

AGENCY AGREEMENT

April 27, 1999

AltaRex Corp.

303 Wyman Street, Suite 125
Waltham, Massachusetts 02451

**Attention: Richard E. Bagley,
President and Chief Executive Officer**

Dear Sirs:

First Marathon Securities Limited and HSBC James Capel Canada Inc. (together, the "**Agents**") understand that AltaRex Corp. (the "**Company**") desires to issue and sell a maximum of 34,000,000 common shares of the Company as described in Schedule "A" hereto and, to the extent the Over Allotment Option (as hereinafter defined) is exercised, the Over Allotment Shares (as hereinafter defined) (collectively, the "**Offered Shares**"). The offer of the Offered Shares by the Company (and, to the extent consistent with the context, the offering of the Over Allotment Shares) is hereinafter referred to as the "**Offering**".

In addition, the Company hereby grants to the Agents an option to cover over allotments, if any, and for market stabilization purposes (the "**Over Allotment Option**") to purchase and offer for sale to the public up to an additional 5,100,000 common shares of the Company (the "**Over Allotment Shares**") at the same purchase price per Over Allotment Share as is provided for in Schedule "A" hereto in respect of the Offered Shares and, except as otherwise provided in this agreement, all upon the terms and conditions set forth herein for the purchase and sale of the Offered Shares. The Over Allotment Option may be exercised at any time and from time to time from and after the date hereof until 5:00 p.m. (Toronto time) on the 60th day following the Closing Date (as hereinafter defined). The Over Allotment Option shall be exercisable in whole or in part by the Agents giving notice to the Company prior to such option expiry time, specifying the number of Over Allotment Shares to be purchased and the date and time of the completion of the sale of the Over Allotment Shares (which, if such date is not the Closing Date, shall not be less than 48 hours after the date of the notice and not more than five business days (as hereinafter defined) after such option expiry date). Upon furnishing such notice, the Agents shall purchase and the Company shall sell in accordance with and subject to the provisions hereof, that number of Over Allotment Shares indicated in such notice.

The Company hereby appoints the Agents, and the Agents hereby agree to act, as the exclusive agents of the Company to use their commercially reasonable best efforts in the Agents'

discretion to offer for sale and obtain subscriptions for the Offered Shares under the Offering; provided that the Agents shall be under no obligation to purchase any of the Offered Shares.

In consideration of the Agents' services to be rendered in connection with the Offering, including the preparation of documentation relating to the sale of the Offered Shares, distributing the Offered Shares, both directly and indirectly, assisting in the preparation and finalization of the Preliminary Prospectus (as hereinafter defined) and the Final Prospectus (as hereinafter defined), performing administrative work in connection with these matters and all other services arising out of this agreement, the Company agrees to pay the Agency Fee (as hereinafter defined) to the Agents and to grant the Agents' Compensation Options (as hereinafter defined).

The Company agrees that the Agents will be permitted to appoint other registered dealers (or other dealers duly qualified in their respective jurisdictions) as their agents to assist in the Offering and that the Agents may determine the remuneration payable to such other dealers appointed by them (provided that any such remuneration shall be for the account of the Agents).

This agreement is conditional upon and subject to the additional terms and conditions set forth below.

1. Interpretation

1.1 Unless expressly provided otherwise, where used in this agreement or any schedule hereto, the following terms shall have the following meanings, respectively:

"**Agency Fee**" means the fee payable to the Agents as specified in Schedule "A" hereto;

"**Agents**" shall have the meaning ascribed thereto in the first paragraph of this agreement;

"**Agents' Compensation Options**" means the options to be granted to the Agents to purchase Shares, the particulars of which are set out in Schedule "A" hereto;

"**AltaRex US**" means AltaRex US, Corp., a wholly-owned subsidiary of the Company;

"**Applicable Securities Laws**" means, collectively, the applicable securities laws of each of the Qualifying Provinces, their respective regulations, rules, rulings, orders and forms prescribed or made thereunder, the applicable published policy statements issued by the Securities Commissions thereunder and the securities legislation and published policies of each other relevant jurisdiction (including any federal or state blue sky requirements relating to the private placements of Offered Shares in the United States);

"**business day**" means any day other than a Saturday, Sunday or statutory holiday in the City of Toronto, Ontario;

"**Closing Date**" means the date on which the Offering is to be completed, as specified in Schedule "A" hereto;

"**Company**" shall have the meaning ascribed thereto in the first paragraph of this agreement;

"**Company's Information Record**" means any statement contained in any press release, material change report, financial statements or other document of the Company which has been or is publicly disseminated by or with the consent of the Company, pursuant to any Applicable Securities Laws;

"**Compensation Option Shares**" means the Shares issuable upon exercise of the Agents' Compensation Options;

"**due inquiry**", when used in relation to the Company, means after inquiries have been made of the senior officers and directors of the Company with respect to the fact in question;

"**encumbrance**" means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement or other security interest;

"**Exchange**" means The Toronto Stock Exchange;

"**Final Prospectus**" means the (final) prospectus of the Company dated April 27, 1999 relating to the distribution of, *inter alia*, the Offered Shares;

"**including**" means including without limitation;

"**Indemnified Party**" shall have the meaning ascribed thereto in Section 9.1;

"**material change**" means a material change for the purposes of the Applicable Securities Laws or any of them or where undefined under the Applicable Securities Laws of a jurisdiction means a change in the business, operations or capital of the Company and its subsidiaries, taken as a whole, that would reasonably be expected to have a significant effect on the market price or value of any of the Company's securities and includes a decision to implement such a change made by the Company's board of directors or by senior management of the Company who believe that confirmation of the decision by the board of directors is probable;

"**material fact**" means a material fact for the purposes of the Applicable Securities Laws or any of them or where undefined under the Applicable Securities Laws of a jurisdiction means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the Company's securities;

"**misrepresentation**" means a misrepresentation for the purposes of the Applicable Securities Laws or any of them or where undefined under the Applicable Securities Laws of a jurisdiction means (i) an untrue statement of a material fact, or (ii) an omission to state a material fact that is required to

be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

"**Offered Shares**" shall have the meaning ascribed thereto in the first paragraph of this agreement;

"**Offering**" shall have the meaning ascribed thereto in the first paragraph of this agreement;

"**Offering Documents**" means, collectively, the Preliminary Prospectus, the Final Prospectus and any Supplementary Material;

"**Outstanding Convertible Securities**" means all options (whether put or call options), including options granted to officers, directors or employees, share purchase or acquisition rights or warrants and other convertible securities outstanding as at the date of this agreement, whether issued pursuant to an established plan or otherwise;

"**Over Allotment Option**" means the over allotment option granted by the Company to the Agents pursuant to the second paragraph of this agreement;

"**Over Allotment Shares**" shall have the meaning ascribed thereto in the second paragraph of this agreement;

"**person**" includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust, investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

"**Preliminary Prospectus**" means the preliminary prospectus of the Company dated March 16, 1999;

"**Purchasers**" means, collectively, each of the purchasers of Offered Shares pursuant to the Offering (including, if applicable, the Agents);

"**Qualifying Provinces**" means each of the provinces of Canada listed or otherwise described in Schedule "A" hereto;

"**Securities Commissions**" means, collectively, the securities commissions or similar regulatory authorities in each of the Qualifying Provinces;

"**Selling Group**" means, collectively, those registered dealers appointed by the Agents to assist in the Offering as contemplated in the fifth paragraph of this agreement;

"**Shares**" means the common shares in the capital of the Company;

"Supplementary Material" means, collectively, any amendment to the Final Prospectus, any amended or supplemental prospectus required to be filed with any of the Securities Commissions in connection with the distribution of the Offered Shares;

"Survival Limitation Date" means the latest date under the Applicable Securities Laws relevant to a Purchaser (non-residents of Canada being deemed to be resident in the Province of Ontario for such purposes) that a Purchaser may be entitled to commence an action or exercise a right of rescission with respect to a misrepresentation contained in the Offering Documents;

"Time of Closing" means the time on the Closing Date at which the Offering is to be completed, as specified in Schedule "A" hereto; and

"Transfer Agent" means Montreal Trust Company of Canada.

