

## AGENCY AGREEMENT

August 4, 2017

MJ Opportunity Corp.  
320 Bay Street  
Suite 1600  
Toronto, ON M5H 4A6

Attention: David Mitchell, Chief Executive Officer

**Re: Initial Public Offering of MR Opportunity Corp.**

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We, Echelon Wealth Partners Inc. (the “**Agent**”), understand that MJ Opportunity Corp. (the “**Company**”) would like to undertake an initial public offering (the “**Offering**”) consisting of a minimum of 2,500,000 common shares of the Company (“**Shares**”) and a maximum of 5,000,000 Shares at a price of \$0.20 per Share for minimum gross proceeds of \$500,000.00 and maximum gross proceeds of \$1,000,000.00.

We provide this agreement to confirm the terms and conditions upon which we are prepared to act as your agent to use our commercially reasonable efforts to offer and sell the Shares on your behalf. By signing a copy of this agreement, you are confirming that we have entered into a binding agreement (the “**Agreement**”) pursuant to which you will have appointed us as your exclusive agent to use our commercially reasonable efforts to offer and sell the Shares on the terms and conditions contained herein.

In consideration of the services to be rendered by us to you hereunder, you hereby agree with us as follows:

### 1. DEFINITIONS

In this Agreement:

- (a) “**Acts**” means the *Securities Act* (British Columbia), the *Securities Act* (Alberta) and the *Securities Act* (Ontario) or equivalent securities legislation, together with the regulations and rules made thereunder,;
- (b) “**Agent**” means Echelon Wealth Partners Inc.;
- (c) “**Agent’s Commission**” means the commission payable by the Company to the Agent pursuant to subsection 3.1;
- (d) “**Agent’s Warrants**” means the warrants to be issued to the Agent and its designated sub-agents, if any, pursuant to subsection 3.3;
- (e) “**Agent’s Warrant Shares**” means the previously unissued Common Shares issued to the Agent upon the exercise of the Agent’s Warrants;
- (f) “**Agreement**” means this agency agreement between the Agent and the Company;
- (g) “**Applicable Securities Laws**” means the Acts and the respective regulations, rules, blanket rulings and orders made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, blanket orders and other regulatory instruments of the Commissions and the national instruments, national policy statements and uniform act policies applied by the Commissions and the policies and by-laws of the Exchange, as amended from time to time;

- (h) “**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in the City of Toronto;
- (i) “**Certificates**” means the certificates representing the Shares in the names and denominations directed by the Agent and the Agent’s Warrants in the names and denominations directed by the Agent;
- (j) “**Closing**” means the completion of the transactions contemplated by this Agreement on the Closing Date, provided that no Closing may occur until the Minimum Subscription has been achieved as herein provided;
- (k) “**Closing Date**” means the day on which a Closing takes place which date shall be agreed upon by the Company and the Agent;
- (l) “**Closing Time**” has the meaning ascribed thereto in subsection 7.4;
- (m) “**Commissions**” means the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission;
- (n) “**Common Shares**” means the common shares in the capital of the Company;
- (o) “**Corporate Finance Fee**” means the \$10,000 plus GST corporate finance fee payable by the Company to the Agent pursuant to subsection 3.2;
- (p) “**CPC Policy**” means Policy 2.4 of the Exchange’s Corporate Finance Manual and shall include all orders, policies, rules instruments, regulations, by-laws and procedures of the Exchange having the force of law which govern offerings by capital pool companies, as amended from time to time;
- (q) “**Directors’ and Officers’ Options**” means the options to be granted to directors and officers of the Company immediately following Closing entitling the holders thereof to purchase in aggregate a number of Common Shares equal to 10% of the total number of Common Shares issued and outstanding immediately following Closing at \$0.20 per Common Share;
- (r) “**Effective Date**” means the date on which a receipt for the Final Prospectus is issued by or deemed to be issued by the Commissions;
- (s) “**Exchange**” means the TSX Venture Exchange;
- (t) “**Final Prospectus**” means the final prospectus filed by the Company with the Regulatory Authorities in connection with the Offering and any amendments to it which may be filed with the Regulatory Authorities;
- (u) “**Material Change**” has the meaning ascribed thereto in the Acts;
- (v) “**Material Fact**” has the meaning ascribed thereto in the Acts;
- (w) “**Misrepresentation**” has the meaning ascribed thereto in the Acts;
- (x) “**Minimum Subscription**” means subscriptions which have been accepted by the Company and the Agent for an aggregate of 2,500,000 Offered Shares.
- (y) “**Offering**” means the offering of a minimum of 2,500,000 Shares and a maximum of 5,000,000, Shares at the Offering Price under the Prospectus;

- (z) “**Offering Price**” means the price at which the Shares are offered for sale under the Prospectus, being \$0.20 per Share;
- (aa) “**Preliminary Prospectus**” means the preliminary prospectus filed by the Company with the Regulatory Authorities in connection with the Offering and any amendments to it which may be filed with the Regulatory Authorities;
- (bb) “**Proceeds**” means the gross proceeds of the Offering, less:
  - (i) the Corporate Finance Fee;
  - (ii) the Agent’s Commission;
  - (iii) the expenses of the Agent, including the reasonable fees and disbursements of the Agent’s legal counsel, incurred in connection with the Offering and not previously repaid by the Company; and
  - (iv) any amount attached by garnishing order or other form of attachment in accordance with section 13;
- (cc) “**Prospectus**” means the Preliminary Prospectus and/or Final Prospectus, as applicable, filed or intended to be filed by the Company with the Regulatory Authorities in connection with the Offering, and the qualification of the issuance of the Offered Shares, the Agent’s Warrants and the Agent’s Warrant Shares, and any amendments thereto which may be filed with the Regulatory Authorities;
- (dd) “**Qualifying Jurisdictions**” means the Provinces of British Columbia, Alberta and Ontario;
- (ee) “**Regulatory Authorities**” means the Commissions and the Exchange;
- (ff) “**Securities**” means the Offered Shares, the Agent’s Warrants and the Agent’s Warrant Shares;
- (gg) “**Offered Shares**” means the common shares offered at the Offering Price pursuant to the Prospectus;
- (hh) “**Tax Authority**” means the Canada Revenue Agency, Receiver General, Minister of National Revenue and any other governmental body having taxing authority and their respective successors, if any;
- (ii) “**Tax Returns**” means all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in written, electronic or other form) and any amendments, schedules, attachments, supplements, appendices and exhibits thereto, which have been prepared or filed or are required to be prepared or filed in respect of Taxes; and
- (jj) “**Taxes**” includes any taxes, duties, assessments, imposts, fees, duties, withholdings, levies and other charges of any nature imposed by any Tax Authority and includes all interest, penalties, fines, additions to tax or other additional amounts imposed by any Tax Authority including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, withholding, business, property, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervailing and anti-dumping and all employment insurance, health insurance and Canada, provincial and other government pension plan and other employer plan premiums, contributions or withholdings and all other taxes and similar governmental charges of any kind imposed by any governmental body.

