing of the Common Shares on the CSE.

- (d) Reservation of Common Shares: The Corporation will reserve and conditionally allot for the purpose and keep available sufficient unissued Common Shares to enable it to satisfy its obligations on the conversion of the Subscription Receipts.
- (e) Reporting Issuer: The Corporation will make all requisite filings, including filings with appropriate securities commissions to remain a reporting issuer in each of the provinces of Canada in which it is a reporting issuer on the date hereof, or the equivalent thereof.
- (f) General Performance: Generally, the Corporation will perform and carry out all acts and things to be done by it as provided in this Agreement and will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as the Subscription Receipt Agent may reasonably require in connection with this Agreement and the matters contemplated herein.
- (g) Notices: Any notices or deliveries required to be provided to the Subscription Receiptholders hereunder shall be sent by prepaid mail or delivery to each Subscription Receiptholder at the address of such holder appearing on the register of Subscription Receipts maintained hereunder.

## **5.2 Expenses of Subscription Receipt Agent**

The Corporation covenants that it will pay or reimburse the Subscription Receipt Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Subscription Receipt Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Subscription Receipt Agent hereunder shall be finally and fully performed, except for any expense, disbursement or advance that arises out of or results from the Subscription Receipt Agent's gross negligence, wilful misconduct or bad faith. This Section shall survive the resignation of the Subscription Receipt Agent and/or the termination of this Agreement.

## **5.3 Notice of Issue**

The Corporation will give written notice of and make all requisite filings respecting the issue of Common Shares pursuant to the conversion of the Subscription Receipts, in such detail as may be required, to each securities commission, stock exchange, or similar regulatory authority in each jurisdiction in Canada in which there is legislation or regulations requiring the giving of any such notice in order that such issue of securities and the subsequent disposition of the securities so issued will not be subject to the prospectus requirements, if any, of such legislation or regulations.

## **5.4 Performance of Covenants by Subscription Receipt Agent**

If the Corporation fails to perform any of the obligations thereof under this Agreement, the Subscription Receipt Agent may notify the Subscription Receiptholders of such failure or may itself perform any of such obligations capable of being performed by the Subscription Receipt Agent, and the Subscription Receipt Agent will notify the Subscription Receiptholders that it is so doing. All amounts expended or advanced by the Subscription Receipt Agent in so doing will be repayable as provided in Section 5.2 hereof. No such performance, expenditure or advance by the Subscription Receipt Agent will relieve the Corporation of any default or of its continuing obligations hereunder.

# **ARTICLE 6 DEPOSIT OF PROCEEDS AND CANCELLATION OF SUBSCRIPTION RECEIPTS**

## **6.1 Deposit of Escrowed Proceeds in Escrow**

The Corporation and/or Subscription Receiptholders (on direction from the Corporation) shall deliver or cause to be delivered the Escrowed Proceeds to the Subscription Receipt Agent prior to the applicable Closing Date(s) by way of electronic wire transfer. The Subscription Receipt Agent shall place such funds

in escrow. The Corporation further acknowledges and confirms that it has no interest in the Escrowed Proceeds unless and until the Release Notice is delivered to the Subscription Receipt Agent. The Subscription Receipt Agent shall retain the Escrowed Proceeds for the benefit of the holders of the Subscription Receipts and, upon the delivery of the Release Notice set out in Section 4.1 hereof, to the Subscription Receipt Agent, retroactively for the benefit of the Corporation.

## **6.2 Release of Escrowed Proceeds**

The Subscription Receipt Agent shall release the Escrowed Proceeds as follows:

- (a) in the event that the Release Notice set out in Section 4.1 hereof is delivered to the Subscription Receipt Agent prior to the Termination Date, release at or before the Release Time on the Release Date the Escrowed Proceeds to the Corporation or as directed by the Corporation; or
- (b) following the Termination Date, the Subscription Receipt Agent shall pay to those Subscription Receiptholders from the Escrowed Proceeds an amount equal to the aggregate Purchase Price for those Subscription Receipts and the Subscription Receipt Agent shall, within five (5) Business Days of the Termination Date, mail or deliver, or cause to be mailed or delivered a cheque to those Subscription Receiptholders in the amount so payable at the address on the register of holders of Subscription Receipts.

## **ARTICLE 7 ADJUSTMENTS**

### **7.1 Adjustment of Number of Common Shares**

The Subscription Receipts shall be subject to adjustment from time to time in the following circumstances and manner:

- (a) Subject to Section 7.2, if and whenever at any time from the applicable Closing Time and prior to the Release Date, the Corporation shall:
  - (i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;
  - (ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or
  - (iii) issue Common Shares or securities convertible into or exchangeable for Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend or make a distribution to all or substantially all of the holders of Common Shares on its outstanding Common Shares payable in Common Shares or securities convertible into or exchangeable for Common Shares;

then, in each such event, the number of Common Shares issuable upon conversion of the Subscription Receipts shall be adjusted immediately after the effective date of such subdivision, redivision, change, reduction, combination or consolidation, or the record date for such issue of Common Shares by way of a stock dividend or distribution, as the case may be, by multiplying the number of Common Shares issuable upon conversion of the Subscription Receipts by a fraction:

- (A) the numerator of which shall be the total number of Common Shares outstanding immediately after such date; and



- (B) the denominator of which shall be the total number of Common Shares outstanding immediately prior to such date.

Such adjustment shall be made successively whenever any event referred to in this Section 7.1(a) shall occur. Any such issue or distribution of Common Shares or securities convertible into or exchangeable for Common Shares shall be deemed to have been made on the record date for such issue or distribution for the purpose of calculating the number of outstanding Common Shares under Section 7.1(b) and Section 7.1(c).

- (b) Subject to Section 7.2, if and whenever at any time from the applicable Closing Time and prior to the Release Date, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on such record date, the number of Common Shares issuable upon conversion of the Subscription Receipts shall be adjusted immediately after such record date so that it shall equal the number determined by multiplying the number of Common Shares issuable upon conversion of the Subscription Receipts by a fraction:
- (i) the numerator of which shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exercisable or exchangeable securities so offered are convertible or exchangeable; and
  - (ii) the denominator of which shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price.