1.2 The division of this agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this agreement.

1.3 This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without reference to conflicts of law rules, and time shall be of the essence hereof.

1.4 All amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

1.5 The following are the schedules attached to this agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule "A" - Details of the Offering
Schedule "B" - Terms and Conditions for United States Offers and Sales

2. Nature of Transaction

2.1 Each Purchaser resident in a Qualifying Province shall purchase pursuant to the Final Prospectus. The Company hereby agrees to comply with all Applicable Securities Laws on a timely basis in connection with the distribution of the Offered Shares to the Purchasers, including by filing within the periods stipulated under Applicable Securities Laws and at the Company's expense the Final Prospectus and all other forms required to be filed by the Company in connection with the Offering and paying all filing fees required to be paid in connection therewith so that the distribution of the Offered Shares may lawfully occur under the Applicable Securities Laws. Upon request by the Agents, the Company also agrees to file within the periods stipulated under Applicable Securities Laws outside of Canada and at the Company's expense all private placement forms required to be

filed by the Company and the Purchasers, respectively, in connection with the Offering and paying all filing fees required to be paid in connection therewith so that the distribution of the Offered Shares may lawfully occur without the necessity of filing a prospectus or any similar document under such Applicable Securities Laws. The Agents agree to assist the Company in all reasonable respects to secure compliance with all regulatory requirements in connection with the Offering.

2.2 Sales to Purchasers resident in the United States will be made in accordance with the terms set out in Schedule "B" hereto, which terms, and the representations, warranties and covenants set out in such schedule, shall be deemed to be incorporated into this agreement.

3. Representations, Warranties and Covenants of the Agents

3.1 The Agents covenant with the Company that they will (and will use their commercially reasonable efforts to cause the members of the Selling Group to): (i) conduct activities in connection with arranging for the sale and distribution of the Offered Shares in compliance with the Applicable Securities Laws; (ii) not, directly or indirectly, sell or solicit offers to purchase the Offered Shares so as to require registration thereof or filing of a prospectus with respect thereto under the laws of any jurisdiction (other than the Qualifying Provinces), including the United States of America or the United Kingdom; (iii) without limiting the generality of item 3.1(i), refrain from making use of any "green sheet" or other marketing material in respect of the Offered Shares without the approval of the Company and comply with the notice dated July 7, 1989 issued by the Ontario Securities Commission with respect to the use of "green sheets" and other marketing material during the waiting period under the *Securities Act* (Ontario); (iv) use all reasonable efforts to complete and to cause the members of the Selling Group to complete the distribution of the Offered Shares as soon as practicable; (v) notify the Company when, in their opinion, the Selling Group has ceased distribution of the Offered Shares and, if required for regulatory compliance purposes, provide a breakdown of the number of Offered Shares distributed (A) in each of the Qualifying Provinces and (B) in any other jurisdictions; (vi) not make any representations or warranties with respect to the Company or the Offered Shares other than as set forth in the Final Prospectus and, if applicable, Supplementary Material; and (vii) upon the Company obtaining the necessary receipts (or the equivalent) therefor from each of the Securities Commissions, deliver on a timely basis one copy of the Final Prospectus, any amended Final Prospectus and any Supplementary Material to the Purchasers.

3.2 An Agent shall not be liable to the Company with respect to the default by the other Agent under Section 3.1.

4. Representations, Warranties and Covenants of the Company

4.1 The Company hereby represents, warrants and covenants to and with the Agents and the Purchasers that:

4.1.1 *General Matters:*

- (a) as at the date hereof, the authorized and outstanding share capital of the Company is as set forth in the Final Prospectus.
- (b) all of the issued and outstanding Shares are fully paid and non-assessable;
- (c) the Company: (i) has been duly amalgamated and organized and is validly existing under the laws of Alberta; (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets; and (iii) has all requisite corporate power and authority to create, issue, allot, grant and sell, as the case may be, the Offered Shares, the Agents' Compensation Options and the Compensation Option Shares, to enter into this agreement, the agreement evidencing the Agents' Compensation Options and to carry out the provisions of each of such agreements;
- (d) AltaRex US is the sole subsidiary of the Company whether through direct or indirect holding of securities and the Company holds all of the securities in the capital of AltaRex US free and clear of all encumbrances, claims and demands whatsoever;
- (e) AltaRex US: (i) has been duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation; and (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets;
- (f) the Company does not own and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of, or other equity or proprietary interest in, any person other than AltaRex US, and the Company does not have any agreements to acquire or lease any other business operations;
- (g) the Company and AltaRex US are conducting their businesses in material compliance with all applicable laws, rules and regulations of each jurisdiction in which their businesses are carried on and each is duly licensed, registered or qualified in all jurisdictions in which it owns or leases its property and assets or carries on business to enable its business to be carried on as now conducted and its property and assets to be owned, leased and operated and all such licences, registrations and qualifications are and will at the Time of Closing be valid, subsisting and in good standing, except in respect of matters which do not and will not result in any adverse material change, and except for the failure to be so qualified or the absence of any such license, registration or qualification which does not and will not result in an adverse material change of the Company and AltaRex US, on a consolidated basis;
- (h) to the best of the Company's knowledge, information and belief, after due inquiry, the Company and AltaRex US have procured and maintain adequate insurance against all

insurable risks which are material to the Company and AltaRex US (on a consolidated basis);

- (i) except as set out in the Final Prospectus, no person now has any agreement or option or right or privilege (whether by law, preemptive or contractual) issued or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities or warrants of the Company or AltaRex US;
- (j) neither the Company nor AltaRex US has committed an act of bankruptcy or sought protection from its creditors from any court or pursuant to any legislation, proposed a compromise or arrangement to its creditors generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound up, taken any proceeding to have a receiver appointed over any part of its assets, had any encumbrancer or receiver take possession of any of its property, had an execution or distress become enforceable or levied upon any portion of its property or had any petition for a receiving order in bankruptcy filed against it, and at the Time of Closing, neither the Company nor AltaRex US will be insolvent;
- (k) except as set out in the Final Prospectus, to the best of the Company's knowledge, information and belief, after due inquiry, no agreement exists among the shareholders of the Company in respect of the Company and no such agreement will exist at the Time of Closing;
- (l) except as disclosed in the Final Prospectus, the Company, together with AltaRex US, is the owner of all of the property and assets used by them in connection with their respective businesses, unless duly and validly leased or licensed, with good and marketable title thereto, free and clear of any encumbrances whatsoever and of any rights or privileges capable of becoming encumbrances;
- (m) except as disclosed in the Final Prospectus, neither the Company nor AltaRex US is subject to any materially adverse liabilities or obligations, direct or indirect, accrued, absolute, contingent or otherwise and, to the best of the Company's knowledge, information and belief, after due inquiry, and except as disclosed in the Final Prospectus, without limiting the generality of any representation or warranty given in this agreement, there are no facts or circumstances which might reasonably serve as the basis for, or give rise to, any material adverse liabilities or obligations on the part of the Company or its subsidiaries, other than liabilities disclosed in the consolidated financial statements of the Company which have been delivered to its security holders or filed with securities regulatory authorities in Canada;
- (n) except as disclosed in the Final Prospectus, the Company has not guaranteed or otherwise given security for or agreed to guarantee or give security for any liability, debt or obligation of any person;