## 2. APPOINTMENT OF AGENT

2.1 Subject to the terms and conditions hereof, the Company appoints the Agent as its exclusive agent and the Agent accepts the appointment and agrees to act as the exclusive agent of the Company and to offer the Shares for sale in the Qualifying Jurisdictions pursuant to the Prospectus at the Offering Price pursuant to the Securities Legislation.

2.2 The Agent agrees to use its commercial reasonable efforts to sell the Offered Shares, but the Company understands and agrees that the Agent is acting as agent only and is under no obligation to purchase any of the Offered Shares. The Agent may retain other registrants to act as sub-agents to solicit subscriptions for the Offered Shares at no additional cost to the Company and any compensation paid or payable to such sub-agents shall be solely for the account of the Agent. The Agent shall be under no liability for any failure to sell any or all of the Offered Shares or to engage sub-agents.

2.3 The Agent may offer selling group participation in the normal course of the brokerage business to selling groups of other licensed dealers, brokers and investment dealers, the fees of whom shall be the responsibility of the Agent and who may or who may not be offered part of the commissions or securities to be received by the Agent pursuant to this Agreement.

2.4 If the Agent determines that particular experience or technical expertise is necessary for the Agent to carry out its obligations under this Agreement, then the Agent may engage third party experts, at the Company's expense, to prepare assessment or technical reports relating to the Company and its business.

## 3. AGENT'S COMMISSION AND FEES

3.1 The Company will pay the Agent a cash commission (the "**Agent's Commission**") equal to 10% of the gross proceeds of the sale of the Shares, whether purchased by the Agent for its own account or for its clients or purchased by other members of the Exchange for their own account or for their respective clients.

3.2 The Company will pay to the Agent a non-refundable Corporate Finance Fee in the amount of \$10,000 plus GST, which the Company has paid to the Agent, receipt of which is acknowledged by the Agent.

3.3 As further consideration for the Agent assisting the Company in connection with the Offering, the Company will issue to the Agent (or to members of the Agent's selling group in such amounts as the Agent directs) the Agent's Warrants, entitling the holder thereof to purchase for a period of 24 months from the date of listing of the Shares on the Exchange such number of Agent's Warrant Shares equal to 10% of the number of Shares sold under the Offering at a price of \$0.20 per Agent's Warrant Share.

3.4 The terms governing the Agent's Warrants will be set out in the certificates representing the Agent's Warrants, the form of which will be subject to the approval of the Company and the Agent, acting reasonably, and will include provisions for the appropriate adjustment in the class, number and price of the Agent's Warrant Shares issuable upon exercise of the Agent's Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Shares, payment of distributions or amalgamation, arrangement or merger of the of the Company with or into another company.

3.5 Subject to the terms of this Agreement, the issue of the Agent's Warrants will not restrict or prevent the Company from obtaining any other financing, nor from issuing additional securities or rights during the period within which the Agent's Warrants are exercisable.

#### **4. OFFERING TERMS**

4.1 The Agent will offer the Shares for sale at the Offering Price in the Qualifying Jurisdictions on a commercially reasonable efforts basis in accordance with the Applicable Securities Laws and the policies of the Exchange.

4.2 Residents of the Qualifying Jurisdictions may subscribe for Shares by delivering to the Agent on or prior to the applicable Closing Date:

- (a) payment of the aggregate subscription price in a manner acceptable to the Agent; and
- (b) such documents, certificates and forms as, in the opinion of the Agent, may be required.

4.3 The Offering will be subject to a minimum of 2,500,000 Shares being subscribed for by the Closing Date.

4.4 All funds received by the Agent for subscriptions will be held in trust by the Agent until at least the Minimum Subscription has been achieved and it has received at Closing:

- (a) a certificate signed by the President of the Company or such other officer or director of the Company as the Agent may accept, to the effect that the subscriptions for the Offered Shares have been accepted by the Company; and
- (b) a written request from the Company requesting delivery of the Proceeds to the Company or as directed by the Company.

4.5 Upon receiving the documentation referred to in Section 4.4 hereof, the Agent shall deliver to the Company or as directed in Section 4.4(b) hereof, the subscription from the Offering held by it pursuant to this Agreement, less the amounts to be deducted pursuant to Article 3 hereof.

4.6 Notwithstanding any other term of this Agreement, all subscription funds received by the Agent or the Company's registrar and transfer agent will be returned to the subscribers without interest or deduction if the Offering does not close for any reason.

#### **5. COMPANY'S COVENANTS**

5.1 The Company will cause the Prospectus to be filed with the Regulatory Authorities, will deliver all necessary copies of the Prospectus to the Regulatory Authorities and will use its best efforts to have the Prospectus accepted by the Regulatory Authorities and have the Commissions issue receipts for the Preliminary Prospectus and the Final Prospectus.

5.2 The Company will provide the Agent with as many copies of the Prospectus as the Agent may reasonably request and the Agent will deliver to each purchaser a copy of the Prospectus sufficiently in advance of the applicable Closing Date such that all withdrawal rights under the Applicable Securities Laws will have expired by the Closing Time.

5.3 Prior to the Effective Date, the Company will apply to the Exchange for conditional acceptance of the listing of the Shares, including all Shares forming part of the Securities, and, provided that the Company is not in breach of its obligations under this Agreement, the Agent will use its commercially reasonable efforts to cause all such documents to be filed by it with the Exchange as may be required by the rules and policies of the Exchange.

5.4 On or before the Closing Date, the Company shall take or cause to be taken all reasonable steps and proceedings (including but not limited to the filing of the Prospectus and the obtaining of a receipt for the Prospectus from the Commissions under the Securities Legislation), necessary in order to qualify for

distribution the Offered Shares for sale to Subscribers resident in the Offering Jurisdictions through the Agent and its sub-agents, if any, retained pursuant to Section 2.3 hereof, and to qualify for distribution the Agent's Warrants and the Directors' and Officers' Options.

5.5 Following the Effective Date and after consulting with the Exchange, the Company and the Agent will set the Closing Dates and the Closing Time. Unless an amendment to the Final Prospectus is filed and the Commissions have issued a receipt for such amendment, the Closing Date will be on or before the day which is 90 days after the Effective Date. If an amendment to the Final Prospectus is filed and the Commissions have issued a receipt for the amendment, the Closing Date will be on or before the day which is 90 days after the date of the receipt for such amendment, provided, however, that the Closing Date will not be more than 180 days from the date of the receipt for the initial Final Prospectus.