Any Common Shares owned by or held for the account of the Corporation or any subsidiary shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such rights, options or warrants are not exercised prior to the expiration thereof, the number of Common Shares issuable upon conversion of the Subscription Receipts shall be readjusted to the number of Common Shares issuable upon conversion of the Subscription Receipts which would then be in effect if such record date had not been fixed or to the number of Common Shares issuable upon conversion of the Subscription Receipts which would then be in effect based upon the number of Common Shares (or securities convertible into or exercisable or exchangeable for Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

- (c) Subject to Section 7.2, if and whenever at any time from the applicable Closing Time and prior to the Release Date, the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:
- (i) shares of the Corporation of any class other than Common Shares or other securities of the Corporation;
  - (ii) rights, options or warrants to acquire Common Shares (or securities convertible into or exercisable or exchangeable for Common Shares) or other securities of the Corporation;

- (iii) evidences of its indebtedness; or
- (iv) any property or other assets;

(excluding, in each case, any distribution referred to in Section 7.1(a) or Section 7.1(b)) then, in each such case, the number of Common Shares issuable upon conversion of the Subscription Receipts shall be adjusted immediately after such record date so that it shall equal the number determined by multiplying the number of Common Shares issuable upon conversion of the Subscription Receipts by a fraction:

- (v) the numerator of which will be the product of the number of Common Shares outstanding on such record date and the Current Market Price on such record date; and
- (vi) the denominator of which will be:
  - (A) the product of the number of Common Shares outstanding on such record date and the Current Market Price on such record date; less
  - (B) the aggregate fair market value, as determined by the directors of the Corporation, acting reasonably, (whose determination, absent manifest error, will be conclusive), to the holders of Common Shares of such shares, other securities, rights, options, warrants, evidences of indebtedness or other assets so distributed.

Any Common Shares owned by or held for the account of the Corporation or any subsidiary shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the number of Common Shares issuable upon conversion of the Subscription Receipts shall be readjusted to the number of Common Shares issuable upon conversion of the Subscription Receipts which would then be in effect if such record date had not been fixed or to the number of Common Shares issuable upon conversion of the Subscription Receipts which would then be in effect based upon such shares, other securities, rights, options, warrants, evidences of indebtedness or other assets actually distributed, as the case may be.

- (d) Subject to Section 7.2, if and whenever at any time from the applicable Closing Time and prior to the Release Date, there is a reclassification of the Common Shares or a capital reorganization of the Corporation (other than as described in Section 7.1(a), Section 7.1(b) or Section 7.1(c)) or an amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any Subscription Receiptholder, as applicable, who has not been deemed to have exercised their right to exchange their Subscription Receipts for Common Shares prior to the effective date of such reclassification, reorganization, amalgamation, arrangement, merger, sale or conveyance shall, upon the conversion or deemed conversion of the Subscription Receipts, be entitled to receive and shall accept, in lieu of the number of Common Shares to which the Subscription Receiptholder was prior thereto entitled upon any such exchange or deemed exchange, the kind and number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such reclassification, capital reorganization, amalgamation, arrangement or merger or to which such sale or conveyance may be made, as the case may be, that such Subscription Receiptholder would have been entitled to receive on such reclassification, capital reorganization, amalgamation, arrangement, merger, sale or conveyance, if on the record date or the effective date thereof, as the case may be, the Subscription Receiptholder had been the registered holder of the number of Common Shares to which immediately before

the transaction or event he was entitled upon exchange or deemed exchange of the Subscription Receipts. To give effect to or to evidence the provisions of this Section 7.1(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, amalgamation, arrangement, merger, sale or conveyance, enter into an agreement which shall provide, to the extent possible, for the application of the provisions set out in this Agreement with respect to the rights and interests thereafter of the Subscription Receiptholder to the effect that the provisions set out in this Agreement shall thereafter correspondingly be made applicable, as nearly as may reasonably be possible, with respect to any shares, other securities or property to which a Subscription Receiptholder is entitled on the exchange or deemed exchange of the Subscription Receipts thereafter. Any agreement entered into between the Corporation and the Subscription Receipt Agent pursuant to the provisions of this Section 7.1(d) shall be a supplemental agreement entered into pursuant to the provisions of Article 9. Any agreement entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Subscription Receipt Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 7.1 and which shall apply to successive reclassifications, capital reorganizations, amalgamations, arrangements, mergers, sales or conveyances.

- (e) In any case in which this Section 7.1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein the Corporation may defer, until the occurrence of such event, issuing to the holder of any Subscription Receipt in respect of which the Subscription Receipts are deemed to have been exchanged after such event, the additional Common Shares or other securities or property issuable upon such exchange or deemed exchange as the case may be, by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Subscription Receiptholder, as soon as reasonably practicable after such record date, an appropriate instrument evidencing such Subscription Receiptholder's right to receive such additional Common Shares or other securities or property upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares or other securities or property declared in favour of holders of record of Common Shares or securities or property on and after the relevant date of exchange or deemed exchange, as the case may be, or such later date as such Subscription Receiptholder would, but for the provisions of this Section 7.1(e), have become the holder of record of such additional Common Shares or other securities or property pursuant to this Section 7.1, provided that if the other securities are not securities of the Corporation, the Corporation will not be liable to any holder should the issuer thereof not pay any distribution declared thereon.
- (f) In any case in which Section 7.1(c) requires that an adjustment be made to the number of Common Shares issuable upon conversion of the Subscription Receipts, no such adjustment shall be made if the Corporation holds on behalf of the Subscription Receiptholders the shares, other securities, rights, options, warrants, evidences of indebtedness or other assets or property referred to in Section 7.1(c), in such kind and number as Subscription Receiptholders would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their right to be issued Common Shares upon conversion of the Subscription Receipts. Any such shares, other securities, rights, options, warrants, evidences of indebtedness or other assets or property shall be held and distributed by the Corporation pursuant hereto.
- (g) The adjustments provided for in this Section 7.1 are cumulative and shall be computed to the nearest two decimal places and will apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 7.1, provided that, notwithstanding any

other provision of this Section 7.1, no adjustment of the number of Common Shares issuable upon conversion of the Subscription Receipts shall be required unless such adjustment would require an increase or decrease of at least one percent in the number of Common Shares issuable upon conversion of the Subscription Receipts, provided, however, that any adjustments which by reason of this Section 7.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

