SECURITIES PURCHASE AGREEMENT

THE CANADIAN SPECIAL OPPORTUNITY FUND, LP

- and -

OLIVUT RESOURCES LTD.

March 12, 2013

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SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT is made this 12th day of March, 2013

B E T W E E N:

THE CANADIAN SPECIAL OPPORTUNITY FUND, LP, a limited partnership organized under the laws of Delaware

(the "**Investor**")

- and -

OLIVUT RESOURCES LTD., a corporation continued under the laws of Ontario

(the "**Corporation**")

RECITALS

WHEREAS:

A. Subject to the terms and conditions hereinafter set forth, the Investor hereby irrevocably agrees to purchase and the Corporation hereby irrevocably agrees to issue and sell hereunder up to an aggregate amount of $18,000,000 worth of securities in the capital of the Corporation as provided hereunder; and

B. The Investor has agreed to enter into this agreement with the Corporation to set forth, among other things, the terms and conditions relating to the issuance of such securities.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

ARTICLE I - DEFINITIONS

1.1 Certain Definitions.

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

"**1933 Act**" has the meaning given to that term in Section 6.1(uu);

"**affiliate**" shall have the meaning ascribed to such term in the *Securities Act* (Ontario);

"**Affiliated Fund**" means (a) any fund, if structured as a limited partnership, whose general partner is, or is an affiliate of, the general partner of the Investor; (b) any fund, if structured as a trust, having as its trustee or trustees a person or company, or group of persons or companies, that controls (within the meaning of such term in the *Securities Act* (Ontario)) the general partner of the Investor; (c) any fund, if structured as a corporation, this is controlled by the same person or company, or group of persons or companies, that controls the general partner of the Investor; or (d) any fund whose management company (within the meaning of such term in the *Securities Act* (Ontario), read as if the fund was a mutual fund) is the same as the management company of the Investor, if any, or which is otherwise under common operational or investment management with the Investor;

"**Agreement**" means this securities purchase agreement between the Investor and the Corporation dated the date hereof and all schedules attached hereto, as same may be amended from time-to-time;

"**Amount Outstanding**" means the total of all amounts paid to the Corporation by the Investor by way of prepayment for Tranche Securities or for the Convertible Security, in respect of which Tranche Securities or Conversion Units, respectively, have not yet been issued, or the amounts have not been repaid in accordance with the terms hereof;

"**ASC**" means the Alberta Securities Commission;

"**ASC Decision Document**" means the ASC decision document in respect of the Final Prospectus and any Renewal Prospectus, as applicable in the context, issued by the ASC under National Policy 11-202 - *Mutual Reliance Review System for Process for Prospectus Reviews in Multiple Jurisdictions*;

"**ASC Relief**" means the decision document dated December 5, 2012 issued by the ASC on behalf of the Securities Commissions granting the Corporation and the Investor certain relief under the Securities Laws along with any ASC Renewal Relief;

"**ASC Renewal Relief**" means the decision document to be issued by or on behalf of one or more of the Securities Commissions granting the Corporation and the Investor relief, as applicable, from certain prospectus and registration requirements under the Securities Laws so as to apply following the expiry of the ASC decision document dated December 5, 2012 to permit the on-going financing contemplated by this Agreement, in particular, that the Investor will continue to not be required to be registered pursuant to National Instrument 31-103 *Registration Requirements and Exemptions* or otherwise under the Securities Laws, such ASC Renewal Relief to be in form and substance acceptable to each of the parties acting reasonably and, unless otherwise agreed, to be substantially similar to the ASC decision document dated December 5, 2012;

"**associate**" has the meaning ascribed to such term in the *Securities Act* (Ontario);

"**Base Amount**" is defined in the definition of Tranche Amount;

"**Base Price**" means $0.325;

"**Base Price Cash Advance**" shall have the meaning ascribed thereto in Section 8.7(a);

“**Base Price Event**” shall have the meaning ascribed thereto in Section 8.7(a);

“**Blackout Period**” shall have the meaning ascribed thereto in Section 8.2(a);

“**Board**” means the board of directors of the Corporation;

“**Business Day**” means a day, other than a Saturday or Sunday, on which banks in New York City and Toronto are open for the general transaction of business;

“**Cash Advance**” means the Initial Cash Advance and each Subsequent Cash Advance;

“**Cash Advance Date**” means the Initial Cash Advance Date and each Subsequent Cash Advance Date and if such Cash Advance Date falls on a day that is not a Business Day, the Cash Advance Date shall be the next Business Day;

“**Claims**” shall have the meaning ascribed thereto in Section 14.1(a);

“**Commitment Amount**” shall have the meaning ascribed thereto in Section 2.1;

“**Commitment Fee Shares**” means the Common Shares issuable by the Corporation to the Investor pursuant to Section 3.5;

“**Commitment Period**” means the period commencing on the date hereof and ending on date on which the 36th Tranche Securities Issuance hereunder occurs;

“**Common Shares**” means common shares in the share capital of the Corporation;

“**Communication**” shall have the meaning ascribed thereto in Section 16.4;

“**Consolidation Event**” means any take-over bid, merger, amalgamation, arrangement, consolidation, combination or similar transaction of the Corporation or any Subsidiary of the Corporation with or into, or a transfer of all or substantially all of the assets of the Corporation or any Subsidiary of the Corporation to, another entity;

“**Control**” used as a verb means, when used with respect to an entity, the ability, directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity through (a) the legal or beneficial ownership of voting securities or membership interests; (b) the right to appoint managers, directors or corporate management; (c) contract; (d) operating agreement; (e) voting trust; or (f) otherwise; and, when used with respect to an individual, means the actual or legal ability to control the actions of another, through family relationship, agency, contract or otherwise; and “**Control**” used as a noun means an interest which gives the ability to exercise any of the foregoing powers;

“**Conversion**” shall have the meaning ascribed thereto in Section 5.2(a);

“**Conversion Date**” shall have the meaning ascribed thereto in Section 5.2(a);

“**Conversion Notice**” shall have the meaning ascribed thereto in Section 5.2(a);

"**Conversion Price**", in relation to a Conversion, a price per Conversion Unit equal to 100% of the average of the VWAPs per Common Share for each day during the five (5) consecutive Trading Days immediately prior to the Initial Cash Advance Date, subject to adjustment as provided herein, provided that the Conversion Price shall not be less than the minimum permitted by the TSX Venture Exchange Corporate Finance Manual;