- (o) except as disclosed in the Final Prospectus, there is no action, proceeding or investigation (whether or not purportedly by or on behalf of the Company or AltaRex US) pending or, to the best of the Company's knowledge, information and belief, after due inquiry, threatened against or affecting the Company or AltaRex US at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign, which in any way materially adversely affects the Company and AltaRex US, on a consolidated basis, or the condition (financial or otherwise) of the Company and AltaRex US, on a consolidated basis, or of the issuance or grant, as the case may be, of the Offered Shares, the Agents' Compensation Options or the Compensation Option Shares (and in the case of the Shares comprised therein, their issuance as fully paid and non-assessable shares), or any action taken or to be taken by the Company pursuant to or in connection with this agreement;
- (p) except as disclosed in the Final Prospectus, neither the Company nor AltaRex US is in default or in breach in any material respect of, and the execution and delivery of this agreement, including the grant, issue and sale of the Offered Shares and the Agents' Compensation Options by the Company, the performance and compliance with the terms of this agreement and the sale of the Offered Shares by the Company will not result in any material breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of the Company or AltaRex US or any material mortgage, note, indenture, contract, agreement, instrument, lease or other document to which the Company or AltaRex US is a party or by which either of them is bound or any judgment, decree, order, statute, rule or regulation applicable to any of them, other than any default which does not and will not (including with the giving of notice or lapse of time) result in an adverse material change;
- (q) the Company is a "reporting issuer" in each of the provinces of Canada and is not in default under the Applicable Securities Laws of such provinces or any rules of the Exchange;
- (r) the currently issued and outstanding Shares are listed and posted for trading on the Exchange and no order ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Offered Shares or the trading of any of the Company's issued securities has been issued and no proceedings for such purpose are pending or, to the best of the Company's knowledge, information and belief, after due inquiry, threatened;
- (s) to the best of the knowledge, information and belief of the Company, after due inquiry, no portion of the Company's Information Record contained a misrepresentation as at its date of public dissemination (provided that the foregoing

representation is not intended to extend to information and statements included in reliance upon and in conformity with information furnished to the Company by or on behalf of any Agent specifically for use therein);

- (t) the auditors of the Company who audited the audited consolidated financial statements of the Company most recently delivered to the security holders of the Company and delivered their report with respect thereto are independent public accountants as required by the Applicable Securities Laws;
- (u) there has never been any reportable event (within the meaning of National Policy Statement No. 31 of the Canadian Securities Administrators) with the present or any former auditor of the Company;
- (v) the Company and AltaRex US have filed all federal, provincial, state, local and foreign tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure to so file would not result in an adverse material change) and have paid all taxes required to be paid by them and any other assessment, fine or penalty levied against them, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that has been disclosed to the Agents and is currently being contested in good faith. The Company has, in all material respects, withheld from each payment made to any of its past or present employees, officers or directors, the amount of all taxes and other deductions required to be withheld therefrom and has paid the same to the proper tax or other receiving officers within the time acquired under the applicable legislation;
- (w) to the best of the Company's knowledge, information and belief, after due inquiry, the Company has established on its books and records reserves that are adequate for the payment of all taxes not yet due and payable and there are no liens or taxes on the assets of the Company or AltaRex US, except for taxes not yet due, there are no audits known by the Company or, to the best of the Company's knowledge, information and belief, after due inquiry, to be pending, of the tax returns of the Company and AltaRex US (whether federal, provincial, state, local or foreign) and, to the best of the Company's knowledge, information and belief, after due inquiry, there are no claims which have been or may be asserted related to any such tax return, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would result in an adverse material change;
- (x) neither Revenue Canada, Customs, Taxation and Excise nor any foreign taxation authority has asserted or, to the best of the Company's knowledge, information and belief, after due inquiry, threatened to assert any reassessment, claim or liability for taxes due or to become due in connection with any review or examination of the tax returns of the Company or AltaRex US filed for any year which would result in an adverse material change;

- (y) to the best of the Company's knowledge, information and belief, after due inquiry, the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian generally accepted accounting principles; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) comparison with recorded assets is performed at reasonable intervals and appropriate action is taken with respect to any differences;
- (z) except as disclosed in the Final Prospectus, to the best of the Company's knowledge, information and belief, no other party is in default in the observance or performance of any material term or obligation to be performed by it under any contract entered into by the Company or AltaRex US and material to the business of the Company and AltaRex US, on a consolidated basis, and no event has occurred which with notice or lapse of time, or both, would constitute such a default, in any such case which default or event would result in an adverse material change;
- (aa) the Exchange has accepted notice of the issuance of the Offered Shares and has approved the listing and posting for trading of the Offered Shares and Compensation Option Shares upon their issuance, subject only to the filing of customary documents with and the payment of fees to the Exchange in accordance with the provisions of the approval of the Exchange;
- (bb) this agreement and all other contracts required in connection with the issue and distribution of the Offered Shares and the Agents' Compensation Options shall be, prior to the Closing Date, and each of the other agreements described under the heading "Material Contracts" in the Final Prospectus are, duly authorized, executed and delivered by the Company and are or shall be, as applicable, valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, receivership, arrangement or winding-up laws or other similar laws affecting the enforcement of creditors' rights generally and the fact that enforceability may be limited by equitable principles, including the principle that equitable remedies such as specific performance and injunction may only be granted in the discretion of a court of competent jurisdiction, and rights to indemnity may be limited by applicable law;
- (cc) the net proceeds of the Offering will be used substantially for the purposes specified in the Final Prospectus and for no other purpose;
- (dd) the attributes of the Offered Shares, the Agents' Compensation Options and the Compensation Option Shares will conform in all material respects with the description thereof in the Final Prospectus;

- (ee) the form of the certificates representing the Shares has been duly approved by the Company and comply with the provisions of the laws of its jurisdiction and the rules of the Exchange;
- (ff) except as disclosed in the Final Prospectus and to the best of the Company's knowledge, information and belief, after due inquiry, none of the directors or officers of the Company, is a holder of more than ten per cent (10%) of any class of shares of the Company, or any associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Ontario)), has any material interest, direct or indirect, in any material transaction or any proposed material transaction which, as the case may be, materially affected, is material to or will materially affect the Company and AltaRex US (on a consolidated basis);
- (gg) other than the Agents, there is no person acting or purporting to act at the request of the Company, who is entitled to any brokerage or agency fee in connection with the transactions contemplated herein;
- (hh) since the date of the financial statements included in the Final Prospectus, the Company has carried on business in the ordinary course and there has not been:
 - (i) any material change, other than (A) ongoing operating losses arising due to the funding of operations since such date; (B) the growth and expansion of the business of the Company; (C) those changes set forth in the Final Prospectus; and (D) those changes occurring in the ordinary course of business, none of which is materially adverse;
 - (ii) except as set forth in the Final Prospectus, any material change in the capital stock or long-term debt of the Company;
 - (iii) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares in the capital of the Company or any direct or indirect redemption, purchase or other acquisition of any shares; or
 - (iv) any material change in accounting or tax practices followed by the Company;
- (ii) the financial statements of the Company included in the Final Prospectus and any financial statements of the Company for any subsequent period which may be delivered by the Company and its securityholders prior to the Closing Date have been prepared or will be prepared, as applicable, in accordance with Canadian generally accepted accounting principles and present or will present, as applicable fairly, in all material respects, the financial position and the results of operations of the Company, for the periods then ended;

- (jj) the Company agrees not to issue or sell any Shares or financial instruments convertible or exchangeable into Shares, other than (i) for purposes of stock options granted to directors, officers or employees; (ii) securities issued (a) to an arm's length strategic partner in conjunction with a corporate alliance or development agreement or (b) in connection with an arm's length business combination; or (iii) to satisfy existing instruments already issued as of March 16, 1999, for a period from the date hereof until the 180th day following the Closing Date, without the prior consent of the Agents, such consent not to be unreasonably withheld or delayed; and
- (kk) the Transfer Agent has been duly appointed the registrar and transfer agent for the Shares at its principal transfer offices in the cities of Calgary, Alberta and Toronto, Ontario.