- (h) If the Corporation sets a record date to determine the holders of Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and, thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment shall be made to the number of Common Shares issuable upon conversion of the Subscription Receipts.
- (i) After any adjustment pursuant to this Section 7.1, the term "Common Shares" where used in this Agreement shall be interpreted to mean securities of any class or classes which as a result of such adjustment and all prior adjustments pursuant to this Section 7.1, the Subscription Receiptholder is entitled to receive upon conversion of the Subscription Receipts, and the number of Common Shares to be issued upon the conversion of the Subscription Receipts shall be interpreted to mean the number of Common Shares or other property or securities a Subscription Receiptholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 7.1, upon the full conversion of the Subscription Receipts, as the case may be.

## **7.2 No Adjustment for Stock Options etc.**

Notwithstanding anything to the contrary in this Article 7, no adjustment shall be made pursuant to this Agreement in respect of the issue of Common Shares pursuant to any stock option or stock purchase plan in force from time to time for officers, directors or employees of the Corporation or pursuant to any stock option granted or other convertible security issued by the Corporation prior to the date of this Agreement.

## **7.3 Determination by Corporation's Auditors**

In the event of any question arising with respect to the adjustments provided for in this Article 7, such question shall, absent manifest error, be conclusively determined by the Corporation's auditors, who shall have access to all necessary records of the Corporation, and such determination shall, absent manifest error, be binding upon the Corporation, all Subscription Receiptholders and all other persons interested therein.

## **7.4 Proceedings Prior to Any Action Requiring Adjustment**

As a condition precedent to the taking of any action which would require an adjustment in the number of Common Shares issuable upon conversion of the Subscription Receipts, the Corporation shall take any corporate action which may, in the opinion of counsel to the Corporation (acting reasonably), be necessary to ensure that the Corporation has sufficient authorized capital and that the Corporation may validly and legally issue, as fully paid and non-assessable securities, all of the securities which the holders of such Subscription Receipts are entitled to receive on the conversion of the Subscription Receipts, in accordance with the provisions of this Agreement.

## **7.5 Action Requiring Adjustment**

In case the Corporation, after the date hereof, shall take any action affecting the Common Shares, other than the actions described in this Article 7, which, in the opinion of the directors of the Corporation would materially adversely affect the rights of the Subscription Receiptholders, then the number of Common Shares which are to be received upon the conversion of the Subscription Receipts shall be adjusted in such

manner, if any, and at such time as the directors of the Corporation may, in their discretion, reasonably determine to be equitable to the Subscription Receiptholders in such circumstances.

#### **7.6 Certificate of Adjustment**

The Corporation shall, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Article 7, deliver a certificate of the Corporation to the Subscription Receipt Agent and each Subscription Receiptholder specifying the nature of the event requiring such adjustment or readjustment and the amount of the adjustment or readjustment necessitated thereby and setting out in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's auditors verifying such calculation.

#### **7.7 Notice of Special Matters**

The Corporation covenants with the Subscription Receipt Agent that, so long as any Subscription Receipt remains outstanding, it will give notice to the Subscription Receipt Agent and to the Subscription Receiptholders of its intention to fix the record date for any event referred to in Section 7.1(a), Section 7.1(b), Section 7.1(c) and Section 7.1(d) which may give rise to an adjustment in the number of Common Shares issuable upon conversion of the Subscription Receipts. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date.

#### **7.8 Protection of Subscription Receipt Agent**

The Subscription Receipt Agent:

- (a) shall not at any time be under any duty or responsibility to the Corporation or any Subscription Receiptholder to determine whether any facts exist which may require any adjustment contemplated by Section 7.1, or with respect to the nature or extent of any such adjustment when made or the method employed in making such adjustment;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or other shares or securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Subscription Receipt;
- (c) shall not be responsible for any failure of the Corporation to issue, transfer or deliver Common Shares or certificates representing any securities or to comply with any of the covenants contained in this Article 7;
- (d) shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the agents of the Corporation; and
- (e) shall be entitled to act and rely upon the certificates of the Corporation or of the auditor of the Corporation and any other documents filed by the Corporation pursuant to Section 7.6.

### **ARTICLE 8 ENFORCEMENT**

#### **8.1 Suits by Subscription Receiptholders**

All or any of the rights conferred on the holder of any Subscription Receipt by the terms of the Subscription Receipt Certificate representing such Subscription Receipt or of this Agreement may be enforced by such

holder by appropriate legal proceedings but without prejudice to the right which is hereby conferred on the Subscription Receipt Agent to proceed in the name thereof or on behalf of the holders of Subscription Receipts to enforce each and every provision herein contained for the benefit of the Subscription Receiptholders.

## **8.2 Limitation of Liability**

The obligations hereunder are not personally binding on, nor will resort hereunder be had to the private property of, any past, present or future Director, shareholder, officer, employee or agent of the Corporation, but only the property of the Corporation shall be bound in respect hereof.

# **ARTICLE 9 CONCERNING SUBSCRIPTION RECEIPT AGENT**

## **9.1 Applicable Legislation**

If and to the extent that any provision of this Agreement limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, the mandatory requirement will prevail. The Corporation and the Subscription Receipt Agent each will at all times in relation to this Agreement and any action to be taken hereunder observe and comply with and be entitled to the benefits of Applicable Legislation.