"**Conversion Unit**" shall have the meaning ascribed thereto in Section 5.2(a);

"**Convertible Rights**" means securities of the Corporation or any other issuer that are convertible into or exchangeable for or otherwise carry the right to acquire Common Shares;

"**Convertible Security**" means the convertible security of the Investor to the Corporation pursuant to Section 3.3;

"**Corporation**" means Olivut Resources Ltd.;

"**Corporation's Information Record**" means any statement or information contained in any material change report, financial statement, management's discussion and analysis, business acquisition report, management proxy circular, annual information form or other document of the Corporation which has been or is filed with a Securities Commission and/or publicly disseminated by or on behalf of the Corporation pursuant to applicable Securities Laws or otherwise including the Prospectus;

"**Corporation's Insider Trading Policy**" means the insider trading policy adopted by the board of directors of the Corporation on December 9, 2011, a copy of which has been provided to the Investor;

"**Corporation Floor Price**" means $0.40, as it may be adjusted pursuant to Section 8.9;

"**Corporation Floor Price Notice"** shall have the meaning ascribed thereto in Section 5.3(a)(ii);

"**Designated Provinces**" means, collectively, the Provinces of Alberta, British Columbia and Ontario in which the Corporation maintains reporting issuer status;

"**Distribution**" has the meaning ascribed thereto in Section 9.1;

"**due inquiry**", when used in relation to the Corporation, means after inquiries have been made to the appropriate directors, officers and employees of the Corporation who may have some knowledge with respect to, and/or overall responsibility for, the fact or matter in question;

"**Environmental Laws**" means any applicable laws in respect of the natural environment, public or occupational health or safety, and the manufacture, importation, handling, transportation, storage, disposal and treatment of Hazardous Substances;

"**Event of Default**" means the occurrence of an event listed in Section 11.1;

“**Excess Event**” shall have the meaning ascribed thereto in Section 8.14(a);

“**Exchange**” means the TSX Venture Exchange, or if the Common Shares are not then listed on such exchange, such other stock exchange or over-the-counter market on or through which the Common Shares are then principally traded (provided that the Investor shall have expressly consented in writing thereto in accordance with Section 8.1(q));

“**Exchange Act**” means the United States Exchange Act of 1934, as amended;

“**Exchange Letter**” shall have the meaning ascribed thereto in Section 6.1(j);

“**Excluded Taxes**” means taxes, levies, imposts, deductions, charges or withholdings, including interest, penalties or additions thereto, and all related liabilities, imposed on or measured by net income or net profits of the Investor or its partners, capital taxes or franchise taxes imposed pursuant to the laws of Canada, the United States of America or by the jurisdiction under the laws of which the Investor or its partners are organized, in which such person is resident for tax purposes or in which the principal office or applicable operational office of such Investor or its partners is located or in which it is otherwise deemed to be engaged in a trade or business for Tax purposes or any subdivision thereof or therein, and any branch profits taxes imposed by the United States of America or any similar tax imposed by any jurisdiction on the Investor or its partners;

“**Financial Disclosure**” shall have the meaning ascribed thereto in Section 5.4(a)(v);

“**Final Prospectus**” means the (final) base shelf prospectus of the Corporation to be filed with the securities regulatory authorities in the Designated Provinces prior to the Initial Cash Advance Date to be supplemented by the Prospectus Supplement and, unless the context otherwise requires, includes all amendments or supplements thereto and includes all documents incorporated by reference therein;

“**First Purchasers**” shall have the meaning ascribed thereto in Section 9.1;

“**First Renewal Prerequisite**” shall have the meaning ascribed thereto in Section 8.7(c);

“**GAAP**” means generally accepted accounting principles as approved from time-to-time by the Canadian Institute of Chartered Accountants or any successor institute and for any period on or after November 1, 2011 means IFRS;

“**Governmental Authority**” means any nation or government, any state, province, municipality, region or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government, any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing and any department, agency, board, commission, tribunal, committee or instrumentality of any of the foregoing having jurisdiction over the Corporation or its activities;

"**Hazardous Substance**" means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property or plant or animal life or harm or impair the health of any individual and includes any contaminant, waste, substance or material defined by Environmental Laws as hazardous, toxic or dangerous or any other substance or material prohibited, regulated or reportable pursuant to any Environmental Laws;

"**IFRS**" means the International Financial Reporting Standards as approved and recognized from time to time by the Canadian Institute of Chartered Accountants or any successor institute;

"**IIROC**" means the Investment Industry Regulatory Organization of Canada;

"**including**" means including without limitation and "includes" means "includes" without limitation;

"**Indebtedness**" shall mean (a) any liabilities for borrowed money or amounts owed in excess of $500,000 (other than trade accounts payable incurred in the ordinary course of business), (b) all guarantees, endorsements and contingent obligations in respect of Indebtedness of others, whether or not the same are or should be reflected in the Corporation's balance sheet (or the notes thereto), except guarantees by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, and (c) the present value of any lease payments aggregating in excess of $500,000 due under leases required to be capitalized in accordance with GAAP;

"**Indemnified Party**" shall have the meaning ascribed thereto in Section 14.2;

"**Initial Cash Advance**" means the completion of the transactions contemplated under Sections 3.3, 3.5, 3.6 and 3.7;

"**Initial Cash Advance Date**" means the first Trading Day following the date that the Corporation has obtained all of (i) the ASC Decision Document in respect of the Final Prospectus, (ii) the ASC Relief and (iii) the Exchange Letter and has duly filed in accordance with the Securities Laws the Prospectus Supplement, or such other date as the Investor and the Corporation may mutually agree upon, provided that in either case, the conditions set forth in Sections 3.1 and 3.2 are fulfilled or waived in writing by the relevant party no later than 10:00 a.m. New York time on such date;

"**insider**" shall have the meaning ascribed to such term in the *Securities Act* (Ontario);

"**Investor**" means The Canadian Special Opportunity Fund, LP;

"**Investor's Group**" shall mean collectively, the Investor, its affiliates, associates, partners and insiders;

"**Investor Shares**" means the Commitment Fee Shares, the Common Shares issuable as part of a Conversion Unit pursuant to the conversion of all or any portion of the

Convertible Security and the Common Shares issuable pursuant to the exercise of the Warrants;

"**Market Capitalization Amount**" shall have the meaning ascribed thereto in Section 8.13(d);