4.1.2 *Prospectus Qualification and Related Matters*

- (a) The Company has prepared, in conformity with the requirements of all Applicable Securities Laws, in all material respects, the Preliminary Prospectus and has filed the Preliminary Prospectus with the Securities Commissions (and has obtained receipts therefor from each such Securities Commission). The Company has also prepared, in conformity, in all material respects, with the Applicable Securities Laws, the Final Prospectus and has executed the Final Prospectus;
- (b) on their respective dates of filing with the Securities Commissions and at the Time of Closing, the Preliminary Prospectus did not and the Final Prospectus will not, as applicable, contain any misrepresentation and did and will constitute, as applicable, full, true and plain disclosure of all material facts relating to the Company and the Offered Shares;
- (c) the Company shall use all reasonable commercial efforts to file the Final Prospectus pursuant to National Policy Statement No. 1 of the Canadian Securities Administrators and to obtain final receipt documents from the Securities Commissions by not later than April 28, 1999 and shall use all reasonable commercial efforts to take all other steps and proceedings that may be reasonably necessary in order to qualify the Offered Shares and the Agents' Compensation Options for distribution pursuant to the Final Prospectus in each of the Qualifying Provinces by such date;
- (d) prior to the filing of any Supplementary Material, the Company shall allow the Agents to participate fully in the preparation of any such Supplementary Material and shall allow the Agents to conduct all due diligence which they may reasonably require to conduct in order to fulfil their obligations and in order to enable them responsibly to execute the certificate required to be executed by them at the end of any such Supplementary Material;

- (e) the Company shall deliver from time to time without charge to the Agents as many copies of the Final Prospectus and any Supplementary Material as they reasonably request for the purposes contemplated hereunder and contemplated by the Applicable Securities Laws and such delivery shall constitute the consent of the Company to their use of such documents in connection with the distribution to the public of the Offered Shares, subject to the provisions of the Applicable Securities Laws and the provisions of this agreement;
- (f) no Supplementary Material will contain a misrepresentation (provided that this representation is not intended to extend to information and statements included in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Agents specifically for use therein);
- (g) all Supplementary Material shall contain the disclosure required by and conform, in all material respects, to all requirements of the Applicable Securities Laws;
- (h) at all times until the primary distribution of the Offered Shares has been completed, but in any event not later than 30 days following the Closing Date, the Company will, to the reasonable satisfaction of counsel to the Agents, promptly take or cause to be taken all additional steps and proceedings that may, in the opinion of counsel to the Company, be requisite from time to time under the Applicable Securities Laws to continue to so qualify the Offered Shares in the Qualifying Provinces or, in the event that the Offered Shares have, for any reason, ceased to so qualify, to again so qualify the Offered Shares;
- (i) the Company shall promptly notify the Agents in writing if, prior to the earlier of termination of the primary distribution of the Offered Shares and the date which is 30 days after a receipt for the Final Prospectus has been obtained from the last of the Securities Commissions, there shall occur any material change or change in a material fact (in either case, whether actual, anticipated, contemplated or threatened and other than a change or fact relating solely to the Agents) or any event or development involving a prospective material change or a change in a material fact or any other change which is of such a nature as to result in, or could reasonably result in a misrepresentation in the Final Prospectus or any Supplementary Material or could reasonably render any of the foregoing not in material compliance with any of the Applicable Securities Laws;
- (j) the Company shall promptly notify the Agents in writing with full particulars of any such actual, anticipated, contemplated, threatened or prospective change referred to in the immediately preceding paragraph and the Company shall, to the reasonable satisfaction of the Agents, file promptly and, in any event, within all applicable time limitation periods with the Securities Commissions a new or amended Final Prospectus or Supplementary Material, as the case may be, or material change report as may be required under the Applicable Securities Laws and shall comply with all

other applicable filing and other requirements under the Applicable Securities Laws including any requirements necessary to qualify the issuance and distribution of the Offered Shares and shall deliver to the Agents as soon as practicable thereafter its reasonable requirements of conformed or commercial copies of any such new or amended Final Prospectus or Supplementary Material. The Company shall not file any such new or amended disclosure documentation or material change report without first obtaining the written approval of the form and content thereof by the Agents, which approval shall be promptly considered and not unreasonably withheld or delayed.

4.1.3 *Due Diligence Matters:*

- (a) The minute books and corporate records of the Company and AltaRex US made available to Fogler, Rubinoff or its local agent counsel in connection with the Agents' due diligence investigations of the Company and AltaRex US for the periods from their respective dates of incorporation, continuance or amalgamation, as the case may be, to the date of examination thereof, are the original minute books and records of the Company and AltaRex US or true copies thereof and contain copies of all proceedings (or certified copies thereof) of the shareholders, the board of directors and all committees of the board of directors of the Company and AltaRex US and there have been no other proceedings of the shareholders, board of directors or any committee of the board of directors of the Company or AltaRex US to the date of review of such corporate records and minute books not reflected in such minute books and corporate and other records other than those which have been disclosed to the Agents in writing and those which or not material in the context of the Company and AltaRex US, on a consolidated basis.

4.1.4 *Health and Environmental Matters:*

- (a) To the best of the Company's knowledge, information and belief, after due inquiry, the Company and AltaRex US have been and are in material compliance with all, and have not received any notice of, or been prosecuted for an offence alleging, non-compliance with any applicable federal, state, municipal and local laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by any ministry, department or administrative or regulatory agency, domestic or foreign (collectively, the "**Health and Environmental Laws**"), relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance (collectively, "**Hazardous Substances**") or the carrying on of experimentation, the conducting of scientific trials or use of materials as described in the Final Prospectus;
- (b) to the best of the Company's knowledge, information and belief, after due inquiry, the Company and AltaRex US have obtained all material licences, permits, approvals,

consents, certificates, registrations and other authorizations under Health and Environmental Laws (the "**Health and Environmental Permits**") necessary for the operation of their business and each Health and Environmental Permit is valid, subsisting and in good standing and the holders of the Health and Environmental Permits are not in default or breach of any material provision thereof and no proceeding is pending or to the best of the Company's knowledge, information and belief, threatened to revoke or limit any Health and Environmental Permit which would have a material adverse effect on the Company and AltaRex US, on a consolidated basis;

- (c) to the best of the Company's knowledge, information and belief, after due inquiry, neither the Company nor AltaRex US has used, except in material compliance with all Health and Environmental Laws, any property or facility which it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance which would have a material adverse effect on the Company and AltaRex US, on a consolidated basis;
- (d) except as ordinarily or customarily required by applicable permits, neither the Company nor AltaRex US has received any notice that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Health and Environmental Laws. Neither the Company nor AltaRex US has received any request for information in connection with any federal, provincial, state, municipal or local inquiries as to disposal sites; and
- (e) except as has been provided to the Agents or as will be provided to the Agents prior to the date of the Final Prospectus, and other than routine governmental inspections, the Company is not aware of any environmental audit, evaluation, assessment, study or test relating to the Company or AltaRex US.