## **9.2 Rights and Duties of Subscription Receipt Agent**

- (a) Duty of Subscription Receipt Agent: In the exercise of the rights and duties prescribed or conferred by the terms of this Agreement, the Subscription Receipt Agent will act honestly and in good faith and will exercise that degree of care, diligence and skill that a reasonably prudent escrow agent would exercise in comparable circumstances. The Subscription Receipt Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Subscription Receipt Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Subscription Receipt Agent and in the absence of any such notice the Subscription Receipt Agent may for all purposes of this Agreement conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained therein. Any such notice shall in no way limit any discretion herein given to the Subscription Receipt Agent to determine whether or not the Subscription Receipt Agent shall take action with respect to any default.
- (b) No Relief From Liability: No provision of this Agreement will be construed to relieve the Subscription Receipt Agent from liability for its own grossly negligent act, wilful misconduct or fraud.
- (c) Funding: No provision of this Agreement will require the Subscription Receipt Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless it is so indemnified and funded.
- (d) Deposit of Subscription Receipts: The Subscription Receipt Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Subscription Receiptholders at whose instance it is acting to deposit with the Subscription Receipt Agent the Subscription Receipt Certificates held by them, for which certificates the Subscription Receipt Agent will issue receipts.

- (e) Restriction: Every provision of this Agreement that relieves the Subscription Receipt Agent of liability or entitles it to rely on any evidence submitted to it is subject to the provisions of Applicable Legislation.
- (f) Profits: The Subscription Receipt Agent shall not be liable to account to anyone for the profit it may receive, if any, while holding the Escrowed Proceeds.
- (g) Right Not to Act/ Right to Resign: The Subscription Receipt Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Subscription Receipt Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist legislation or economic sanctions legislation, regulation or guideline. Further, in the following circumstances, the Subscription Receipt Agent may resign upon ten (10) days' written notice to the Corporation and pursuant to such resignation becoming effective, deposit the Escrowed Proceeds with a court of competent jurisdiction in Vancouver, British Columbia:
  - (i) the Subscription Receipt Agent is uncertain as to its duties or rights under this Agreement;
  - (ii) the Subscription Receipt Agent receives instructions, claims or demands from the Corporation or from a third Person, including a Subscription Receiptholder, with respect to any matter under this Agreement which, in its opinion, are in conflict with this Agreement;
  - (iii) there is a disagreement between any of the parties to this Agreement or between the Corporation and any Subscription Receiptholder which, in the reasonable opinion of the Subscription Receipt Agent, may result in adverse claims or demands with respect to the Escrowed Proceeds; or
  - (iv) any of the parties to this Agreement, including the Subscription Receipt Agent and any Subscription Receiptholder, disagree about the interpretation of this Agreement or about the rights and obligations of the Subscription Receipt Agent or the propriety of an action contemplated by the Subscription Receipt Agent under this Agreement.

### **9.3 Evidence, Experts and Advisers**

- (a) Evidence: In addition to the reports, certificates, opinions and other evidence required by this Agreement, the Corporation will furnish to the Subscription Receipt Agent such additional evidence of compliance with any provision hereof, and in such form, as is prescribed by Applicable Legislation or as the Subscription Receipt Agent reasonably requires by written notice to the Corporation.
- (b) Reliance by Subscription Receipt Agent: In the exercise of any right or duty hereunder the Subscription Receipt Agent, if it is acting in good faith, may act and rely, as to the truth of any statement or the accuracy of any opinion expressed therein, on any statutory declaration, opinion, report, certificate or other evidence furnished to the Subscription Receipt Agent pursuant to a provision hereof or of Applicable Legislation or pursuant to a request of the Subscription Receipt Agent, if such evidence complies with Applicable Legislation and the Subscription Receipt Agent examines such evidence and determines that it complies with the applicable requirements of this Agreement.
- (c) Statutory Declaration: Whenever Applicable Legislation requires that evidence referred to in Section 9.3(a) hereof be in the form of a statutory declaration, the Subscription Receipt Agent may accept such statutory declaration in lieu of a Certificate of the Corporation required by any provision hereof. Any such statutory declaration may be made by any one

or more of the Chief Executive Officer, President, Chief Financial Officer or Secretary of the Corporation or by any other officer(s) or Director(s) of the Corporation to whom such authority is delegated by the Directors from time to time. In addition, the Subscription Receipt Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, direction, instruction, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cablegram or other paper or document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties.

- (d) Proof of Execution: Proof of the execution of any document or instrument in writing, including a Subscription Receiptholders' Request, by a Subscription Receiptholder may be made by the certificate of a notary public, or other officer with similar powers, that the Person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution, or in any other manner that the Subscription Receipt Agent considers adequate and in respect of a corporate Subscription Receiptholder, shall include a certificate of incumbency of such Subscription Receiptholder together with a certified resolution authorizing the Person who signs such instrument to sign such instrument.
- (e) Experts: The Subscription Receipt Agent may employ or retain such counsel, accountants, appraisers, or other experts or advisers as it reasonably requires for the purpose of determining and discharging its rights and duties hereunder and may pay the reasonable remuneration and disbursements for all services so performed by any of them, and will not be responsible for any misconduct or negligence on the part of any of them. The Corporation shall pay or reimburse the Subscription Receipt Agent for any reasonable fees of such counsel, accountants, appraisers, or other experts or advisers. The Subscription Receipt Agent may act and rely and shall be protected in acting or not acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraisers or other expert or advisor, whether retained or employed by the Corporation or by the Subscription Receipt Agent, in relation to any matter arising in the administration of the duties and obligations hereof.

#### **9.4 Action by Subscription Receipt Agent to Protect Interests**

The Subscription Receipt Agent will have power to institute and to maintain such actions and proceedings as it considers necessary or expedient to protect or enforce its interests in its capacity as escrow agent and the interests of the Subscription Receiptholders.

#### **9.5 Subscription Receipt Agent Not Required to Give Security**

The Subscription Receipt Agent will not be required to give any bond or security in respect of the execution of the duties and obligations and powers of this Agreement.