"**Material Adverse Effect**" means, with respect to a Party, any effect, change, fact, state of facts, circumstance, occurrence or event which, individually is or in the aggregate are, or individually or in the aggregate could reasonably likely be, material and adverse to the Party or the business, operations, assets, liabilities, financial condition, properties, ownership or capital of such Party, taken as a whole, and/or any condition, circumstance or situation that would prohibit or otherwise materially interfere with the ability of such Party to perform any of its material obligations under any material agreement, including this Agreement;

"**MD&A**" shall have the meaning ascribed thereto in Section 8.1(z);

"**Mining Rights**" shall have the meaning ascribed thereto in Section 6.1(mm);

"**misrepresentation**" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators, as it may be amended from time to time;

"**Optional Cash Payment**" shall have the meaning ascribed thereto in Section 5.3(a);

"**Party**" means a party hereto;

"**Pause Period**" shall have the meaning ascribed thereto in Section 8.7(c);

"**Period**" shall have the meaning ascribed thereto in Section 8.6(a);

"**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;

"**Postponed at Base Price Cash Advance**" shall have the meaning ascribed thereto in Section 8.7(a);

"**Postponement**" shall have the meaning ascribed thereto in Section 8.6(a);

"**Postponement at Base Price**" shall have the meaning ascribed thereto in Section 8.7(a);

"**Preceding Cash Advance**" shall have the meaning ascribed thereto in Section 4.1(b)(ii);

“**Preliminary Prospectus**” means the preliminary base shelf prospectus of the Corporation to be filed with the securities regulatory authorities in the Designated Provinces on or prior to the Initial Cash Advance Date, as the preliminary prospectus to the Final Prospectus, and, unless the context otherwise requires, includes all amendments or supplements thereto and includes all documents incorporated by reference therein;

“Pricing Period” means the 20 Trading Day period immediately preceding each Tranche Securities Issuance Date;

“**Pricing Supplement**” means the pricing supplement required to be filed with respect to each Tranche Securities Issuance pursuant to the ASC Relief dated as of the relevant Tranche Securities Issuance Date disclosing (i) the number of Tranche Securities issued to the Investor under such Tranche Securities Issuance; (ii) the applicable Purchase Price for such Tranche Securities Issuance; and (iii) the aggregate Purchase Price for such Tranche Securities Issuance;

“**Prohibited Transaction**” means any transaction generally referred to as an equity line of credit or stand-by equity distribution, including Convertible Rights and convertible loans having a similar effect or any other transaction of a similar nature to the transactions contemplated hereunder for the sale of the Corporation’s securities for cash at a discount to the then current market price; <u>provided that</u>, for the avoidance of doubt, transactions, including any rights issuance, shareholder purchase plan, convertible security, or equity issuance, where the security is issued at a fixed price per Common Share, is not a Prohibited Transaction;

“**Properties**” means, collectively:

(a) the 20 claims and 2 permits located in the southern part of the area of interest of the Corporation’s HOAM Project located in the Interior Plains region south of Great Bear Lake in the southwestern part of the Northwest Territories, which are identified in Schedule “F”,

(b) any freehold title, applications, mining leases, mining concessions, mining rights licenses, mining claims, mining permits, participating interests, other conventional property or proprietary interests or rights, or other rights or interests (as applicable) issuable, issued to, or obtained by the Corporation as a consequence of the prior rights or interests described in (i); or

(c) where the context so requires, the area which (i) and (ii) cover, encompass and/or create;

“**Prospectus**” means, collectively, the Preliminary Prospectus, the Final Prospectus of the Corporation, including where applicable the Renewal Prospectus, and each shelf prospectus supplement (including the Prospectus Supplement and the Pricing Supplements) of the Corporation filed from time-to-time in each of the Designated Provinces relating to the distribution to the Investor (and, in certain circumstances, to the First Purchasers) of the Tranche Securities and the Commitment Fee Shares during the

Commitment Period and, unless the context otherwise requires, includes all amendments or supplements thereto and includes all documents incorporated by reference therein;

"**Prospectus Supplement**" means the shelf prospectus supplement to the Final Prospectus or the Renewal Prospectus, as the case may be, qualifying the distribution of the Commitment Fee Shares and the Tranche Securities contemplated hereby;

"**Purchase Price**", in relation to a Tranche Securities Issuance, means 92.5% of the average of the VWAPs per Common Share for five (5) Trading Days during the Pricing Period, as selected by the Investor in its sole discretion subject to adjustment as provided in Section 5.1(b);

"**Redemption Option**" shall have the meaning ascribed thereto in Section 5.2(e);

"**Redemption Option Notice**" shall have the meaning ascribed thereto in Section 5.2(e);

"**Renewal Notice Period**" shall have the meaning ascribed thereto in Section 8.7(c);

"**Renewal Prospectus**" means any (final) base shelf prospectus of the Corporation to be to be filed with the securities regulatory authorities in the Designated Provinces to replace with Final Prospectus and, unless the context otherwise requires, includes all amendments or supplements thereto and includes all documents incorporated by reference therein;

"**Restricted Period**" shall have the meaning ascribed thereto in Section 8.3(c);

"**Second Renewal Prerequisite**" shall have the meaning ascribed thereto in Section 8.7(c);

"**Securities**" means each of the Tranche Shares, the Investor Shares, the Convertible Security, and the Warrants, and all of the Tranche Shares, the Investor Shares, the Convertible Security, and the Warrants collectively;

"**Securities Commissions**" means, collectively, the securities commissions or other securities regulatory authorities in each of the Designated Provinces, and "**Securities Commission**" means any one of the Securities Commissions;

"**Securities Laws**" means, collectively, the applicable securities laws of each of the Designated Provinces and the respective regulations and rules made and forms prescribed thereunder together with all applicable published policy statements, blanket orders and rulings of the Securities Commissions and the by-laws, regulations and rules of the Exchange including, for avoidance of doubt, the Uniform Market Integrity Rules;

"**Security Structure Event**" means (i) any consolidation, subdivision, re-division, combination or pro-rata cancellation of the Corporation's issued capital, or (ii) any payment of a dividend in shares of the Corporation or distribution of Common Shares, or securities exchangeable for or convertible into Common Shares, to holders of outstanding Common Shares;

"**Set Floor Price**" in relation to a Tranche Securities Issuance or the issuance of the Commitment Fee Shares, as applicable, means the higher of (i) the closing price per Common Share or (ii) volume-weighted average price per Common Share, on the Exchange on the Trading Day immediately preceding the relevant Cash Advance Date, in either case, less the maximum permitted discount under the private placement rules contained in the TSX Venture Exchange Corporate Finance Manual;