5.6 If, after the Prospectus is first filed with the Regulatory Authorities but before the conclusion of the distribution of the Shares under the Prospectus, a Material Change occurs in the affairs of the Company, the Company will:

- (a) notify the Agent immediately, in writing, with full particulars of the Material Change;
- (b) file with the Regulatory Authorities as soon as practicable, and in any event no later than 10 days after the Material Change occurs, an amendment to the Prospectus in a form acceptable to the Agent disclosing the Material Change; and
- (c) provide as many copies of that amendment to the Agent, as the Agent may reasonably request.

5.7 The Company shall in good faith discuss with the Agent any change in circumstances which is of a nature that there is reasonable doubt as to whether notice in writing need to be given to the Agent pursuant to Section 5.6 hereof.

5.8 Now and at all times subsequent hereto during the distribution of the offered Shares to the public or such longer person of time, if any, while the Prospectus continues to be current, the Prospectus and any amendments thereto does and will fully comply with the requirements of the Securities Legislation. The Prospectus together with any amendments thereto does and will during such period provide full, true and plain disclosure of all material facts relating to the Company, the Offered Shares and the distribution of the Offered Shares to the public, and does not and will not during such period contain a Misrepresentation; provided that the foregoing covenants of the Company do no and shall not apply with respect to any information or statements contained in the Prospectus relating solely to the Agent.

5.9 During the period of distribution to the public of the Offered Shares, the Company will advise the Agent promptly of any request of the Commissions or the Exchange for an amendment to the Prospectus or for any additional information, of the issuance by the Commissions, Exchange or any other securities commission, stock exchange or similar regulatory authority, of any cease trade order, halt order or similar order relating to the Common Shares or Offered Shares or the sue of the Prospectus, or of the institution or threat of an institution of any proceedings for that purpose or of the receipt by the Company of any communication from the Commissions, Exchange or any other securities commission stock exchange or similar regulatory authority relating to the Prospectus or the offering of the Offered Shares. Except with respect to the halt instituted by the Exchange to facilitate Closing, the Company will use its commercially reasonable efforts during the period of distribution to the public of the Offered Shares to prevent the issuance of any such cease trade order or halt order and, if issued during such period, to obtain the withdrawal thereof as soon as possible.

5.10 After the Offering is completed, the Company and the Agent will forthwith file any documents required by the Exchange necessary to permit the Shares to commence trading on the Exchange.

## 6. OPINIONS AND CERTIFICATES

6.1 On the Closing Date, the Company will deliver to the Agent:

- (a) A certificate signed by the President of the Company, or such other director or officer of the Company as the Agent may accept, dated as of the Closing Date addressed to the Agent to the effect that:
  - (i) the representations and warranties of the Company contained in this Agreement are true and correct as at the Closing Date with the same force and effect as if made at and as at the Closing Date after giving effect to the transactions contemplated hereby;
  - (ii) the Company has duly complied with all covenants and satisfied all the conditions herein on its part to be performed or satisfied;
  - (iii) no order suspending the sale or ceasing the trading of the Common Shares or any other securities of the Company has been issued and no proceedings for that purpose have been instituted or are pending or are, to the knowledge of such officer or director, contemplated or threatened by the Commissions, Exchange, or any other securities commission, stock exchange or similar regulatory authority; and
  - (iv) such officer has carefully examined the Prospectus, and since the respective dates as of which information is given in the Prospectus, except as set forth in and contemplated thereby, the Company has not incurred and material liabilities or obligations (absolute, accrued, contingent or otherwise), or entered into any transaction not in compliance with the CPC Policy; there has been no material change in the assets, financial position, business or results of operations of the Company; and, to the best of the knowledge and information of such officer or director, and except with respect to any information and statements relating solely to the Agent contained in the Prospectus, there has occurred no event and no state of facts exists that under Securities Legislation, is required to be set forth in an amended prospectus that has not been so set forth  
  
(the “**Officer’s Certificate**”);
- (b) an opinion of legal counsel for the Company addressed to the Agent and its legal counsel, substantially in a form acceptable to the Agent; and
- (c) documents evidencing the necessary approval of the Regulatory Authorities for the Offering and the listing of the Company Shares on the Exchange.

6.2 The Company will also deliver any other certificates, comfort letters or opinions in connection with any matter related to the Offering or the Prospectus which are reasonably requested by the Agent or its legal counsel.

6.3 The Company shall take all necessary steps to complete and file with the Exchange its application for listing with all other documentation required by the Exchange, to allow for the listing of the Common Shares on the Exchange prior to Closing. In the event that the Agent is required to provide or deliver any such documentation in connection with the application for listing or take such steps in connection therewith, the Company shall not be in breach of this Section 6.3 to the extent that the listing of the Common Shares on the Exchange prior to Closing is delayed or is not completed due to the Agent’s failure to provide or deliver such documentation or take such steps.

6.4 The net proceeds received by the Company from the sale of the Offered Shares and any Common Shares sold prior to the date of the Prospectus will be applied for the specific purposes more particularly set out under “Use of Proceeds” in the Prospectus and in compliance with the provisions of the CPC Policy.

6.5 At the Time of Closing, the Offered Shares shall have been made “eligible” by CDS Clearing and Depository Services Inc. (“CDS”) and counsel to the Company shall have provided written confirmation from CDS of such eligibility to Agent’s counsel.

6.6 Subject to any exemptions from the CPC Policy granted or permitted by the Exchange, until the Company completes a Qualifying Transaction, the Company will comply in all material respects with all applicable provisions of the CPC Policy. The Company will use its commercially reasonable best efforts to maintain its status as a reporting issuer not in default of any Securities Legislation in the Offering Jurisdictions for a period of 24 months following the date that its Common Shares are listed and posted for trading on the Exchange and will use its commercially reasonable best efforts to maintain its listing on the Exchange (or such other exchange on which the Common Shares may be listed) during such 24 months and to use its commercially reasonable efforts to complete a Qualifying Transaction within 24 months of the date that its Common Shares are listed and posted for trading on the Exchange.