#### **9.6 Protection of Subscription Receipt Agent**

- (a) Protection: By way of supplement to the provisions of any law for the relevant time relating to the Subscription Receipt Agent, it is expressly declared and agreed that:
  - (i) the Subscription Receipt Agent will not be liable for or by reason of, or required to substantiate, any statement of fact, representation or recital in this Agreement or in the Subscription Receipt Certificates, but all such statements or recitals are and will be deemed to be made by the Corporation;
  - (ii) nothing herein contained will impose on the Subscription Receipt Agent any obligation to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Agreement or any instrument ancillary or supplemental hereto;



- (iii) the Subscription Receipt Agent will not be bound to give notice to any Person of the execution hereof;
  - (iv) the Subscription Receipt Agent shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake, in fact or law, or for anything which it may do or refrain from doing in connection herewith except arising out of its own gross negligence, wilful misconduct or fraud;
  - (v) the Subscription Receipt Agent will not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach by the Corporation of any obligation or warranty herein contained or of any act of any director, officer, employee or agent of the Corporation;
  - (vi) the Subscription Receipt Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and in the Subscription Receipts and generally may contract and enter into financial transactions with the Corporation or any related corporation without being liable to account for any profit made thereby;
  - (vii) if the Subscription Receipt Agent delivers any cheque as required hereunder, the Subscription Receipt Agent shall have no further obligation or liability for the amount represented thereby, unless any such cheque is not honoured on presentation, provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Subscription Receipt Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and, if required by the Subscription Receipt Agent, an indemnity reasonably satisfactory to it, shall issue to such payee a replacement cheque for the amount of such cheque;
  - (viii) the Subscription Receipt Agent will disburse funds in accordance with the provisions hereof only to the extent that funds have been deposited with it. The Subscription Receipt Agent shall not under any circumstances be required to disburse funds in excess of the amounts on deposit with the Subscription Receipt Agent at the time of disbursement; and
  - (ix) notwithstanding the foregoing or any other provision of this Agreement, any liability of the Subscription Receipt Agent shall be limited, in the aggregate, to C\$1,000. Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Subscription Receipt Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.
- (b) Indemnity: In addition to and without limiting any protection of the Subscription Receipt Agent hereunder or otherwise by law, the Corporation shall at all times indemnify the Subscription Receipt Agent and its affiliates, their successors and assigns, and each of their directors, officers, employees and agents (the "**Indemnified Parties**") and save them harmless from and against all claims, demands, losses, actions, causes of action, suits, proceedings, liabilities, damages, costs, charges, assessments, judgments and expenses (including expert consultant and legal fees and disbursements on a solicitor and client basis) whatsoever arising in connection with this Agreement including, without limitation, those arising out of or related to actions taken or omitted to be taken by the Indemnified Parties and expenses incurred in connection with the enforcement of this indemnity, which the Indemnified Parties, or any of them, may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the

execution of the Subscription Receipt Agent's duties, and including any services that the Subscription Receipt Agent may provide in connection with or in any way relating to this Agreement (unless arising from Subscription Receipt Agent's gross negligence, wilful misconduct or bad faith) and including any action or liability brought against or incurred by the Indemnified Parties in relation to or arising out of any breach by the Corporation. Notwithstanding any other provision hereof, the Corporation agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding. Notwithstanding any other provision hereof, this indemnity shall survive the resignation or removal of the Subscription Receipt Agent and the termination or discharge of this Agreement.

#### **9.7 Replacement of Subscription Receipt Agent**

- (a) Resignation: The Subscription Receipt Agent may resign and be discharged from all further duties and liabilities hereunder, except as provided in this section, by giving to the Corporation not less than ten (10) days' notice in writing or, if a new subscription receipt agent has been appointed, such shorter notice as the Corporation accepts as sufficient provided that such resignation and discharge shall be subject to the appointment of a successor thereto in accordance with the provisions hereof.
- (b) Appointment of New Subscription Receipt Agent: If the Subscription Receipt Agent so resigns or otherwise becomes incapable of acting hereunder, the Corporation will forthwith appoint a new subscription receipt agent within ten (10) days of the notice in writing provided by the Subscription Receipt Agent, unless a new subscription receipt agent has already been appointed by the Corporation.
- (c) Failure to Appoint: Failing such appointment by the Corporation with such ten-day period, the retiring Subscription Receipt Agent or any Subscription Receiptholder may apply at the expense of the Corporation to the Supreme Court of British Columbia, on such notice as the Court directs, for the appointment of a new subscription receipt agent and the Subscription Receipt Agent may deposit the Escrowed Proceeds with a court of competent jurisdiction in Vancouver, British Columbia.
- (d) New Subscription Receipt Agent: On any such appointment the new subscription receipt agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Subscription Receipt Agent without any further assurance, conveyance, act or deed, but there will be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as, in the opinion of legal counsel, are necessary or advisable for the purpose of assuring the transfer of such powers, rights, duties and responsibilities to the new subscription receipt agent including, without limitation, an appropriate instrument executed by the new subscription receipt agent accepting such appointment and, at the request of the Corporation, the predecessor subscription receipt agent shall, upon payment of its outstanding remuneration and expenses, execute and deliver to the new subscription receipt agent an appropriate instrument transferring to such new subscription receipt agent all rights and powers of the Subscription Receipt Agent hereunder, and shall duly assign, transfer and deliver to the new subscription receipt agent all securities, property and all records kept by the predecessor Subscription Receipt Agent hereunder or in connection therewith. Any new subscription receipt agent so appointed by the Corporation or by the Court will be subject to removal as aforesaid by the Subscription Receiptholders and by the Corporation.
- (e) Notice of New Subscription Receipt Agent: On the appointment of a new subscription receipt agent, the Corporation will promptly give notice thereof to the Subscription Receiptholders in accordance with Section 10.2(a) hereof.

## **9.8     Acceptance of Duties and Obligations**

The Subscription Receipt Agent hereby accepts the duties and obligations in this Agreement declared and provided for and agrees to perform them on the terms and conditions herein set forth. The Subscription Receipt Agent accepts the duties and responsibilities under this Agreement solely as custodian, bailee and agent. No trust is intended to be or will be created hereby and the Subscription Receipt Agent shall owe no duties hereunder as a trustee.