"**Stamp Duties**" means any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment, including any penalty, fine or interest, which the Investor pays, suffers, incurs, or is liable for, in connection with (including any administration costs of the Investor in connection with the matters referred to in the preceding part of this sentence, any legal costs and expenses and any professional consultants' fees for any of the above on a full indemnity basis):

(a) the stamping of, or any stamp duty payable on, any of the following:

  (i) this Agreement;

  (ii) a transaction contemplated hereunder, including the issue of any of the Tranche Securities, the Investor Shares, the Convertible Security or the Warrants; or

  (iii) any agreement or document entered into or signed under, or the performance or exercise of any right or obligation under, this Agreement or a transaction contemplated hereunder;

(b) any enquiry by a Governmental Authority (including any stamp duty or state or territory revenue office) in connection with the assessment for stamp duty of the documents referred to herein involving the Investor;

(c) any litigation or administrative proceedings (including any objection made to a stamp duty or state or territory revenue office) taken against or involving the Investor in connection with the assessment for stamp duty of the documents or transactions referred to herein; and/or

(d) any future, or any change in any present or future, stamp duty law or regulation or stamp duty or state or territory revenue office practice (with which, if not having the force of law, compliance is in accordance with the practice of responsible bankers and financial institutions in the jurisdiction concerned);

"**Subsequent Cash Advance**" has the meaning ascribed thereto in Section 4.1(a);

"**Subsequent Cash Advance Date**" has the meaning ascribed thereto in Section 4.1(a);

"**Subsidiary**" means a "subsidiary", as such term is defined in National Instrument 45-106 - *Prospectus and Registration Exemptions* of the Canadian Securities Administrators, provided that, for the avoidance of doubt, if any reference is made in this Agreement to Subsidiaries of the Corporation, and if no Subsidiaries of the Corporation exist at the relevant time, references to such Subsidiary or Subsidiaries (as applicable) in this Agreement shall be disregarded;

“**Taxes**” means all taxes, levies, imposts, deductions, charges or withholdings and all related liabilities;

“**Technical Report**” shall have the meaning ascribed thereto in Section 6.1(jj);

“**Trading Day**” means any day on which the Exchange is open for business;

“**Tranche**” means the dollar amount prepaid by the Investor to the Corporation for Tranche Securities at a Cash Advance pursuant to Sections 3.7 or 4.1(a);

“**Tranche Amount**” in relation to a prepayment of funds for Tranche Securities under Sections 3.7 and 4.1, means:

(a) $200,000 (the “**Base Amount**”); or

(b) by mutual agreement in writing by the Corporation and the Investor, an amount greater than $200,000 but not exceeding $500,000;

subject to all applicable adjustments pursuant to this Agreement;

“**Tranche Securities**” means Tranche Shares, Tranche Units and/or Warrants, as the case may be;

“**Tranche Shares**” means the Common Shares issuable by the Corporation to the Investor in relation to a Tranche;

“**Tranche Securities Issuance**” means an issue of Tranche Securities by the Corporation;

“**Tranche Securities Issuance Date**” means in relation to a Tranche, the 28th day after the date of the Cash Advance of that Tranche, except:

(a) as adjusted pursuant to Sections 5.3, 8.2(a), 8.6, 8.7, 8.14, 12.1(a) and 12.1(b); and

(b) where a Tranche Securities Issuance Date falls on a day that is not a Business Day, then the Business Day that immediately follows the date that would otherwise be such Tranche Securities Issuance Date, is the Tranche Securities Issuance Date;

provided that in either case, the conditions set forth in Section 5.4 are fulfilled or waived in writing by no later than 10:00 a.m. New York time on such date;

“**Tranche Units**” shall have the meaning ascribed thereto in Section 5.1(g)(i);

“**VWAP**” means the daily volume-weighted average price per Common Share on the Exchange as reported by Bloomberg Financial, L.P. (based on a Trading Day from

9:30 a.m. Toronto Time to 4:02 p.m. Toronto Time), subject to all adjustments set out in this Agreement;

"**Warrant Exercise Price**" means an exercise price equal to 120% of the average of the VWAPs per Common Share for each day during the twenty (20) consecutive Trading Days immediately prior to (i) the Initial Cash Advance Date in the case of Warrants forming part of the Conversion Units; and (ii) relevant Tranche Securities Issuance Date in respect of Warrants that are Tranche Securities, provided that the Warrant Exercise Price shall not be less than the minimum permitted by the TSX Venture Exchange Corporate Finance Manual; and

"**Warrant**" means a non-transferable share purchase warrant of the Corporation, substantially in the form of Schedule "A", granted pursuant to this Agreement, issued in the name of the Investor or, as may be directed by the Investor, in the name of the Investor's designee or nomine, each such share purchase warrant entitling the holder to purchase a Common Share at the Warrant Exercise Price until the date that is 36 months after the Initial Cash Advance Date, provided that the first 250,000 Warrants received by the Investor hereunder ("**received**" for the purposes of this definition, includes Warrants issuable pursuant to the Convertible Security on the Initial Cash Advance Date) shall vest immediately, whereas the balance of the 250,000 Warrants issuable hereunder shall vest on the earlier of the first anniversary of the Initial Cash Advance Date or immediately upon termination of the Agreement by the Corporation.

1.2 Schedules. 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"	–	Form of Warrant Certificate
Schedule "B"	–	Form of Flow of Funds Request
Schedule "C"	–	Form of Notice of Conversion
Schedule "D"	–	Form of Corporation Floor Price Notice
Schedule "E"	–	Form of Renewal Notice Period
Schedule "F"	–	Properties and Mining Rights

ARTICLE II - COMMITMENT TO PURCHASE TRANCHE SECURITIES

2.1 Commitment for the Purchase and Sale of Tranche Securities.

(a) Subject to the terms and conditions set forth herein, the Corporation shall during the Commitment Period issue and sell to the Investor and the Investor shall acquire from the Corporation, for a maximum aggregate consideration of $17,700,000 (the "**Commitment Amount**"), Tranche Securities comprising Tranche Shares or Tranche Units (each Tranche Unit comprising one Tranche Share and one Warrant) as provided under Subsection 5.1(g) hereof.