6.7 During the period commencing on the date hereof and ending on the Closing Date (unless otherwise specified), the Company will promptly provide to the Agent and the Agent’s counsel, for review, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any press release (including any press release issued after the Closing Date related to this Agreement and the Offering) or material change report and the Company will use its commercially reasonable efforts to agree with the Agent, acting reasonably, as to the form and substance of such document and an appropriate legend regarding US distribution shall be included on any press release as follows: “Not for distribution to United States newswire services or for dissemination in the United States” and “These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state, and may not be offered or sold in the United States unless an exemption from registration is available. This press release does not constitute an offer to sell or the solicitation of any offer to buy these securities in the United States”.

6.8 It is understood that the Agent may waive, in whole or in part, non-compliance with any of the conditions or other matters contained herein or extend the time for compliance therewith without prejudice to its rights in respect of any other condition or conditions or any other subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon the Agent only if it is in writing.

## **7. CONDITIONS OF CLOSING AND CLOSING**

7.1 The Closing will take place on the Closing Date.

7.2 The Agent’s obligations under this Agreement are conditional upon and subject to the fulfilment of the following conditions before the Closing Time, which conditions the Company covenants to use its commercially reasonable efforts to fulfil or cause to be fulfilled before the Closing Time:

- (a) all actions required to be taken by or on behalf of the Company, including the passing of all requisite resolutions of directors of the Company, will have been taken so as to approve the Prospectus and to validly create and distribute the Securities;
- (b) the Company will have made all necessary filings with and obtained all necessary approvals, consents and acceptances from the Commissions and the Exchange for the Prospectus and to permit the Company to fulfil its obligations hereunder;



- (c) the Shares and the Agent's Warrant Shares will have been conditionally accepted for listing on the Exchange; and
- (d) certificates, opinions and other documents contemplated by section 6 of this Agreement will have been delivered to the Agent and its legal counsel.

7.3 The Agent's obligations under this Agreement with respect to acting as agent for the purposes of the Offering are also conditional upon and subject to: (a) the Company allowing the Agent and its representatives to conduct all due diligence which the Agent may reasonably require in connection with the Offering; and (b) prior to Closing, the Agent's due diligence review not revealing any material adverse information or fact which is not generally known to the public which might, as determined in the sole discretion of the Agent, adversely affect the value or market price of the Shares or the investment quality or marketability of the Shares.

7.4 The Offering will be completed at the offices of the Company's legal counsel at such time (the "**Closing Time**") and on the applicable Closing Date as may be agreed to by the Company and the Agent in consultation with the Exchange; provided, however, that if the Company has not been able to comply with any of the covenants or conditions set out herein required to be complied with by the Closing Time and Closing Date or such other date and time as may be mutually agreed to, or if this Agreement is terminated in accordance with Section 8 hereof, the respective obligations of the parties will terminate without further liability or obligation except for obligations of the Company with respect to the payment of expenses and indemnity and contribution provided for in this Agreement.

7.5 The Company will, on the applicable Closing Date, deliver the Certificates, through its registrar and transfer agent, to the Agent against payment of the Proceeds.

7.6 If the Company has satisfied all of its obligations under this Agreement, the Agent will, on the applicable Closing Date, pay the Proceeds to the Company against delivery of the Certificates.

## **8. TERMINATION**

8.1 The Agent may terminate its obligations under this Agreement by notice in writing to the Company at any time before the Closing Time if, as determined in the sole discretion of the Agent:

- (a) the Agent is not satisfied in its sole discretion with its due diligence review and investigations of the Company, its directors, its officers and its business;
- (b) there is a Material Change or a change in any Material Fact or a new Material Fact shall arise which, in the Agent's sole opinion, would be expected to have an adverse change or effect on the business, affairs, prospects or financial condition of the Company or on the market price or the value of the Shares;
- (c) the state of the financial markets, whether national or international, is such that, in the Agent's sole opinion, it would be impractical or unprofitable to offer or continue to offer the Shares for sale;
- (d) there should develop, occur or come into effect any event of a nature, including without limitation, accident, act of terrorism, public protest, governmental law or regulation which, in the Agent's sole opinion, adversely affects or may adversely affect the financial markets or the business, affairs, prospects or financial condition of the Company or the market price or value or marketability of the Shares;
- (e) there is an enquiry or investigation (whether formal or informal) by any securities regulatory authority in relation to the Company or any one of its officers, promoters or directors, or any principal holders of Common Shares;

- (f) any order to cease trading (including communicating with persons in order to obtain expressions of interest) in the Common Shares or other securities of the Company is made by a competent regulatory authority and that order is still in effect;
- (g) the Company is in breach of any material term or covenant of this Agreement in any material respect;
- (h) any of the representations or warranties made by the Company in this Agreement is false or has become false in any material respect;
- (i) the Agent is advised that the Exchange will not approve the listing of the Common Shares;
- (j) if any new or amended prospectus with respect to the Offering discloses information which, in the Agent's sole opinion, acting reasonably, results at any time prior to the Closing Time in the subscribers to the Offering of a material amount of the Offered Shares exercising their rights under the Securities Legislation to withdraw from or rescind their purchase thereof;
- (k) there is any amendment to Applicable Securities Laws which will, in the Agent's opinion, increase the costs and expenses incurred or to be incurred by the Agent in connection with the offering of the Offered Shares, or impose any limitations or restrictions on the exercise of the Agent's Warrant or on the subsequent trading of the Agent's Shares acquired pursuant to the exercise of the Agent's Warrant; or
- (l) there is any breach or non-performance by the Company of any provisions of any order of the Commissions or the Exchange or any other securities commission, stock exchange or other regulatory authority having jurisdiction over the Company.

8.2 This Agreement will terminate if the Effective Date has not occurred within 180 days of the reference date of this Agreement or by such other date as may be agreed to in writing by the Company and the Agent.

## 9. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

9.1 The Company represents and warrants to the Agent that:

- (a) the Company is duly formed and exists under the laws of the Province of Ontario and has full power and capacity to (i) carry on its business as now conducted and as proposed to be conducted as described in the Prospectus; and (ii) enter into, carry out the transactions contemplated by, and duly observe and perform all its obligations contained in this Agreement;
- (b) the Company is duly registered or licensed to carry on business in each jurisdiction in which it carries on business or owns property;
- (c) the Company does not own or have any interest in any asset or property of any kind whatsoever, other than cash or deposits with financial institutions, and, without limiting the generality of the foregoing, the Company does not have an Agreement in Principle (as "**Agreement in Principle**" is defined in the CPC Policy);
- (d) the Company has undertaken no business since the date of its incorporation, except as permitted by the CPC Policy and has not negotiated or entered into a transaction of a nature material to the Company other than as disclosed in the Prospectus.;
- (e) the authorized and issued capital of the Company is as disclosed in the Prospectus and the issued Common Shares of the Company are validly issued and outstanding;