## **ARTICLE 10 GENERAL**

### **10.1     Notice to the Corporation and Subscription Receipt Agent**

- (a)     Corporation: Unless herein otherwise expressly provided, a notice to be given hereunder to the Corporation or the Subscription Receipt Agent will be validly given if delivered or if sent by registered letter, postage prepaid or emailed:

- (i)     if to the Corporation:

401 Bay Street, Suite 2702  
Toronto, Ontario, M5H 2Y4

Attention:     Thomas Pladsen  
Email:         [personal information redacted]

- (ii)    if to the Subscription Receipt Agent:

Suite 1700, 666 Burrard Street  
Vancouver, BC V6C 2X8

Email:         Ben Schach and Chris Hanson  
Attention:     bschach@stikeman.com / chanson@stikeman.com

and any such notice delivered or sent in accordance with the foregoing prior to 5:00 p.m. (Vancouver time) on a Business Day will be deemed to have been received on the date of delivery or email, if mailed, on the second Business Day following the day of the mailing of the notice.

- (b)     Change of Address: The Corporation or the Subscription Receipt Agent, as the case may be, may from time to time notify each of the other parties hereto in the manner provided in Section 10.1(a) hereof of a change of address which, from the effective date of such notice and until changed by like notice, will be the address of the Corporation or the Subscription Receipt Agent, as the case may be, for all purposes of this Agreement.

### **10.2     Notice to Subscription Receiptholders**

- (a)     Notice: Unless herein otherwise expressly provided, a notice to be given hereunder to Subscription Receiptholders will be deemed to be validly given if the notice is sent by ordinary surface or air mail, postage prepaid, addressed to the Subscription Receiptholders or delivered (or so mailed to certain Subscription Receiptholders and so delivered to the other Subscription Receiptholders) at their respective addresses appearing on any of the registers of holders described in Section 3.1 hereof.
- (b)     Date of Notice: A notice so given by mail or so delivered will be deemed to have been given on the first Business Day after it has been mailed or on the day on which it has been delivered, as the case may be, and a notice so given by publication will be deemed to have

been given on the day on which it has been published as required. In determining under any provision hereof the date when notice of a meeting or other event must be given, the date of giving notice will be included and the date of the meeting or other event will be excluded. Accidental error or omission in giving notice or accidental failure to mail notice to any Subscription Receiptholder will not invalidate any action or proceeding founded thereon.

### **10.3 Satisfaction and Discharge of Agreement**

Upon (i) the delivery of a Release Notice or Termination Notice in respect of each of the Offering; and (ii) in the event of delivery of (x) a Release Notice, the issuance of the Common Shares required to be issued in compliance with the provisions hereof and payment of all of the Escrowed Proceeds as provided for in Section 6.2 upon satisfaction of all of the Escrow Release Conditions and (y) a Termination Notice, the payment of all consideration required pursuant to Section 6.2 with respect to the Offering, this Agreement will cease to be of further effect and, on demand of and at the cost and expense of the Corporation and on delivery to the Subscription Receipt Agent of a Certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Agreement have been complied with and on payment to the Subscription Receipt Agent of any expenses payable to the Subscription Receipt Agent, the Subscription Receipt Agent will execute proper instruments acknowledging the satisfaction of and discharging of this Agreement. In addition, this Agreement will cease to be of further effect on the date the Subscription Receipt Agent deposits the Escrowed Proceeds into a court of competent jurisdiction in Vancouver, British Columbia.

### **10.4 Sole Benefit of Parties and Subscription Receiptholders**

Nothing in this Agreement or the Subscription Receipt Certificates, expressed or implied, will give or be construed to give to any Person other than the parties hereto and the Subscription Receiptholders, as the case may be, any legal or equitable right, remedy or claim under this Agreement or the Subscription Receipt Certificates, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Subscription Receiptholders.

### **10.5 Discretion of Directors**

Any matter provided herein to be determined by the Directors will be determined by the Directors in their sole discretion, acting reasonably, and a determination so made will be conclusive.

### **10.6 Force Majeure**

No party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, pandemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 10.6.

### **10.7 Residency**

The Corporation represents and warrants to the Subscription Receipt Agent that it is not a non-resident as defined in the *Income Tax Act* (Canada).

### **10.8 Right to Continue to Act**

The Subscription Receipt Agent has acted and will continue to act as legal counsel to the Corporation with respect to various matters. For greater certainty, the Subscription Receipt Agent is not acting as counsel to the Corporation with respect to this Agreement. Each party agrees that, as the Subscription Receipt Agent is not acting as legal counsel to the Subscription Receiptholders, the Subscription Receipt Agent will not,

by virtue of acting as Subscription Receipt Agent, be disqualified from continuing to act for and represent the Corporation, including in matters adverse to any of the Subscription Receiptholders and their interests.

#### **10.9 Privacy Consent**

The parties acknowledge that the Corporation or the Subscription Receipt Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information in performance of its obligations hereunder. Each party acknowledges and agrees that the Corporation or the Subscription Receipt Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Agreement for the purposes described above. Further, each party agrees that it shall not provide or cause to be provided to the Corporation or the Subscription Receipt Agent any personal information relating to an individual who is not a party to this Agreement unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

#### **10.10 Counterparts and Formal Date**

This Agreement may be executed in several counterparts, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument and notwithstanding the date of their execution will be deemed to be dated as of the date of this Agreement.

*Remainder of page left intentionally blank.*

IN WITNESS WHEREOF the parties hereto have executed this Subscription Receipt Agreement as of the day and year first above written.

**CASCADA SILVER CORP.**

Per: (signed) Thomas Pladsen

Name: Thomas Pladsen  
Title: CFO

**STIKEMAN ELLIOTT LLP**

Per: (signed) Michael Urbani

Name: Michael Urbani  
Title: Partner

SCHEDULE "A"  
FORM OF SUBSCRIPTION RECEIPT CERTIFICATE

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS FOUR MONTHS AND A DAY FROM THE CLOSING DATE]."