4.1.5 *Intellectual Property Matters:*

- (a) Except as disclosed in the Final Prospectus or for matters which would not have a material adverse effect on the Company, the Company is not aware of a claim of any infringement or breach by the Company of any industrial, patent or intellectual property rights of any other person, nor has the Company received any notice nor is the Company otherwise aware that the use of the business names, trademarks, service marks and industrial, patent or copyright or other intellectual property of the Company or AltaRex US infringes upon or breaches any industrial, patent, copyright or other intellectual property rights of any other person and the Company has no knowledge of any infringement or violation of any of its rights in such industrial, patent, copyright and other intellectual property and is not aware of any state of facts which casts doubt on the validity or enforceability of any of such industrial, patent, copyright or other intellectual property rights;

- (b) except as disclosed in the Final Prospectus, to the best of the Company's knowledge, information and belief, after due inquiry, the Company and AltaRex US own or possess adequate enforceable rights to use all patents, patent applications, trademarks, service marks, copyrights, trade secrets, processes or formulations used or proposed to be used in the conduct of their respective businesses (the "**Proprietary Rights**") and the Company and AltaRex US have not or are not infringing upon the rights of others with respect to its respective Proprietary Rights and no others have infringed such Proprietary Rights;
- (c) all computer software: (i) used by the Company in its business; or (ii) licensed, leased, sold or otherwise distributed or provided to others by the Company, is licensed to the Company (such software to be referred to as "**Licensed Software**"); and
- (d) except as disclosed in the Final Prospectus, to the best of the Company's knowledge, information and belief, after due inquiry, the manufacture, marketing, modification, license, sale or use of the Proprietary Rights used in connection with the conduct or operation or proposed conduct or operation of the business of the Company, as described in the Final Prospectus, does not violate any license or agreement between the Company and any third party or infringe any patent or patent application of any third party;
- (e) except as disclosed in the Final Prospectus, to the best of the Company's knowledge, information and belief, after due inquiry: (i) there are no pending or threatened claims or litigation contesting the validity, ownership or right to use, sell, license or dispose of any of the Proprietary Rights necessary or required or otherwise used for or in connection with the conduct of the operation of the business of the Company; (ii) the Company has not received any notice asserting that any Intellectual Property right or the proposed use, sale, license or disposition thereof by the Company conflicts or will conflict with the rights of any party;
- (f) to the best of the Company's knowledge, information and belief, after due inquiry, no employee or former employee of the Company is in violation of any term of any non-disclosure, proprietary rights or similar agreement between the Company and the employee or former employee;
- (g) to the best of the Company's knowledge, information and belief, after due inquiry, all technical information developed by and belonging to the Company which has not been patented has been kept confidential to a level commensurate with management's understanding as to industry practice to the extent that management of the Company considers it necessary for the purpose of its business;
- (h) except for bonuses or sales commissions payable to employees in the ordinary course of business or as otherwise disclosed in the Final Prospectus, there are no royalties,

honoraria, fees or other payments payable by the Company to any person by reason of the ownership, use, license, sale or disposition of any of the Proprietary Rights; and

- (i) all persons having access to or knowledge of the Proprietary Rights or any information of a confidential nature that is necessary or required or otherwise used for or in connection with the conduct or operation or proposed conduct or operation of the business of the Company have entered into appropriate non-disclosure agreements with the Company or are subject to confidentiality obligations to the Company which are satisfactory to the Company.

4.1.6 *Employment Matters:*

- (a) The Company does not maintain any material plans for the benefit of any current or former director, officer, employee or consultant of the Company other than a stock option plan and usual and customary plans for severance, termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation and incentive plans (collectively, the "**Employee Plans**"). To the best of the Company's knowledge, information and belief, after due inquiry, each Employee Plan has been maintained in material compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans;
- (b) to the best of the Company's knowledge, information and belief, after due inquiry, all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or state pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the books and records of the Company;
- (c) there has not been and there is not currently any labour trouble which is adversely affecting or could materially adversely affect, in a material manner, the carrying on of any of the business or operations of the Company and AltaRex US; and
- (d) except as disclosed in the Final Prospectus, neither the Company nor AltaRex US owe any money to, nor has the Company or AltaRex US made any present loans to, or borrowed any monies from or is otherwise indebted to, any officer, director, employee, shareholder or any person not dealing at "arm's length" (as such term is defined in the *Income Tax Act* (Canada)) with the Company, except for usual employee reimbursements and compensation paid in the ordinary and normal course of business. To the best of the Company's knowledge, information and belief, after due inquiry, no officer or employee of the Company and no entity which is an affiliate or associate (as such terms are defined in the *Securities Act* (Ontario)) of one or more of the foregoing, owns directly or indirectly, any interest in, or is an officer, director, employee or consultant of, any person which is or is engaged in a business currently creating or designing products competitive with the Company's existing products

which could materially adversely impact on the ability to duly and properly perform their services for the Company. Except as disclosed in the Final Prospectus, to the best of the Company's knowledge, information and belief, after due inquiry, no officer, director or employee of the Company has any cause of action or other claim whatsoever against or owes any amount to, the Company or AltaRex US.

5. Conditions to Purchase Obligation

5.1 The following are conditions of the Agents' and the Purchasers' obligations to close the purchase of the Offered Shares from the Company as contemplated hereby, which conditions the Company covenants to exercise its reasonable commercial efforts to have fulfilled at or prior to the Closing Date, which conditions may be waived in writing in whole or in part by the Agents on their own behalf and on behalf of the Purchasers:

- (a) the Company shall have made and/or obtained the necessary filings, approvals, including (if required) shareholder approval, consents and acceptances to or from, as the case may be, the Securities Commissions and the Exchange required to be made or obtained by the Company in connection with the Offering, on terms which are acceptable to the Company and the Agents, acting reasonably, prior to the Closing Date, it being understood that the Agents will do all that is reasonably required to assist the Company to fulfil this condition;
- (b) the Company shall have delivered to the Agents within 48 hours of execution of this agreement or such later date as may be agreed upon by the Company and the Agents, in such Canadian cities as the Agents may reasonably request, the reasonable requirements of conformed commercial copies of the Final Prospectus in the English and French languages;
- (c) the Offered Shares and the Compensation Option Shares shall have been accepted for listing by the Exchange, subject to the usual conditions, and the Offered Shares will, as of the Time of Closing (or, in the case of the Compensation Option Shares, forthwith upon issuance thereof), be posted for trading on the Exchange;
- (d) the Company's board of directors shall have authorized and approved this agreement, the Agents' Compensation Options and the sale and issuance of the Offered Shares and the grant of the Agents' Compensation Options and all matters relating to the foregoing;
- (e) the Company shall deliver a certificate of the Company signed on behalf of the Company, without personal liability, by the chief executive officer of the Company and the chief financial officer of the Company, or such other senior officers of the Company as may be acceptable to the Agents, acting reasonably, addressed to the Agents and to the Purchasers and dated the Closing Date, in form and content satisfactory to the Agents' counsel, acting reasonably, certifying that:

- (i) no order ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Offered Shares, the Agents' Compensation Options, the Compensation Option Shares or any of the Company's issued securities has been issued and no proceedings for such purpose are pending or, to the best of the knowledge, information and belief of such officers, threatened;
 - (ii) to the best of the knowledge, information and belief of such officers, after due inquiry, there has been no adverse material change which has not been generally disclosed;
 - (iii) since the date hereof, no material change relating to the Company or AltaRex US, except for the Offering, has occurred with respect to which the requisite material change statement or report has not been filed and no such disclosure has been made on a confidential basis;
 - (iv) the representations and warranties of the Company contained in this agreement are true and correct in all material respects at the Time of Closing, with the same force and effect as if made by the Company as at the Time of Closing after giving effect to the transactions contemplated hereby; and
 - (v) the Company has complied in all material respects with all the covenants and satisfied all the terms and conditions of this agreement on its part to be complied with or satisfied at or prior to the Time of Closing;
- (f) the Company will have caused a favourable legal opinion to be delivered by its Canadian counsel, addressed to the Agents, the Purchasers and the Agents' counsel with respect to such matters as the Agents may reasonably request relating to this transaction, acceptable in all reasonable respects to the Agents' counsel (provided that such opinion shall not extend to any litigation matter, including the Biomira Claim (as defined in the Final Prospectus)). In giving such opinions, counsel to the Company shall be entitled to rely, to the extent appropriate in the circumstances, upon local counsel and shall be entitled as to matters of fact not within their knowledge to rely upon a certificate of fact from responsible persons in a position to have knowledge of such facts and their accuracy including the certificate of the Transfer Agent as to the outstanding Shares. The Company agrees, and the aforesaid legal opinion shall expressly provide, that the Agents may deliver copies of the opinion to each of the addressees thereof;
- (g) the Company will have caused favourable legal opinions to be delivered as to the status, registered ownership in securities of and capacity to carry on business and own properties of AltaRex US and as to the offering of Offered Shares on a private placement basis and United States Purchasers (if any), in form and substance satisfactory to the Agents, acting reasonably;