- (f) except as disclosed in the Prospectus, there are no outstanding options, agreements or rights of any kind whatsoever to acquire Common Shares or any other securities of the Company;
- (g) the Prospectus contains full, true and plain disclosure of all Material Facts relating to the Company, its business and securities, and contains no Misrepresentations, and the Prospectus complies in all material respects with Applicable Securities Laws, including without limitation, the CPC Policy;
- (h) the financial statements of the Company which form part of the Prospectus accurately reflect all liabilities (absolute, accrued, contingent or other) of the Company as of the date thereof, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and accurately reflect the financial position and condition of the Company at the date of the financial statements and there have been no adverse material changes in the financial position of the Company since that date, except as fully and plainly disclosed in the Prospectus;
- (i) the Company has complied and will comply fully with the requirements of all applicable laws, including, without limitation, the Applicable Securities Laws in relation to the issue and trading of its securities and all matters relating to the Offering;
- (j) except as disclosed in the Prospectus, there is no action, proceeding or investigation (whether or not purportedly on behalf of the Company) which, to the knowledge of the Company and its directors or officers, is pending or threatened against or affecting the Company, at law or in equity or before or by any court or federal, provincial, municipal or other government department, board or agency, domestic or foreign, including without limitation the Commissions, the Exchange, or any other securities commission, stock exchange or similar regulatory authority, which in any way materially adversely affects the Company or the condition (financial or otherwise) of the Company or which questions the validity of the issuance, as fully paid and non-assessable, of the Offered Shares or any action taken or to be taken by the Company pursuant to or in connection with this Agreement;
- (k) the Company has full corporate capacity, power and authority to execute and deliver the Prospectus and all requisite action has been taken by the Company to authorize the execution and delivery by it of the Prospectus;
- (l) the Company has full corporate capacity, power and authority to execute this Agreement, the escrow agreement referred to in the Prospectus (the “**Escrow Agreement**”) and the Agent’s Warrant Certificate and to perform its obligations set out herein and therein, including, without limitation, to issue the Offered Shares and the Agent’s Shares (upon due exercise of the Agent’s Warrant), and to carry out the transactions contemplated hereby and by the Prospectus, and this Agreement, the Escrow Agreement and the Agent’s Warrant Certificate will be, on the Closing Date, duly authorized, executed and delivered by the Company and this Agreement and the Escrow Agreement are and the Agent’s Warrant Certificate will on the Closing Date be, legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally, and except as limited by the application of equitable principals when equitable remedies are sought and by the fact that rights to waiver, indemnity and contribution, and the ability to sever unenforceable terms, may be limited by applicable law;
- (m) To the knowledge of management of the Company, none of the directors or senior officers of the Company, any holder of more than 10% percent of its outstanding Common Shares, any Promoters of the Company, or any Associates or Affiliates of any

of the foregoing persons or companies (as “Promoters”, “Associates” or “Affiliates” are defined in the Securities Legislation):

- (i) has had any material interest, direct or indirect, in any material transaction within the three years prior to the date of the Preliminary Prospectus, or
- (ii) has any material interest, direct or indirect, in any material transaction,

which, as the case may be, materially affects, is material to or will materially affect the Company, except as stated in the Prospectus, in which are fully set forth all relevant particulars required by the Securities Legislation;

- (n) the Company is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of this Agreement, the Escrow Agreement and the Agent’s Warrant Certificate by the Company or any of the transactions contemplated hereby or thereby, do not and will not result in any breach of, or constitute a default under, or do not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, any term or provision of the articles, by-laws or resolutions of the shareholders or directors of the Company, or any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Company is a party or by which it is bound, or any law, judgment, decree, order, statute, rule or regulation applicable to the Company which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Company or its properties or assets, or would impair the ability of the Company to consummate the transactions contemplated hereby or thereby or to duly observe and perform any of its covenants or obligations contained in this Agreement, the Escrow Agreement and the Agent’s Warrant Certificate;
- (o) upon their issuance, the Shares and the Agent’s Warrant Shares that may be issued upon the due exercise (including payment of the exercise price per Agent’s Warrant Share) of the Agent’s Warrants will be validly issued as fully paid and non-assessable Common Shares of the Company;
- (p) the Company is not a party to any actions, suits or proceedings which could materially affect its business or financial condition, and no such actions, suits or proceedings are contemplated or have been threatened;
- (q) except as disclosed in the Prospectus:
  - (i) none of the directors or officers of the Company is indebted or under obligation to the Company on any account whatsoever; and
  - (ii) the Company has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any person, firm or corporation of any kind whatsoever;
- (r) to the knowledge of management of the Company and except for the Escrow Agreement, neither the Company nor any of its shareholders is a party to any voting trust, securities pooling agreement or similar type of arrangement or agreement in force in respect of any of the securities of the Company;
- (s) the Company has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its Common Shares or any other shares of any class since incorporation, and, subject to the rules, policies and regulations of the Exchange, and the restrictions on the declaration and payment of dividends by the Company as disclosed in the Prospectus, there is not, in the constating documents or by-laws of the Company or in

any agreement, mortgage, note, debenture, indenture or other instrument or document to which the Company is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of the Company or the payment of dividends by the Company to the holders of its Common Shares;

- (t) the Company requires the signatures of two (2) authorized persons on any cheques issued by the Company;
- (u) application has been made to list the outstanding Common Shares of the Company, including without limitation the Offered Shares and the Common Shares issuable upon exercise of the Agent's Warrant and the Directors' and Officers' Options on the Exchange, and conditional approval of such application has been obtained from the Exchange;
- (v) the Company has advised the Company's directors and officers of the requirements and restrictions on the use of the net proceeds of the Offering as set out in Section 8 of the CPC Policy;
- (w) the Company has not made and will not make any payments which are prohibited by the CPC Policy, except as may be expressly permitted by the Exchange;
- (x) other than as may be required, and as have or will be obtained prior to the Closing Date, under the Securities Legislation and/or the CPC Policy, requisite filings with the Commissions (and the issuance by the Commissions of receipts for the Prospectus) and the Exchange and final approval/acceptance of the Offering from the Exchange, no approval, authorization, consent or other order of any governmental authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Escrow Agreement or the Agent's Warrant Certificate;
- (y) except as disclosed in the Preliminary Prospectus and the Prospectus, no order ceasing or suspending trading in securities of the Company or prohibiting the sale of such securities has been issued against the Company or, to the best of the Company's knowledge after due inquiry, against any of its directors, officers and promoters; and, to the Company's knowledge, no proceedings for this purpose have been instituted or are pending, contemplated or threatened;
- (z) all statements, facts, data, information and materials provided from time to time by the Company in writing to the Agent relating to the Company and the directors and officers of the Company are true and correct in all material respects and all material facts relating to the subject matter have been fully disclosed to the Agent and such statements, facts, data, information and materials did not and do not contain a Misrepresentation;
- (aa) no securities commissions or other governmental authority has issued any order preventing or suspending the use of the Preliminary Prospectus or the Prospectus;
- (bb) the Company has advised the directors and officers of the Company about:
  - (i) the nature and scope of their responsibilities and duties as directors and officers, respectively, of a public corporation listed on the Exchange, including, without limitation, the matters set out in Policy 3.1 of the Exchange's Corporate Finance Manual; and
  - (ii) the obligations of the Company to prepare, file, publish and disseminate, as applicable, such information and documentation as may be required by the Securities Legislation, including, without limitation, as required by Policies 3.2 and 3.3 of the Exchange's Corporate Finance Manual.