(b) Notwithstanding anything to the contrary herein, there shall be not more than a total of 36 Cash Advances, and the Investor shall not pay an aggregate amount exceeding $17,700,000 for the Tranche Securities during the Commitment Period.

ARTICLE III - INITIAL CASH ADVANCE AND ISSUANCE OF SECURITIES

3.1 Conditions Precedent to Initial Cash Advance - Investor.

Notwithstanding anything to the contrary herein, the Investor shall have no obligation to pay the amounts under Sections 3.3 and 3.7 and no obligation to perform its other obligations under this Agreement, including any obligation to proceed with (or in respect of) the Initial Cash Advance, unless and until the conditions set forth below are fulfilled, or waived in writing by the Investor, by no later than 10:00 a.m. (New York time) on the Initial Cash Advance Date. These conditions are for the Investor's sole benefit and may be waived, in whole or in part, by the Investor in its sole discretion.

(a) The Corporation has delivered or caused to be delivered to the Investor, and the Investor has received, the following:

(i) a copy of the Final Prospectus and the Prospectus Supplement, duly filed with the Securities Commissions under the Securities Laws;

(ii) an officers' certificate dated as of the Initial Cash Advance Date and executed on behalf of the Corporation by its Chief Executive Officer and Chief Financial Officer, certifying for and on behalf of the Corporation, the following:

(A) a copy of the resolutions duly adopted by the Board in connection with this Agreement authorizing the transactions contemplated under this Agreement, including those described under Section 3.1(h);

(B) that the Final Prospectus, and the Prospectus Supplement, contain full, true and plain disclosure of all material facts relating to the Corporation and the Tranche Securities and the Commitment Fee Shares being qualified thereunder and do not contain a misrepresentation within the meaning of the Securities Laws and the Corporation does not possess any information that constitutes a material fact or a material change that has not been publicly disclosed in accordance with the Securities Laws and the rules of the Exchange;

(C) that each of the representations and warranties of the Corporation contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of the Initial Cash Advance Date as though made at that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date; and

(D) that the Corporation has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation as of, or prior to, the Initial Cash Advance Date;

in a form satisfactory to the Investor, acting reasonably;

(iii) a duly completed and executed flow of funds request, substantially in the form set forth in Schedule "B";

(iv) a favourable legal opinion from the Corporation's outside counsel addressed to the Investor and the Investor's counsel, dated the Initial Cash Advance Date, in the form agreed to be the parties acting reasonably. In giving such opinion, counsel to the Corporation 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;

(v) the ASC Relief, the ASC Decision Document, the Exchange Letter and all Exchange, regulatory, corporate and shareholder approvals or consents required to be obtained on, or prior to, the Initial Cash Advance Date to permit the transactions contemplated to occur on such date;

(vi) at or prior to the filing of the Final Prospectus filed with the Securities Commissions under the Securities Laws, a long form comfort letter from the Corporation's auditors dated the date of such Final Prospectus addressed to the Investor in form and substance satisfactory to the Investor, acting reasonably, with respect to financial and accounting information in such prospectus, including any documents incorporated therein; and

(vii) copies of such additional documents, certificates, payments, assignments, transfers and other deliveries as the Investor or its legal counsel may reasonably request as are customary in Canada to effect a closing of the transactions contemplated by the Initial Cash Advance or otherwise contemplated in this Agreement;

(b) each of the representations and warranties of the Corporation contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of the Initial Cash Advance Date as though made on that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date;

(c) any and all consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor necessary or appropriate for the consummation of the transactions hereunder on the Initial Cash Advance Date, including the Final Prospectus, the Prospectus Supplement, ASC Relief, the ASC Decision Document, the Exchange Letter and any Exchange approvals, have been issued or obtained by the Corporation and received by the Investor and remain in full force and effect unamended;

(d) the Investor is of the opinion that:

(i) the issue of the Convertible Security and the Commitment Fee Shares has not and will not result in the Corporation being in breach of the rules of the Exchange, the ASC Relief, the Exchange Letter or the ASC Decision Document or any other applicable law;

(ii) no Event of Default has occurred;

(iii) no Event of Default would result from the completion of the Initial Cash Advance or the relevant Tranche Securities Issuance; and

(iv) the Investor has not received a notice from the Corporation pursuant to Section 8.1(c) and none of the matters referred to in Sections 8.1(c)(i) through and including (vi) has occurred;

(e) the Final Prospectus and the Prospectus Supplement are in full force and effect and in compliance with the Securities Laws and, except for the filing of a Pricing Supplement in accordance with Section 8.1(y), is complete for purposes of qualifying the distribution of the relevant Tranche Securities and the Commitment Fee Shares in accordance with the Securities Laws;

(f) no statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement;

(g) trading in the Common Shares shall not have been suspended by any of the Securities Commissions or the Exchange and trading in securities generally as reported on the Exchange shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported on the Exchange;

(h) the Board shall have authorized and approved: (i) this Agreement, (ii) any other agreements pursuant to which the Tranche Securities, Investor Shares and/or Convertible Security are to be issued, (iii) the issuance of the Convertible Security, the Tranche Units, the Conversion Units and the Warrants (iv) the issuance of the Tranche Shares and Investor Shares as fully-paid and non-assessable Common Shares, and (e) all matters relating to the foregoing;

(i) without limiting the generality of the foregoing, the Exchange shall have conditionally approved the listing of the maximum dollar value of Tranche Shares issuable pursuant to this Agreement, the Common Shares underlying the Warrants that are Tranche Securities and the Investor Shares to be issued on the Initial Cash Advance Date or pursuant to the Convertible Security and the Warrants and, except for the customary matters noted in the Exchange Letter, no other Exchange approvals will be required prior to the issuance of the applicable securities hereunder and the Exchange Letter will be in full force and effect unamended as at such date;

(j) no action, suit or proceeding before any court, arbitrator or any Governmental Authority shall have been commenced, and no investigation by any Governmental Authority shall have been threatened, against the Investor, the Corporation or any of their respective Subsidiaries or any of their respective officers, directors or affiliates seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking damages in connection with such transactions;

(k) the Investor shall, in its sole discretion, be satisfied with its legal and business due diligence with respect to the Corporation and its Subsidiaries and the Common Shares and that there has been no Material Adverse Effect on the Corporation;

(l) the Corporation has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation on, or prior to, the Initial Cash Advance Date; and

(m) the Investor has received each of the documents required to be delivered, or which evidences satisfaction of the conditions, in accordance with this Section 3.1 in connection with the Initial Cash Advance.