- (h) the Company will have caused its auditors to deliver to the Agents an updated version of the letter referred to in subsection 6.1(a);
- (i) the Company will have caused the Transfer Agent to deliver a certificate as to the issued and outstanding common shares of the Company;
- (j) the Agents shall have received such other certificates, statutory declarations, opinions (provided that such opinion shall not extend to any litigation matter, including the Biomira Claim (as defined in the Final Prospectus)) or any opinion with respect to the Company's intellectual property, agreements and materials, in form and substance satisfactory to the Agents, as the Agents may reasonably request.

6. Additional Documents Upon Filing of Prospectus

6.1 The Company shall cause to be delivered to the Agents concurrently with the filing of the Final Prospectus, or any Supplementary Material executed by the Agents:

- (a) a comfort letter dated the date thereof from the auditors of the Company and addressed to the Agents and to the directors of the Company, in form and substance satisfactory to the Agents, relating to:
 - (i) the verification of the financial information and accounting data and other numerical data of a financial nature contained therein and matters involving changes or developments since the respective dates as of which specified financial information is given therein, to a date not more than two business days prior to the date of such letter; and
 - (ii) the period beyond the most recent year end of the Company for which an audited financial statement appears therein to a date not more than two business days prior to the date of such letter;
- (b) if Quebec is one of the Qualifying Provinces:
 - (i) an opinion from local counsel to the Company in form and substance satisfactory to the Agents, addressed to the Agents and the directors of the Company and dated the date thereof to the effect that the French language version thereof, except with respect to matters referred to in (ii) below, is in all material respects a complete and proper translation of the English language version thereof; and
 - (ii) a letter from the auditors of the Company confirming that the financial statements contained in the French language version thereof are, in all material respects, a complete and proper translation of the English language version thereof.

7. Closing

7.1 The Offering will be completed at the offices of the Company's Canadian counsel at the Time of Closing or such other place, date or time as may be mutually agreed to; provided 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 Time of Closing or such other date and time as may be mutually agreed to, the respective obligations of the parties will terminate without further liability or obligation except for the payment of expenses, and the provisions relating to indemnity and contribution provided for in this agreement.

7.2 At the Time of Closing, the Company shall deliver to the Agents:

- (a) certificates duly registered as the Agents may direct representing the Offered Shares;
- (b) agreements relating to the issuance of the Agents' Compensation Options;
- (c) the requisite legal opinions and certificates as contemplated above; and
- (d) such further documentation as may be contemplated herein or as counsel to the Agents or the applicable regulatory authorities may reasonably require other than an opinion of the Company's counsel as to litigation or intellectual property,

against payment of the aggregate price for the Offered Shares, net of the Agency Fee and the Agents' outstanding offering expenses, by certified cheque or bank draft and any documentation required to be provided by or on behalf of the Purchasers or the Agents pursuant to this agreement.

The Company will, at the Time of Closing and upon such payment of the purchase price, reimburse the Agents for all of their reasonable estimated expenses as contemplated herein incurred up to the Closing Date upon the delivery by it to the Company of one or more invoices therefor.

7.3 All terms and conditions of this agreement shall be construed as conditions and any breach or failure to comply with any material term and condition shall entitle the Agents to terminate their obligations (and those of the Purchasers) to purchase the Offered Shares by written notice to that effect given to the Company prior to the Time of Closing. It is understood that the Agents may waive in whole or in part, or extend the time for compliance with, any of such terms and conditions on behalf of themselves and the Purchasers without prejudice to their rights in respect of any such terms and conditions or any other subsequent breach or non-compliance, provided that to be binding on the Agents and the Purchasers, any such waiver or extension must be in writing.

7.4 If the Agents exercise the Over Allotment Option in whole or in part, the purchase and sale of the Over Allotment Shares shall be completed in the same manner as the closing (the "**Additional Closing**") but at the time and on the date (the "**Additional Closing Time**" and "**Additional Closing Date**", respectively) set for such purchase in the notice provided by the Agents to the Company as provided for by this agreement. In the event that the Agents exercise their Over

Allotment Option after the Closing Date, payment of the purchase price therefor shall be to the Company or as it otherwise may so direct in writing at least 48 hours prior to the Additional Closing Time. All provisions of this agreement with respect to the sale of the Over Allotment Shares shall apply, *mutatis mutandis*, to the sale of the Over Allotment Shares at the Additional Closing, with the Additional Closing Time being substituted for the Time of Closing, the Additional Closing Date being substituted for the Closing Date, the Over Allotment Shares being substituted for the Offered Shares, and any other required substitutions being made. If the Over Allotment Option is exercised prior to the Time of Closing, the sale of the Over Allotment Shares shall be made contemporaneously with the sale of the Shares.

8. Termination of Purchase Obligation

8.1 Without limiting any of the foregoing provisions of this agreement, and in addition to any other remedies which may be available to them, the Agents (on their own behalf and on behalf of the Purchasers) shall be entitled, at their option, to terminate and cancel, without any liability on their part, their obligations under this agreement, by giving written notice to the Company at any time through to the Time of Closing, if:

- (a) any order (other than an order based solely upon the activities or alleged activities of the Agents) to cease or suspend trading in any securities of the Company is made by any stock exchange, Securities Commission or other regulatory authority, which has not been rescinded, revoked or withdrawn;
- (b) any order or ruling is issued, any inquiry, investigation or other proceeding (whether formal or informal) in relation to the Company, AltaRex US or the respective directors or officers thereof is made, threatened or announced by any officer or official of any stock exchange, Securities Commission or other regulatory authority (other than an order, ruling, inquiry, investigation or other proceeding based solely upon the activities or alleged activities of the Agents) or any law or regulation is promulgated or changed which operates to prevent or restrict trading in or distribution of the Offered Shares, the Agents' Compensation Options or the Compensation Option Shares;
- (c) there should develop, occur or come into effect any incident of national or international consequence, any law, regulation or inquiry or any other event, action or occurrence of any nature whatsoever which materially and adversely affects or may materially and adversely affect the financial markets in Canada generally or the business of the Company and AltaRex US, on a consolidated basis;
- (d) the Company is in breach of any material term, condition or covenant of this agreement (which has not been waived, in writing, by the Agents) or any material representation or warranty given by the Company in this agreement becomes or is false (and such representation or warranty is not waived, in writing, by the Agents);

- (e) there should occur any material change or change in a material fact which impacts materially and adversely on the marketability of the Offered Shares; or
- (f) the Offered Shares cannot be profitably marketed,

the occurrence or non-occurrence of any of the foregoing events or circumstances to be determined in the sole discretion of the Agents, acting reasonably.

8.2 The Agents shall make reasonable efforts to give notice to the Company (in writing or by other means) of the occurrence of any of the events or circumstances referred to in this Section, provided that neither the giving nor the failure to give such notice shall in any way affect the Agents' entitlement to exercise this right at any time through to the Time of Closing.

8.3 The Agents' rights of termination contained in this Article are in addition to any other rights or remedies it may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this agreement.