- (cc) the directors and senior officers of the Company have or will have been provided with a copy of the Preliminary Prospectus and the Prospectus for their review, and the directors have or will have duly approved the Preliminary Prospectus and the Prospectus and the financial statements included in the Prospectus at the respective times they are filed with the Commissions and the Exchange and will have authorized the distribution of the Prospectus by the Agent in connection with the Offering;
- (dd) all Tax Returns, reports, elections, remittances and payments of the Company, required by law to have been filed or made, have been filed or made and are substantially true, complete and correct and all Taxes of the Company have been paid or accrued and are reflected in the financial statements which form part of the Prospectus;
- (ee) the Company has made adequate provision for Taxes payable for the current period for which Tax Returns are not yet required to be filed and the Company is not aware of any contingent liability for Taxes affecting the Company;
- (ff) to the best of its knowledge, the Company has not:
  - (i) made any election under Section 85 of the *Income Tax Act* (Canada) with respect to the acquisition or disposition of any property; or
  - (ii) acquired any property from a person with whom it was not dealing at arm's length for proceeds greater than the fair market value thereof, or disposed of any property to any such person for proceeds less than the fair market value thereof;
- (gg) the Company has duly and timely withheld and collected all Taxes required by applicable law to be withheld or collected by it and has duly and timely remitted to the appropriate Tax Authority all such Taxes as and when required by applicable law;
- (hh) there are no proceedings, investigations or audits pending or, to the knowledge of the Company, threatened against or affecting the Company in respect of any Taxes, no event has occurred or circumstance exists which could reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding, investigation or audit and there are no matters under discussion, audit or appeal with any Tax Authority relating to Taxes;
- (ii) the Company is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada) and the Company has, at all relevant times, been and is a taxable Canadian corporation within the meaning of Subsection 89(1) of the *Income Tax Act* (Canada);
- (jj) the Company has never been required to file any Tax Return with, and has never been liable to pay any Taxes to, any Tax Authority outside Canada;
- (kk) the Company is not party to any agreement or undertaking with respect to Taxes of any other person;
- (ll) the Company has not executed or filed with any Taxation Authority any agreement extending the period for assessment, reassessment or collection of any Taxes nor waived any statute of limitations;
- (mm) there is not presently, and will not be until the completion of the Offering, any Material Change or change in any Material Fact relating to the Company which has not been or will not be fully disclosed to the Agent;

- (nn) the Company holds all material licenses and permits, if any, that are required for carrying on its business in the manner in which such business has been carried on and each of the foregoing is in full force and effect;
- (oo) the record books of the Company as provided or made available to the Agent or its legal counsel are true and correct in all material respects and contain all the resolutions of its respective directors and holders of Company Shares;
- (pp) other than the Agent, no person, firm or corporation acting or purporting to act at the request of the Company is entitled to any brokerage, agency or finder's fee in connection with the transactions described herein;
- (qq) there are no judgments against the Company which are unsatisfied, nor is the Company subject to any consent decrees or injunctions;
- (rr) TSX Trust Company been duly appointed as the registrar and transfer agent of the Common Shares;
- (ss) this Agreement has been authorized by all necessary action on the part of the Company; and
- (tt) the representations and warranties in this section are true and correct and will remain so at all times up to and including the Closing Time.

## **10. REPRESENTATIONS AND WARRANTIES OF THE AGENT**

10.1 The Agent represents and warrants to the Company that:

- (a) it is a valid and subsisting corporation duly incorporated, continued or amalgamated and in good standing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated;
- (b) it is a member in good standing of the Exchange;
- (c) this Agreement has been authorized by all necessary corporate action on the part of the Agent; and
- (d) it has complied with and will fully comply with the requirements of the Applicable Securities Laws in the jurisdictions where it is registered in relation to all matters relating to the Offering.

## **11. ELECTION TO BE A PUBLIC CORPORATION**

11.1 The Company covenants and agrees to elect, in the manner and within the time limits prescribed by the *Income Tax Act* (Canada), to be a "public corporation" (as that term is defined in the *Income Tax Act* (Canada)) from the beginning of its first taxation year. Specifically, the Company covenants and agrees to make such election on or before its filing-due date for its first taxation year.

## **12. EXPENSES OF AGENT**

12.1 The Company will pay all of the expenses of the Offering and all the expenses reasonably incurred by the Agent in connection with the Offering and its services provided under this Agreement, whether or not it is completed, including, without limitation, marketing costs, due diligence costs, travel costs, road-show and marketing costs, the fixed fees and disbursements of the legal counsel for the Agent and the fees and expenses of any experts or third parties engaged by the Agent, expenses incurred in conducting background checks on the existing or proposed directors, officers and promoters of the Company, long

distance telephone, courier, photocopying, fax and similar expenses. The Company has paid to the Agent \$10,000 in connection with the Agent's fees and expenses, receipt of which is acknowledged by the Agent.

12.2 The Company will pay the expenses referred to in the previous subsection even if the Prospectus or this Agreement are not accepted by the Regulatory Authorities or the transactions contemplated by this Agreement are not completed or this Agreement is terminated, unless the failure of acceptance or completion or the termination is the result of a breach of this Agreement by the Agent.

12.3 The Agent may, from time to time, render accounts for its expenses to the Company for payment on or before the dates set out in the accounts.

12.4 The Company authorizes the Agent to deduct its reasonable expenses in connection with the Offering from the gross proceeds of the Offering and any advance payments made by the Company, including expenses for which an account has not yet been rendered to the Company.

### **13. GARNISHING ORDERS**

13.1 If at any time, up to and including the Closing Time, the Agent receives a garnishing order or other form of attachment purporting to attach or garnish a part or all of the sale price of the Shares, the Agent will be free, and is hereby authorized by the Company, to pay the amount purportedly attached or garnished into court.