3.2 Conditions Precedent to Initial Cash Advance - Corporation.

The Corporation shall have no obligation to proceed with the Initial Cash Advance, unless and until the conditions set forth below are fulfilled, or waived in writing by the Corporation, by no later than 10:00 a.m. (New York time) on the Initial Cash Advance Date. These conditions are for the Corporation’s sole benefit and may be waived, in whole or in part, by the Corporation in its sole discretion.

(a) The Investor has delivered or caused to be delivered to the Corporation, and the Corporation has received, the following:

(i) an officers’ certificate dated as of the Initial Cash Advance Date and executed on behalf of the Investor by an officer of the general partner of the Investor, certifying for and on behalf of the Investor, that:

(A) each of the representations and warranties of the Investor contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of the Initial Cash Advance Date as though made on that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date; and

(B) the Investor has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Investor as of, or prior to, the Initial Cash Advance Date;

(b) each of the representations and warranties of the Investor contained in this Agreement and in any document delivered hereunder is true and correct in all material respects as of the date when made and as of the Initial Cash Advance Date as though made on that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date; and

(c) no statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the consummation of the Initial Cash Advance.

3.3 Convertible Security. On the terms and subject to the conditions of this Agreement, on the Initial Cash Advance Date, the Investor shall advance to the Corporation, in immediately available funds, $300,000, in consideration of which the Corporation shall issue (and on the Initial Cash Advance Date shall be deemed to have issued) to the Investor an uncertificated unsecured convertible security on the terms set out below and elsewhere in this Agreement (the "**Convertible Security**"):

(a) Term. Subject to Sections 5.2 and 12.1, the Convertible Security shall be issued and outstanding for a term commencing on the Initial Cash Advance Date and ending on the day (the "**Convertible Security Term Date**") that is the last day of the 36th month following the Initial Cash Advance Date and shall represent an obligation of the Corporation to pay the Investor $300,000, less any amount converted or repaid under Section 5.2, on the Convertible Security Term Date.

(b) Principal. The Convertible Security shall represent an obligation of the Corporation to pay the Investor $300,000, less any amount converted or repaid under Section 5.2, on the Convertible Security Term Date.

(c) No interest. No interest is payable by the Corporation to the Investor under the Convertible Security, except as set out in Section 12.1(d).

(d) Rank. The Convertible Security shall constitute a direct, general, subordinated, unsecured and unconditional obligation of the Corporation which shall rank *pari passu* with other unsecured subordinated obligations of the Corporation.

(e) Notice. The Investor and the Corporation acknowledge that the Investor shall have been deemed to have received written notice relating to the Convertible

Security and the Conversion Units issuable in conversion thereof containing the following legend restriction notation:

> **"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY SHALL NOT TRADE THE SECURITY BEFORE FOUR MONTHS AND ONE DAY AFTER THE INITIAL CASH ADVANCE DATE."**

3.4 Adjustments to Amounts. All amounts otherwise payable by the Investor pursuant to Sections 3.3 and 3.7 shall be subject to all set-offs and adjustments set out in this Agreement, including the adjustments set out in Sections 8.4, 8.11 and 8.12.

3.5 Commitment Fee Shares. On the Initial Cash Advance Date, the Corporation shall pay the Investor or its designee or nominee a non-refundable commencement fee, intended to reimburse the Investor for its costs in entering into the transactions contemplated by this Agreement, by issuing a number of Common Shares to the Investor, equivalent to $200,000 in value of Common Shares calculated using the Purchase Price (calculated as if the Initial Cash Advance Date was the relevant Tranche Securities Issuance Date) on the Initial Cash Advance Date, provided that such price shall not be less than (i) the Set Floor Price on the Trading Day immediately preceding the Initial Cash Advance Date and (ii) than the minimum permitted by the TSX Venture Exchange Corporate Finance Manual. Such Commitment Fee Shares shall be issued in such form as may be agreed to by the Investor and the Corporation, both acting reasonably, registered in the name of the Investor or, as may be directed by the Investor, in the name of the Investor's designee or nominee and the Investor shall be provided evidence from the Corporation or its agent, in a form acceptable to the Investor, acting reasonably, confirming that issuance and registration of such shares.

3.6 Date of Cash Advance. Subject to the terms and conditions set forth herein, the Initial Cash Advance shall take place on the Initial Cash Advance Date.

3.7 Payment of Base Amount by Investor. On the Initial Cash Advance Date, the Investor shall deliver to the Corporation a prepayment in the Base Amount, in immediately available funds, for the purchase of Tranche Securities to be issued on the related Tranche Securities Issuance Date.

ARTICLE IV - SUBSEQUENT CASH ADVANCES

4.1 Conditions Precedent to each Subsequent Cash Advance - Investor.

(a) Subject to the terms and conditions set forth herein, on the date that is 30 days following the Initial Cash Advance Date, and on each date that is an additional 30 days following each Subsequent Cash Advance during the Commitment Period, at the offices of the Corporation or such other date and place or manner as the Parties may mutually agree upon or as may be provided for under this Agreement (each such date following the Initial Cash Advance Date, a "**Subsequent Cash Advance Date**"), the Investor shall make a prepayment to the Corporation in the

Tranche Amount for the purchase of Tranche Securities to be issued on the related Tranche Securities Issuance Date (the completion of such prepayment, the "**Subsequent Cash Advance**").

(b) The Investor shall have no obligation to make a prepayment to the Corporation in the Tranche Amount pursuant to Section 4.1(a), to effect a Subsequent Cash Advance or to perform any other obligation under this Agreement, unless and until the conditions set forth below are fulfilled, or waived in writing by the Investor, by no later than one (1) Business Day immediately prior to the Subsequent Cash Advance Date for such Subsequent Cash Advance. These conditions are for the Investor's sole benefit and may be waived, in whole or in part, by the Investor in its sole discretion.