8.4 If the obligations of the Agents and the Purchasers are terminated under this agreement pursuant to the termination rights provided for in Section 8.1, the Company's liabilities to the Agents shall be limited to the Company's obligations under the indemnity, contribution and expense provisions of this agreement.

9. Indemnity

9.1 The Company hereby covenants and agrees to indemnify the Agents and their directors, officers, employees and agents (each being hereinafter referred to as an "**Indemnified Party**"), against all losses (other than a loss of profits), claims, actions, damages, liabilities, costs or expenses, joint or several, including reimbursement upon demand to the Agents of the aggregate amount paid in settlement of any actions, suits, proceedings or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any claim to which other Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise, caused or incurred by reason of:

- (a) any statement, other than a statement relating solely to the Agents, contained in any of the Offering Documents which constitutes or is alleged to constitute a misrepresentation;
- (b) any statement, other than a statement relating solely to either of the Agents, contained in the Company's Information Record which, at the time and in the light of the circumstances under which it was made, contains or is alleged to contain a misrepresentation;
- (c) the omission or alleged omission to state in any of the Offering Documents, the Company's Information Record or any certificate of the Company delivered hereunder

or pursuant hereto any material fact (other than a material fact omitted in reliance upon information furnished to the Company by or on behalf of either of the Agents) required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances under which it was made;

- (d) any order made or inquiry, investigation or proceeding commenced or threatened by any Securities Commission or other competent authority based upon any misrepresentation or alleged misrepresentation in any of the Offering Documents or the Company's Information Record (other than a statement included in reliance upon information furnished to the Company by or on behalf of either of the Agents specifically for use therein) which prevents or restricts the trading in the Offered Shares or the distribution to the public, as the case may be, of the Offered Shares in any of the Qualifying Provinces; or
- (e) the Company not complying with any material requirement of any Applicable Securities Laws or regulatory requirements.

9.2 If any action or claim shall be asserted against an Indemnified Party in respect of which indemnity may be sought from the Company pursuant to the provisions of Section 9.1 or if any potential claim contemplated hereby shall come to the knowledge of an Indemnified Party, the Indemnified Party shall promptly notify the Company in writing. If, through the fault of the Indemnified Party, the Company does not receive notice of any such action, claim or potential claim in time to contest effectively the determination of any liability susceptible of being contested, the Company shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any losses incurred by the Company which result from the Indemnified Party's failure to give such notice on a timely basis. The Company shall be entitled but not obligated to participate in or assume the defence thereof; provided, however, that the defence shall be through legal counsel acceptable to the Indemnified Party, acting reasonably. In addition, the Indemnified Party shall also have the right to employ separate counsel in any such action and participate in the defence thereof, and the reasonable fees and expenses of such counsel shall be borne by the Indemnified Party unless:

- (a) the employment thereof has been specifically authorized in writing by the Company;
- (b) the named parties to any such suit or proceeding include both the Company and the Indemnified Party and the Indemnified Party shall have been advised in writing by counsel that there may be one or more legal defences available to the Indemnified Party which are different from or in addition to those available to the Company; or
- (c) the Company has failed within a reasonable time after receipt of such written notice to assume the defence of such action or claim;

provided that the Company shall not be required to assume the fees and expenses of more than one additional counsel to the Indemnified Party. Neither party shall effect any settlement of any such action or claim or make any admission of liability without the written consent of the other party, such

consent to be promptly considered and not to be unreasonably withheld or delayed. The indemnity hereby provided for shall remain in full force and effect and shall not be limited to or affected by any other indemnity in respect of any matters specified herein obtained by the Indemnified Party from any other person.

9.3 To the extent that any Indemnified Party is not a party to this agreement, the Agents shall obtain and hold the right and benefit of the indemnity provisions hereof in trust for and on behalf of such Indemnified Party.

10. Contribution

10.1 In the event that the indemnity provided for above is, for any reason, illegal or unenforceable as being contrary to public policy or for any other reason, the Agents and the Company shall contribute to the aggregate of all losses, claims, costs, damages, expenses or liabilities (including any legal or other expenses reasonably incurred by the Indemnified Party) of the nature provided for above such that the Agents shall be responsible for that portion represented by the percentage that the portion of the Agency Fee payable by the Company to the Agents bears to the gross proceeds realized from the sale of the Offered Shares, whether the Agents have been sued, and the Company shall be responsible for the balance, provided that, in no event, shall the Agents be responsible for any amount in excess of the amount of the Agency Fee actually received by the Agents. In the event that the Company may be held to be entitled to contribution from the Agents under the provisions of any statute or law, the Company shall be limited to contribution in an amount not exceeding the lesser of: (i) the portion of the full amount of losses, claims, costs, damages, expenses and liabilities, giving rise to such contribution for which the Agents are responsible, as determined above, and (ii) the amount of the Agency Fee actually received by the Agents. Notwithstanding the foregoing, a party guilty of fraudulent misrepresentation shall not be entitled to contribution from the other party. Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit or proceeding against such party in respect of which a claim for contribution may be made against the other party under this Article, notify such party from whom contribution may be sought. In no case shall such party from whom contribution may be sought be liable under this agreement unless such notice has been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this Article. The right to contribution provided in this Article shall be in addition to, and not in derogation of, any other right to contribution which the Agents or the Company may have by statute or otherwise by law.

10.2 The Company waives its right to recover contribution from the Agents or any other Indemnified Party with respect to any liability of the Company solely by reason of or arising out of any misrepresentation contained in any of the Offering Documents or the Company's Information Record, other than a misrepresentation included in reliance upon information furnished to the Company by or on behalf of the Agents specifically for use therein.

11. Expenses

11.1 All expenses incurred from time to time in connection with the Offering (including the reasonable fees and disbursements of the Agents' legal counsel and scientific and intellectual property advisors) or incidental to the sale, issue or distribution and qualification for distribution of the Offered Shares, the Agents' Compensation Options and all matters in connection with the transactions herein, including marketing activities, the costs and filing fees with respect to the cost of printing the Preliminary Prospectus, the Final Prospectus, any Supplementary Material and the Share certificates, the cost of qualifying the Offered Shares for distribution in the Qualifying Provinces, the costs associated with the listing and posting for trading on the Exchange of the Offered Shares and the Compensation Option Shares, the costs of the fees and expenses of each of the Company's auditors, counsel and local counsel and the Agents' reasonable out-of-pocket expenses, shall be borne by the Company (whether or not the Offering is completed). The Company covenants and agrees to fully reimburse the Agents from time to time for all such expenses immediately upon the receipt of one or more invoices.

12. Survival of Warranties, Representations, Covenants and Agreements

12.1 All warranties, representations, covenants and agreements of the Company herein contained or contained in documents submitted or required to be submitted pursuant to this agreement shall survive the purchase by the Purchasers of the Offered Shares and shall continue in full force and effect for the benefit of the Purchasers for a period ending on the Survival Limitation Date.

13. Actions by Agents

13.1 All steps which must or may be taken by the Agents in connection with the closing of the Offering, with the exception of the matters relating to the termination of purchase obligations, may be taken by First Marathon Securities Limited on behalf of itself and HSBC James Capel Canada Inc. and the execution of this agreement by HSBC James Capel Canada Inc. and by the Company shall constitute the Company's authority and obligation for accepting notification of any such steps from, and for delivering the definitive documents constituting the Offered Shares to or to the order of, First Marathon Securities Limited. First Marathon Securities Limited shall fully consult with HSBC James Capel Canada Inc. with respect to all notices, waivers, extensions or other communications to or with the Company.