13.2 Any payment by the Agent into court contemplated in this Agreement will be deemed to have been received by the Company as payment by the Agent against the sale price of the Shares to the extent of the amount paid, and the Company will be bound to issue and deliver the Shares proportionate to the amount paid by the Agent.

13.3 The Agent will not be bound to ascertain the validity of any garnishing order or attachment, or whether in fact it attaches any monies held by the respective Agent, and the Agent will be free to act with impunity in replying to any garnishing order or attachment.

13.4 The Company will release, indemnify and save harmless the Agent in respect of all damages, costs, expenses or liability arising from any acts of the Agent under this section.

### **14. INDEMNITY AND CONTRIBUTION**

14.1 The Company (the "**Indemnitor**") will indemnify the Agent, its affiliates and any other registrants retained by the Agent pursuant to Section 2.3 hereof, and their respective agents, partners, directors, officers and employees (collectively, the "**Indemnified Parties**") and save them harmless against all losses, expenses, claims, actions, damages or liabilities:

- (a) existing (or alleged to exist) by reason of any untrue statement contained in the Prospectus or by reason of the omission to state in the Prospectus any fact necessary to make any statement in the Prospectus not misleading, or in a written or oral representation of the Company to a Subscriber of Offered Shares (except for information and statements supplied by and referring solely to the Agent);
- (b) arising directly or indirectly out of any order, inquiry or investigation made by any regulatory authority based upon an allegation that any such untrue statement, omission or representation exists (except for information and statements supplied by and referring solely to the Agent) including, without limitation, an order that trading in or distribution of the Securities is to cease;



- (c) resulting from the failure of the Company to file an amendment to the Prospectus as required by this Agreement;
- (d) resulting from any representation or warranty made by the Company in this Agreement being untrue in any material respect or ceasing to be true in any material respect;
- (e) resulting from a breach by the Company of any term or covenant of this Agreement;
- (f) if the Company fails to issue and deliver the Certificates in the form and denominations satisfactory to the Agent acting reasonably at the time and place required by the Agent with the result that any completion of a distribution of the Securities does not take place;
- (g) if, following the completion of a distribution of any of the Securities, a determination is made by any competent authority setting aside the sale unless that determination arises out of an act or omission by the Agent;
- (h) any prohibition or restriction of trading in the Offered Shares or the Agent's Shares (upon due exercise of the Agent's Warrants), or any prohibition affecting the distribution of the Offered Shares or the Agent's Shares (upon due exercise of the Agent's Warrants) which may be ordered by any one or more competent authorities if such prohibition or restriction of trading is based on any Misrepresentation in the Preliminary Prospectus or Prospectus, or in any written or oral representations made by the Company to a Subscriber, except any Misrepresentation (i) which is based upon information relating solely to the Agent and furnished to the Company by the Agent expressly for inclusion in the Preliminary Prospectus and/or the Prospectus or (ii) in any written or oral representations made by the Agent to a Subscriber;
- (i) any Subscriber effectively rescinding its subscription for the Offered Shares pursuant to a right of rescission under which a Subscriber may rescind a contract on the grounds that the Prospectus contains a Misrepresentation, or in the event a determination is made by any competent authority setting aside the sale of the Offered Shares, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Company by the Agent expressly for inclusion in the Prospectus or any determination that arises out of any act or omission of the Agent; or
- (j) the Prospectus failing to comply with the requirements of the Securities Legislation so as to permit the lawful sale of the Offered Shares or by reason of the Company having failed to take or cause to be taken such steps or proceedings as were necessary to permit the lawful sale of the Offered Shares as contemplated by the Prospectus and this Agreement.

Without limiting the generality of the foregoing, this indemnity shall apply to all expenses (including legal expenses), losses, claims and liabilities that the Agent may incur as a result of any action or litigation that may be threatened or brought against the Agent and/or any Indemnified Party.

14.2 If any action or claim is brought against an Indemnified Party in respect of which indemnity may be sought from the Indemnitor pursuant to this Agreement, the Indemnified Party will promptly notify the Indemnitor in writing.

14.3 The Indemnified Party will have the right to employ separate counsel, and the Company will pay the fees and expenses of such counsel. The Company agrees that in case any legal proceeding shall be brought against the Indemnitor, the Agent and/or any of the Indemnified Parties by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, or any such entity shall investigate the Indemnitor, the Agent and/or any Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the

performance of professional services rendered to the Indemnitor, the Agent shall have the right to employ its own counsel in connection therewith provided that the Agent acts reasonably in selecting such counsel, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Agent for time spent by its Indemnified Parties in connection therewith) and out-of-pocket expenses incurred by its Indemnified Parties in connection therewith shall be paid by the Indemnitor as they occur.

14.4 Promptly after receipt of notice of the commencement of any legal proceeding against the Agent or any of its Indemnified Parties or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Agent will notify the Indemnitor in writing of the commencement thereof, and throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed. However, the failure by the Agent to notify the Indemnitor will not relieve the Indemnitor of its obligations to indemnify the Agent and/or any such Indemnified Party. The Indemnitor shall on behalf of itself and the Agent, and/or any Indemnified Party, as applicable, be entitled (but not required) to assume the defence of any suit brought to enforce such legal proceeding; provided, however, that the defence shall be conducted through legal counsel acceptable to the Agent and/or any such Indemnified Party, as applicable, acting reasonably, that no settlement of any such legal proceeding may be made by the Indemnitor without the prior written consent of the Agent and/or any such Indemnified Party, as applicable, and none of the Agent and/or any such Indemnified Party, as applicable, shall be liable for any settlement of any such legal proceeding unless it has consented in writing to such settlement, such consent not to be unreasonably withheld. The Agent and its Indemnified Parties shall have the right to appoint its or their own separate counsel at the Indemnitor's cost provided the Agent and its personnel act reasonably in selecting such counsel.

14.5 The indemnity provided for in this section will not be limited or otherwise affected by any other indemnity obtained by any Indemnified Party from any other person in respect of any matters specified in this Agreement and will continue in full force and effect until all possible liability of the Indemnified Parties arising out of the transactions contemplated by this Agreement has been extinguished by the operation of law.

14.6 This indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

- (a) the Indemnified Party has been grossly negligent or has committed wilful misconduct or any fraudulent act in the course of such performance; and
- (b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the gross negligence, wilful misconduct or fraud referred to in (a) above.