(i) With respect to the first Subsequent Cash Advance, the Corporation shall have issued to the Investor and the Investor shall have accepted on the Tranche Securities Issuance Date relating to the Initial Cash Advance, in each case in accordance with the terms of this Agreement, the Tranche Securities for which the Investor prepaid at the Initial Cash Advance and, for greater certainty, the conditions set forth in Section 5.4 with respect to the issuance of such Tranche Securities shall have been fully satisfied or waived by the Investor;

(ii) with respect to the each Subsequent Cash Advance following the first Subsequent Cash Advance (each a "**Subject Cash Advance**"), the Corporation shall have issued to the Investor and the Investor shall have accepted on the Tranche Securities Issuance Date relating to the Subsequent Cash Advance immediately prior to the Subject Cash Advance (the "**Preceding Cash Advance**"), in each case in accordance with the terms of this Agreement, the Tranche Securities for which the Investor prepaid at the Preceding Cash Advance and, for greater certainty, the conditions set forth in Section 5.4 with respect to the issuance of such Tranche Securities shall have been fully satisfied or waived by the Investor;

(iii) the Corporation has delivered or caused to be delivered to the Investor, and the Investor has received, the following:

(A) an officers' certificate dated as of the Subsequent Cash Advance Date and executed on behalf of the Corporation by its Chief Executive Officer and Chief Financial Officer, certifying for and on behalf of the Corporation, the following:

(I) a copy of the resolutions duly adopted by the Board in connection with this Agreement to the extent to which such resolutions are, in the reasonable opinion of the Investor, or pursuant to any applicable law, required in addition to the resolutions referred to in Section 3.1(a)(ii)(A), to effect the consummation of the transactions contemplated hereunder as of such Subsequent Cash Advance Date;

(II) that the Final Prospectus or the Renewal Prospectus, as applicable, and the Prospectus Supplement contain full, true and plain disclosure of all material facts relating to the Corporation and the Tranche Securities being qualified thereunder and do not contain a misrepresentation within the meaning of the Securities Laws and the Corporation does not possess any information that constitutes a material fact or a material change that has not been publicly disclosed in accordance with the Securities Laws and the rules of the Exchange;

(III) that each of the representations and warranties of the Corporation contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of such Subsequent Cash Advance Date as though made at that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date; and

(IV) that the Corporation has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation as of, or prior to, the Subsequent Cash Advance Date;

in a form satisfactory to the Investor, acting reasonably;

(B) a duly completed and executed flow of funds request, substantially in the form set forth in Schedule "B";

(C) the ASC Relief, the ASC Decision Document, the Exchange Letter and all Exchange, regulatory, corporate and shareholder approvals or consents required to be obtained on, or prior to, the Subsequent Cash Advance Date to permit the transactions contemplated to occur on such date and the final approval of the Exchange for the listing of the Tranche Shares issued in the immediately preceding Tranche Securities Issuance; and

(D) copies of such additional documents, certificates, payments, assignments, transfers and other deliveries as the Investor or its legal counsel may reasonably request as are customary in Canada to effect a closing of the transactions contemplated by the Cash Advance or otherwise contemplated in this Agreement;

(iv) each of the representations and warranties of the Corporation contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of the Subsequent Cash Advance Date as though made at that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date;

(v) any and all consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor necessary or appropriate for the consummation of the transactions hereunder on the Subsequent Cash Advance Date, including the Final Prospectus and any Renewal Prospectus, Prospectus Supplement, the ASC Relief, the ASC Decision Document, the Exchange Letter and any Exchange approvals, have been issued or obtained by the Corporation and received by the Investor and remain in full force and effect and unamended;

(vi) the Investor is of the opinion that:

(A) the Tranche Securities Issuance at the related Tranche Securities Issuance Date will not result in the Corporation being in breach of the rules of the Exchange, the ASC Relief, the Exchange Letter or the ASC Decision Document or any other applicable law;

(B) no Event of Default has occurred;

(C) no Event of Default would result from the completion of the Subsequent Cash Advance or the relevant Tranche Securities Issuance; and

(D) the Investor has not received a notice from the Corporation pursuant to Section 8.1(c) and none of the matters referred to in Sections 8.1(c)(i) through and including (vi) has occurred;

(vii) the Final Prospectus or Renewal Prospectus, as applicable, and the Prospectus Supplement are in full force and effect and in compliance with the Securities Laws and except for the filing of a Pricing Supplement in accordance with Section 8.1(y), is complete for purposes of qualifying the distribution of the relevant Tranche Securities in accordance with the Securities Law;

(viii) no statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement;

(ix) trading in the Common Shares shall not have been suspended by any of the Securities Commissions or the Exchange and trading in securities generally as reported on the Exchange shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported on the Exchange;

(x) the Board shall have authorized and approved (A) this Agreement, (B) any other agreements pursuant to which Tranche Securities and/or Investor Shares are to be issued, (C) the issuance of Tranche Shares and Investor Shares as fully-paid and non-assessable Common Shares and (D) all matters relating to the foregoing;

(xi) without limiting the generality of the foregoing, the Exchange shall have conditionally approved the listing of the Tranche Shares and the Common Shares underlying the Warrants that are Tranche Securities to be issued on the related Tranche Securities Issuance Date and, except for the customary matters noted in the Exchange Letter, no other Exchange approvals will be required prior to the issuance of such Tranche Shares hereunder and the Exchange Letter will be in full force and effect unamended as at such date;

(xii) no action, suit or proceeding before any court, arbitrator or any Governmental Authority shall have been commenced, and no investigation by any Governmental Authority shall have been threatened, against the Investor, the Corporation or any of their respective Subsidiaries or any of their respective officers, directors or affiliates seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking damages in connection with such transactions;

(xiii) the Investor shall, in its sole discretion, acting reasonably, be satisfied with its legal and business due diligence with respect to the Corporation and its Subsidiaries and the Common Shares and that there has been no Material Adverse Effect on the Corporation;

(xiv) the Corporation has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation on, or prior to, the Subsequent Cash Advance Date;

(xv) the Purchase Price for such Tranche is not less than the Set Floor Price; and

(xvi) the Investor shall have received evidence satisfactory to the Investor that the Tranche Securities issued in the previous Tranche have been delivered to the Investor or its agent.

4.2 <u>Conditions Precedent to each Subsequent Cash Advance - Corporation.</u>

The Corporation shall have no obligation to accept a prepayment from the Investor for the purchase of Tranche Securities in a Tranche Amount under Section 4.1 and to proceed with a Subsequent Cash Advance, unless and until the conditions set forth below are fulfilled, or waived in writing by the Corporation, by no later than one (1) Business Day immediately prior to the Subsequent Cash Advance Date for such Subsequent Cash Advance. These conditions are for the Corporation's sole benefit and may be waived in writing, in whole or in part, in its sole discretion.