Legend for US holders (if applicable):

"THE SECURITIES AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY (i) RULE 144 OR (ii) 144A UNDER THE 1933 ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO THE CORPORATION AND THE SUBSCRIPTION RECEIPT AGENT TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

Certificate Number: \_\_\_\_\_

Number of Subscription Receipts \_\_\_\_\_

**SUBSCRIPTION RECEIPTS**

**CASCADA SILVER CORP.**

(a corporation existing under the laws of the Province of British Columbia)

[DATE OF ISSUE], 2024

THIS IS TO CERTIFY THAT, for value received, [●] (the "**holder**") is the registered holder of the number of subscription receipts ("**Subscription Receipts**") specified above of Cascada Silver Corp. (the "**Corporation**") and is thereby entitled, without payment of any additional consideration or further action on the part of the holder, to be issued, immediately after the Release Time (as defined in the Subscription Receipt Agreement hereinafter referred to) upon the delivery of the Release Notice set out in Section 4.1 of the Subscription Receipt Agreement for the Offering, one Common Share of the Corporation in respect of each Subscription Receipt held, subject to Section 7.1 of the Subscription Receipt Agreement.

This Subscription Receipt Certificate represents Subscription Receipts of the Corporation issued under the provisions of a subscription receipt agreement (which agreement, together with all instruments supplemental or ancillary thereto, is herein referred to as the "**Subscription Receipt Agreement**") dated as of June 3, 2024, between the Corporation and Stikeman Elliott LLP (the "**Subscription Receipt Agent**"). Reference is hereby made for particulars of the rights of the holders of the Subscription Receipts, the Corporation and the Subscription Receipt Agent in respect thereof and of the terms and conditions upon which the Subscription Receipts are issued and held, all to the same effect as if the provisions of the Subscription Receipt Agreement were herein set forth in full, and to all of which the holder, by acceptance hereof, assents. In the event of a conflict between the provisions of this Subscription Receipt Certificate and the Subscription Receipt Agreement, the terms of the Subscription

Receipt Agreement shall govern. All capitalized terms used but not defined in this Subscription Receipt Certificate shall have the meaning ascribed thereto in the Subscription Receipt Agreement. The Corporation will furnish to the holder, on request, a copy of the Subscription Receipt Agreement.

The Subscription Receipts represented by this Subscription Receipt Certificate will automatically convert into Common Shares by the Subscription Receipt Agent for and on behalf of the holder upon satisfaction of the Escrow Release Conditions and the holder will be a holder of the Common Shares issuable on the conversion of such Subscription Receipts without the taking of any further action by the holder or additional consideration. For greater certainty, the Subscription Receipts represented by this certificate may not be converted by the holder and may only be converted pursuant to the foregoing automatic conversion.

Pursuant to the Subscription Receipt Agreement, the Release Date is the date, or the Business Day following such date, on which the Subscription Receipt Agent receives the Release Notice in the form required under the Subscription Receipt Agreement, which notice will confirm the satisfaction of the Escrow Release Conditions and will give rise to the conversion of the Subscription Receipts into Common Shares by the Subscription Receipt Agent and will instruct the Subscription Receipt Agent to pay the Escrowed Proceeds in accordance with the Subscription Receipt Agreement.

In the event the Escrow Release Conditions are not satisfied prior to the Termination Date, the Subscription Receipts, shall, without any action on the part of the holders thereof (including the surrender of Subscription Receipt Certificates), be cancelled by the Subscription Receipt Agent. In such event, the holder will be entitled to receive, and the Subscription Receipt Agent and the Corporation shall pay to the holder, the aggregate amount of C\$0.013 per Subscription Receipt, all as more particularly set out in the Subscription Receipt Agreement.

**The holder of this Subscription Receipt is cautioned that in the event that the Subscription Receipts are deemed to be cancelled, a cheque will be mailed or delivered to the latest address of record of the registered holder.**

On and after the date of conversion of the Subscription Receipts represented by this Subscription Receipt Certificate, the holder will have no rights hereunder except to the Common Shares issued to such holder.

No Common Shares will be issued pursuant to the conversion of any Subscription Receipt if the issue of such security would constitute a violation of the securities laws of any applicable jurisdiction.

The Subscription Receipt Agreement contains provisions making binding on all holders of Subscription Receipts outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by holders of a specified majority of all outstanding Subscription Receipts.

Subject to the Subscription Receipt Agreement and the terms of this Subscription Receipt Certificate, the Subscription Receipts may be transferred in accordance with applicable securities laws and by the transferor and transferee duly completing and executing the transfer forms attached hereto, and surrendering this Subscription Receipt Certificate to the Subscription Receipt Agent at its principal office.

The Subscription Receipts and the Common Shares issuable upon deemed conversion of the Subscription Receipts have not and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities laws of any state of the United States and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may be offered, sold, pledged, or otherwise transferred, directly or indirectly, only pursuant to a registration statement effective under the U.S. Securities Act or pursuant to an exemption from registration thereunder.

The Subscription Receipt Agreement provides for certain adjustments to the number and kind of securities issuable upon the conversion or deemed conversion of the Subscription Receipts upon the occurrence of certain events, including but not limited to, any subdivision, consolidation or reclassification, and in the event of a reorganization of the Corporation, including any amalgamation, merger



or arrangement, and certain distribution of securities or assets of the Corporation. The holder should refer to the Subscription Receipt Agreement which provides for the adjustments in these and certain other stated events.

The holder of this Subscription Receipt may, at any time prior to the close of business on the Release Date, upon surrender hereof to the Subscription Receipt Agent at its principal office exchange this Subscription Receipt Certificate for other Subscription Receipt Certificates, bearing the same legends, entitling the holder to acquire, in the aggregate, the same number of Common Shares as may be acquired under this Subscription Receipt Certificate.

The holding of this Subscription Receipt Certificate will not constitute the holder a shareholder of the Corporation or entitle such holder to any right or interest in respect thereof except as otherwise provided in the Subscription Receipt Agreement.

This Subscription Receipt Certificate will not be valid for any purpose until it has been certified by or on behalf of the Subscription Receipt Agent for the relevant time under the Subscription Receipt Agreement.