14.7 If indemnification under this Agreement is found in a final judgment (not subject to further appeal) by a court of competent jurisdiction not to be available (other than in accordance with the terms of this section) for any reason, the Company and each Indemnified Party will contribute to the losses, claims, damages, liabilities or expenses (or actions in respect thereof) for which such indemnification is held unavailable in such proportion as is appropriate to reflect the relative benefits to and fault of the Company, on the one hand, and each respective Indemnified Party on the other hand, in connection with the matter giving rise to such losses, claims, damages, liabilities or expenses (or actions in respect thereof); provided that the Company shall, in any event, contribute to the amount paid or payable by an Indemnified Party as a result of such expense, loss, claim, damage or liability, any excess of such amount over the amount of fees received by the Indemnified party pursuant to this Agreement. No person found liable for a fraudulent misrepresentation (within the meaning of applicable securities laws) will be entitled to contribution from any person who is not found liable for such fraudulent misrepresentation.

14.8 To the extent that any Indemnified Party is not a party to this Agreement, the Agent will obtain and hold the right and benefit of this section in Company for and on behalf of such Indemnified Party.

14.9 The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the personnel of the Agent and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Agent, and any of the personnel of the Agent. The foregoing provisions shall survive the completion of professional services rendered under this Agreement.

## **15. ALTERNATIVE TRANSACTION**

15.1 If the Offering is not completed as a result of the Company's decision to pursue an alternative business transaction within a period that is six months from the date of this Agreement, the Company shall pay the Agent an amount equal to the Agent's Commission, Corporate Finance Fee (to the extent not already paid) and the Agent's Warrants that would otherwise have been earned by the Agent assuming the maximum Offering was completed together with Agent's costs and expenses incurred and not reimbursed to that date. An alternative business transaction includes financing which has the effect of replacing the Offering or a business transaction involving a change of control of the Company or any material subsidiary including a merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction. An alternative business transaction does not include a financing arranged by the Company that is supplementary to the Offering contemplated herein. For greater certainty, in the event that the Agent avails itself of the market out clause in section 8.1(c) hereto, the Company will be free to pursue an alternative business transaction, in which case, the Company will not be responsible for any further fees payable under this section except for the Agent's out of pocket due diligence costs and legal fees incurred up to that date.

## **16. RIGHT OF FIRST REFUSAL**

If within the period ending twenty-four (24) months from the Closing Date (the "**ROFR Term**") the Company undertakes a public or private offering of debt, equity or equity-based securities in Canada, or, if the Company otherwise requires financial advisory services, the Agent will have a right of first refusal to serve as its exclusive financial advisor for such financial advisory engagement and/or sole bookrunner, lead manager and exclusive placement agent for such financing (the "**ROFR**"). In such event, the Company and the Agent will enter into a separate agreement or other appropriate documentation for such engagement containing such compensation and other terms and conditions as are customary based on industry standards for similar engagements, including, without limitation, appropriate indemnification provisions.

The Company must provide the Agent with written notification if the Company requires or proposes to obtain additional financing or financial advisory services contemplated above. Upon receipt of such notification, the Agent must exercise its ROFR within five (5) Business Days, failing which the Agent shall relinquish its right with respect to that particular engagement and the ROFR shall continue in relation to any other public or private offerings of debt, equity, or equity-based securities in Canada, or financial advisory services of the Company during the ROFR Term.

If, prior to, or any time after, providing the Agent with such written notice, the Company receives an offer from a third party to serve as bookrunner, manager, placement agent in connection with a financing in Canada or financial advisor in connection with a financial advisory engagement, the terms upon which such third party has proposed to act in such capacity shall be disclosed to the Agent by the Company in writing, and the Agent shall have five (5) Business Days within which to exercise its ROFR on matching terms.

The Company represents and warrants to the Agent that it is not bound by, or otherwise subject to, any right of first refusal, right of first offer or other agreement or document which would conflict with the ROFR or would otherwise prevent or impair the Company from performing its obligations as set out in this Section 16.

## **17. NOTICE**

Any notice or other communication to be given hereunder shall be addressed and delivered to:

in the case of the Company:

MJ Opportunity Corp.  
320 Bay Street  
Suite 1600  
Toronto, ON M5H 4A6

Attention: David Mitchell

and in the case of the Agent:

Echelon Wealth Partners Inc.  
1055 Dunsmuir Street, Suite 3424  
P.O. Box 49207  
Vancouver, BC V7X 1K8

Attention: Blair Jordan  
Email: [blair.jordan@echelonpartners.com](mailto:blair.jordan@echelonpartners.com)

with a copy to:

Borden Ladner Gervais LLP  
1900, 520 -3<sup>rd</sup> Ave SW  
Calgary, AB T2P 0R3

Attention: Robb McNaughton  
Email: [rmcnaughton@blg.com](mailto:rmcnaughton@blg.com)

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if hand-delivered, mailed or sent by courier, or on the first Business Day following the day on which it is sent, if sent by email. Any party may, at any time, give notice in writing to the other in the manner provided for above of any change of address or telecopier number.

## **18. PRESS RELEASES**

Subject to and in compliance with applicable laws, before the Company file or disseminates any press release relating to the Offering the Company shall obtain the Agent's approval of such press release. No press release relating to the Offering will be disseminated in the United States during the Offering.

## **19. TIME**

Time is of the essence of this Agreement.

## **20. SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

The representations, warranties, covenants and indemnities of the parties contained in this Agreement will survive the closing of the purchase and sale of the Shares.

## **21. ENTIRE AGREEMENT**

This Agreement contains the full agreement of the parties in respect of the subject matter hereof and supersedes and replaces the engagement letter dated May 16, 2017.

## **22. SEVERABILITY**

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

## **23. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the courts of such province will have jurisdiction over any dispute arising under this Agreement.

## **24. INTERPRETATION**

Wherever a singular or masculine expression is used in this Agreement, that expression is deemed to include the plural, feminine or the body corporate where required by the context. All headings contained in this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement.

## **25. CURRENCY**

For the purposes of this Agreement, all references to “dollars” or “\$” shall mean Canadian funds, unless otherwise specified.

## **26. ENUREMENT**

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

## **27. STATUTORY OBLIGATIONS AND FIDUCIARY DUTIES**

Nothing in this Agreement shall require or be deemed to require the Agent to act contrary to its statutory obligations or its fiduciary duties to its clients.

## **28. COUNTERPARTS**

This Agreement may be executed in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one agreement, effective as of the reference date given above.

*[Remainder of page left intentionally blank – signature page to follow]*

**ECHELON WEALTH PARTNERS INC.**

By: "Blair Jordan"  
Authorized Signatory

**MJ OPPORTUNITY CORP.**

By: "David Mitchell"  
Authorized Signatory