14. General Contract Provisions

14.1 Any notice or other communication to be given hereunder shall be in writing and shall be given by delivery or by telecopier, as follows:

if to the Company:

303 Wyman Street, Suite 125
Waltham, Massachusetts 02451

Attention: Richard E. Bagley
Telecopier Number: (781) 466-8740

with a copy to:

McCarthy Tetrault
Barristers & Solicitors
P.O. Box 48, Suite 4700
Toronto Dominion Bank Tower
Toronto Dominion Centre
Toronto, Ontario
M5K 1E6

Attention: Jonathan R. Grant
Telecopier Number: (416) 868-1862

or if to the Agents:

First Marathon Securities Limited
1 Place Ville Marie, Suite 1630
Montreal Quebec
H3B 2B6

Attention: André Denis
Telecopier Number: (514) 875-2098

with a copy to:

Fogler, Rubinoff
Barristers & Solicitors
Suite 4400, P. O. Box 95
Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1G8

Attention: Gary M. Litwack
Telecopier Number: (416) 941-8852

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 delivered, or four hours after being telecopied and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or telecopier number.

14.2 This agreement and the other documents herein referred to constitute the entire agreement between the Agents and the Company relating to the subject matter hereof and supersede all prior agreements between the Agents and the Company with respect to their respective rights and obligations in respect of the Offering, including the engagement letter between the Agents and the Company dated March 16, 1999.

14.3 Time shall be of the essence of this agreement and of every part hereof and no extension or variation of this agreement shall operate as a waiver of this provision.

14.4 The parties hereto covenant and agree to sign such other documents, do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this agreement and every provision of it.

14.5 Other than as otherwise provided herein, no party to this agreement may assign this agreement, any part hereof or its rights hereunder without the prior written consent of the other party. Subject to the foregoing, this agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

14.6 In the event that any provision or part of this agreement shall be deemed void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect. If, in any judicial proceeding, any provision of this agreement is found to be so broad as to be unenforceable, it is hereby agreed that such provision shall be interpreted to be only so broad as to be enforceable.

14.7 This agreement may be executed by telecopier and in one or more counterparts which, together, shall constitute an original copy hereof as of the date first above noted.

If this agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Company, please communicate your acceptance by executing where indicated below.

Yours very truly,

**FIRST MARATHON SECURITIES
LIMITED**

HSBC JAMES CAPEL CANADA INC.

Per: “André Denis”
Authorized Signing Officer

Per: “Rod N. Baker”
Authorized Signing Officer

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to.

DATED as of the date first above written.

ALTAREX CORP.

Per: “Richard E. Bagley”
Authorized Signing Officer

SCHEDULE "A"

DETAILS OF THE OFFERING

This is Schedule "A" to the Agency Agreement dated April 27, 1999 among AltaRex Corp., First Marathon Securities Limited and HSBC James Capel Canada Inc.

Issue: A maximum of 34,000,000 Offered Shares plus up to an additional 5,100,000 Offered Shares under the Over Allotment Option.

Price: \$0.50 per Offered Share.

Agency Fee: The Agents will be paid a commission of 7% of the gross proceeds of the Offering to be paid on the Closing Date. In addition, the Agents will be issued at the Time of Closing (and thereafter at any Additional Closing Time), options to purchase such number of Shares as is equal to 5% of the number of Offered Shares purchased on the applicable date. Such options will be exercisable for a period of two years from the Closing Date at an exercise price of \$0.50.

In the event that certain Directors and Officers of the Company (the "**Insiders**") participate in the Offering, AltaRex will pay to First Marathon Securities Limited on behalf of the Agents a commission of 3.5% (rather than 7%) on any orders by Insiders.

If the Offering is below \$9 million, the Agency Fee percentage applicable to orders for Common Shares received from non-insiders will be proportionately increased by multiplying such percentage by a fraction, the numerator of which is \$9 million and the denominator of which is the actual gross proceeds of the Offering. In such circumstances, the Agency Fee applicable to orders for Common Shares received from Insiders will remain at 3.5% of the amount of securities purchased by Insiders of the Company.

The Agency Fee, howsoever calculated, shall be reduced by \$100,000.

Until the earlier of completion of the Offering and September 16, 1999, provided the Agents are still involved in the process of marketing the Offering, the Company agrees not to (a) sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of the Company, other than pursuant to (i) the Offering or (ii) in accordance with section 4.1.1(jj) hereof, or (b) sell or negotiate or enter into an arrangement to sell any of the assets of the Company out of the ordinary course of business, in each case without the Agents' prior written consent, such consent not to be unreasonably withheld or delayed.

If during such period, there occurs (i) any breach of the foregoing through the sale of securities or assets to one or more buyers, or (ii) a successful take-over bid for any of the securities of the Company, the Company agrees to make payments to the Agents forthwith following the completion of any such transaction in the amount of \$1,120,000.

**Qualifying
Provinces:**

The Qualifying Provinces for the Offering will be the Provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec.

Closing Date:

Payment for, and delivery of, the Offered Shares is to occur on May 6, 1999 or such other date as may be agreed upon by the Company and the Agents.

Time of Closing:

The Time of Closing will be 8:00 a.m. (Toronto time) on the Closing Date, or such other time as the Company and the Agents agree upon.

SCHEDULE "B"

TERMS AND CONDITIONS FOR UNITED STATES OFFERS AND SALES

This is Schedule "B" to the Agency Agreement dated April 27, 1999 among AltaRex Corp., First Marathon Securities Limited and HSBC James Capel Canada Inc.

All capitalized terms used but not otherwise defined in this schedule shall have the meanings assigned to them in the Agency Agreement to which this schedule is attached.

Representations, Warranties and Covenants of the Agents

The Agents acknowledge that the Offered Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold to any person within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act. Accordingly, the Agents represent, warrant and covenant to the Company that:

1. Neither the Agents, their affiliates nor any persons acting on their behalf have offered or sold, or will offer or sell Offered Shares to any person or entity in the US other than as is set forth on Exhibit "A" to this Schedule "B".
2. All offers and sales of Offered Shares in the United States have been and will be effected through the U.S. broker-dealer affiliate of one of the Agents (the "**Agents' Affiliate(s)**") in accordance with all applicable U.S. broker-dealer requirements. Each of the Agents' Affiliates is duly licensed and registered as a broker dealer under, and in compliance with, the Securities Exchange Act of 1934 ("**U.S. Exchange Act**"), as amended and the rules and regulations promulgated thereunder, and the securities laws in effect in any state or other jurisdiction in which Offered Shares are offered by any one of such Agent's Affiliates and the rules, regulations and orders of any securities administrator existing or adopted thereunder.
3. Any offer, sale or solicitation of an offer to buy Offered Shares that has been made or will be made in the United States was or will be made only to Accredited Investors as defined in Regulation D adopted by the United States Securities and Exchange Commission ("**SEC**") under the Securities Act of 1933, as amended ("**Regulation D**") in transactions that are exempt from registration under applicable federal and state securities laws (the "**Private Placement**").
4. The Agents' Affiliates have not and shall not offer, offer to sell or sell Offered Shares to any investor in the United States unless the Agents' Affiliate reasonably believes that such investor is an Accredited Investor as defined in Regulation D.
5. The Agents' Affiliate has not and will not engage in any form of general solicitation or general advertising which is prohibited by Regulation D in connection with the Private Placement. In addition, the Agents' Affiliate will not take any action that might reasonably be expected to jeopardize the availability for the Private Placement of the exemption from registration

provided by Rule 506 of Regulation D, or the qualification of Offered Shares for offer and sale under any applicable federal or state securities laws.

6. The Agents' Affiliate will make reasonable inquiry to determine that each investor is acquiring Offered Shares for his or its own account for investment.
7. Prior to completion of any sale of the Offered Shares in the United States, each U.S. purchaser thereof (a **"U.S. Purchaser"**) will be required to execute and deliver to the Company a Subscription Agreement in the form attached as Exhibit "B" to this Schedule "B".