This Subscription Receipt Certificates will be signed by any one officer of the Corporation or any one Director or by any other individual to whom such signing authority is delegated by the Directors from time to time and the signature of such individual may be a manual signature, electronic or printed in facsimile.

Time is of the essence hereof.

*Remainder of page intentionally left blank.*

IN WITNESS WHEREOF THE CORPORATION has caused this Subscription Receipt Certificate to be signed by a duly authorized officer as of the date first written above.

**CASCADA SILVER CORP.**

Per:

\_\_\_\_\_  
Name: Thomas Pladsen  
Title: Chief Financial Officer

## FORM OF TRANSFER

CASCADA SILVER CORP.  
401 Bay Street, Suite 2702  
Toronto, Ontario, M5H 2Y4  
Attention: CFO and Corporate Secretary

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

\_\_\_\_\_(print name, address and Social Insurance Number/Social Security Number of Transferee) the Subscription Receipts represented by this Subscription Receipt Certificate and hereby irrevocable constitutes and appoints \_\_\_\_\_ as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Subscription Receipts.

In the case of a Subscription Receipt Certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- ☐ (A) the transfer is being made only to the Corporation;
- ☐ (B) the transfer is made outside the United States in an "offshore transaction" in compliance with the requirements of Rule 904 of Regulation S, if available, and in compliance with applicable local laws and regulations and a declaration to the effect set forth in Schedule "C" to the Subscription Receipt Agreement, or in such other form as the Corporation may from time to time prescribe, is delivered to the Subscription Receipt Agent;
- ☐ (C) the transfer is made in compliance with an exemption from registration under the U.S. Securities Act provided by (a) Rule 144 and the holder has furnished to the Corporation and the Subscription Receipt Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect or (b) Rule 144A thereunder, if available, and in accordance with any applicable state securities laws;
- ☐ (D) the transfer is made in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the holder has furnished to the Corporation and the Subscription Receipt Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect; or
- ☐ (E) the transfer is made pursuant to an effective registration under the U.S. Securities Act and is available for the resale of the Subscription Receipts represented by this Subscription Receipt Certificate.

☐ If transfer is to a U.S. Person, check this box.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

### SPACE FOR GUARANTEES OF SIGNATURES

**(SEE INSTRUCTIONS BELOW)**

Guarantor's Signature/Stamp

Signature of Transferor

Name of Transferor

**REASON FOR TRANSFER — For US Residents only (where the individual(s) or corporation receiving the securities is a US resident. Please select only one (see instructions below)).**

☐ Gift ☐ Estate ☐ Private Sale ☐ Other (or no change in ownership)

**Date of Event** (Date of gift, death or sale): **Value per Subscription Receipt** on the date of event:

		/			/				

\$						.			

☐ CAD **OR** ☐ USD

**CERTAIN REQUIREMENTS RELATING TO TRANSFERS — READ CAREFULLY**

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

**Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.

**Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

**Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

**OR**

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of

the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

**REASON FOR TRANSFER — FOR US RESIDENTS ONLY**

Consistent with US IRS regulations, Computershare is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

**SCHEDULE "B"**  
**ESCROW RELEASE NOTICE**

**TO: STIKEMAN ELLIOTT LLP**

Reference is made to the subscription receipt agreement dated June 3, 2024, (the "**Subscription Receipt Agreement**") between Cascada Silver Corp. (the "**Corporation**") and Stikeman Elliott LLP (the "**Subscription Receipt Agent**"). Unless otherwise defined herein, words and terms with the letter or letters thereof capitalized shall have the meanings given to such words and terms in the Subscription Receipt Agreement.

The Subscription Receipt Agent is hereby notified that the Escrow Release Conditions have been satisfied in full in accordance with the Subscription Receipt Agreement, and, accordingly, the Subscription Receipt Agent is hereby irrevocably directed and authorized to, in accordance with Section 4.2(b) of the Subscription Receipt Agreement, release C\$\_\_\_\_\_, representing the Escrowed Proceeds to the Corporation by means of a wire transfer to the bank account indicated in the attached.

This Release Notice, which may be delivered by email, is irrevocable and shall constitute your good and sufficient authority for taking the actions described herein.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

**CASCADA SILVER CORP.**

Per:

\_\_\_\_\_  
Name:

Title:

**SCHEDULE "C"**  
**FORM OF DECLARATION FOR REMOVAL OF U.S. LEGEND**

**TO: CASCADA SILVER CORP.**

The undersigned (A) acknowledges that the sale of the securities of Cascada Silver Corp. (the "**Corporation**") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**") and (B) certifies that (1) the undersigned is not an "affiliate" of the Corporation as that term is defined in Rule 405 under the U.S. Securities Act (other than by virtue of being an officer or director of the Corporation), a "distributor" or an affiliate of "distributor", (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States or (b) the transaction was executed on or through the facilities of the Canadian Securities Exchange or another "designated offshore securities market" and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged or will engage in any "directed selling efforts" in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing-off" the resale restrictions imposed because the securities are "restricted securities" as that term is described in Rule 144(a)(3) under the U.S. Securities Act, (5) the seller does not intend to replace such securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms set forth above in quotation marks have the meanings given to them by Regulation S under the U.S. Securities Act. The undersigned in making this Declaration acknowledges that the Corporation is relying on the contents hereof and hereby agrees to indemnify and hold harmless the Corporation for any and all liability, losses, claims and demands in any way related to the subject matter of this Declaration.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: **X** \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Affirmation by Seller's Broker-Dealer**  
**(required for sales under (B)2(b) above)**

We have read the foregoing representations of our customer, \_\_\_\_\_ (the "**Seller**") dated \_\_\_\_\_, with regard to our sale, for such Seller's account, of the securities of the Corporation described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of the Canadian Securities Exchange or other designated offshore securities market, (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (D) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

\_\_\_\_\_  
Name of Firm

By: **X** \_\_\_\_\_  
Authorized officer

\_\_\_\_\_  
Date