(a) The Investor has delivered or caused to be delivered to the Corporation, and the Corporation has received, the following:

(i) an officers' certificate dated as of the Subsequent Cash Advance Date and executed on behalf of the Investor by an officer of the general partner of the Investor, certifying for and on behalf of the Investor, that:

(A) each of the representations and warranties of the Investor contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of the Subsequent Cash Advance Date as though made at that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date; and

(B) the Investor has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Investor as of, or prior to, the Subsequent Cash Advance Date;

(b) each of the representations and warranties of the Investor contained in this Agreement and in any document delivered hereunder is true and correct in all material respects as of the date when made and as of the Subsequent Cash Advance Date as though made on that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date; and

(c) no statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the completion of the Subsequent Cash Advance.

ARTICLE V - TRANCHE SECURITIES AND CONVERSIONS

5.1 Issue of Tranche Securities.

(a) In respect of each Tranche, the Corporation shall:

(i) issue to the Investor the Tranche Securities on the Tranche Securities Issuance Date for that Tranche (in the number determined pursuant to Section 5.1(b) and in the form determined pursuant to Section 5.1(g)); or

(ii) repay the Tranche in immediately available funds:

(A) as permitted under Section 5.3; or

(B) if required to repay the Tranche in accordance with Sections 5.1(f), 5.6, 8.14, 12.1 or 13.1(b)(ix), as set out therein.

(b) The number of the Tranche Securities that the Corporation shall issue for a Tranche shall be determined by dividing the applicable Tranche (and for the avoidance of doubt, before giving effect to any set-offs set out in this Agreement) by the Purchase Price. Notwithstanding the foregoing, if the Purchase Price with respect to a Tranche would be less than the Set Floor Price, the Purchase Price for such Tranche shall equal the Set Floor Price, subject to the right of the Investor described in Section 5.1(e) below to elect not to purchase the Tranche Securities of a Tranche where the Purchase Price but for this Section 5.1(b), would be less than the Set Floor Price.

(c) On or prior to each Tranche Securities Issuance Date, the Investor shall provide the Corporation with a written notice setting out the Purchase Price and Set Floor Price applicable to the Tranche Securities due to be issued on such Tranche Securities Issuance Date and the manner in which such Purchase Price and Set Floor Price were calculated by the Investor.

(d) No interest is payable by the Corporation to the Investor in connection with the amounts prepaid for Tranche Securities, except as set out in Section 12.1.

(e) Notwithstanding any obligation of the Investor contained herein, if the Purchase Price with respect to a Tranche would be, but for Section 5.1(b), less than the Set Floor Price, the Investor may, at its sole discretion, elect to not purchase the Tranche Securities issuable pursuant to such Tranche by providing written notice to the Corporation on or prior to the relevant Tranche Securities Issuance Date.

(f) In the event that the Investor elects not to purchase Tranche Securities on a Tranche Securities Issuance Date pursuant to Section 5.1(e) above, the Corporation will refund the Tranche within two (2) Business Days of receipt by the Corporation of the notice contemplated by Section 5.1(e), provided that the Corporation may elect, by providing written notice to the Investor within one (1) Business Day from receipt by the Corporation of the notice contemplated by Section 5.1(e), that such refunded prepayment may be set-off against the prepayment due from the Investor in connection with the next Subsequent Cash Advance Date.

(g) On any Tranche Securities Issuance Date, the Corporation shall issue the number of Tranche Securities required to be issued by it pursuant to Section 5.1(a) in the following form and in the following order of issuance:

(i) until such time as 500,000 Warrants are received by the Investor pursuant to the terms hereof ("**received**" for the purposes of this paragraph includes

Warrants issuable pursuant to the Convertible Security on the Initial Cash Advance Date), each Tranche Security issuable on a Tranche Securities Issuance Date shall consist of a unit of the Corporation, each such unit comprised of one Tranche Share and one Warrant (such units, whether issued or issuable, "**Tranche Units**"); and

(ii) thereafter, each Tranche Security issuable on a Tranche Securities Issuance Date shall consist of one Tranche Share.

5.2 Conversions of the Convertible Security.

(a) Any time, and from time to time following the Initial Cash Advance Date and prior to the end of the Commitment Period, on each date specified by the Investor in its sole discretion (each, a "**Conversion Date**") in a conversion notice (substantially in the form set forth in Schedule "C"), provided that the Investor provides the Corporation prior notice of the relevant Conversion Date (a "**Conversion Notice**") as soon as possible within a commercially reasonable amount of time not to exceed five (5) days, the Corporation shall effect a conversion of the Convertible Security (each, a "**Conversion**") or the part thereof specified by the Investor in its Conversion Notice, by issuing to the Investor units of the Corporation (in the number determined pursuant to Section 5.2(c)), each such unit comprised of one Common Share and, subject to Section 13.2(g) and only for the first 500,000 Units issuable under the Convertible Security, one Warrant (such units, whether issued or issuable, "**Conversion Units**").

(b) Each Conversion shall be in an amount determined by the Investor and must be for an amount of not less than $50,000, except where the balance of the Convertible Security that is outstanding is less than $50,000.

(c) The number of Conversion Units that the Corporation shall issue in a Conversion shall be determined by dividing the dollar amount of that Conversion by the Conversion Price.

(d) The Corporation shall deliver the Common Shares and Warrants issuable upon a Conversion as directed by the Investor on the relevant Conversion Date.

(e) The Investor shall have the right, at any time and from time to time commencing upon the earlier of (i) the date that is six (6) months following the date hereof or (ii) the date on which the Corporation terminates this Agreement pursuant to Section 13.1, to require the Corporation to immediately repay in immediately available funds all or any portion of the amounts outstanding under the Convertible Security by written notice to the Corporation (the "**Redemption Option**"), without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Corporation, anything to the contrary contained in this Agreement notwithstanding. Upon the Investor exercising such right, the Corporation and Investor shall each have the option, to be exercised by written notice (a "**Redemption Option Notice**") to the other Party within three

(3) Business Days of the Investor's delivery of the Redemption Option, to repay or demand repayment of, as applicable, the total amount being required to be repaid under the Redemption Option in immediately available funds on the date specified in the Redemption Option or by set-off against the immediately following Tranche Amounts (if any) (in which case, such Tranche Amount(s) shall be set-off until the total amount required to be repaid under the Redemption Option has been satisfied by such one or more of such set-offs, as the case may be, provided that if the remaining balance of the amount required to be repaid under a Redemption Option is less than a Tranche, then only that portion of such Tranche as is equal to such remaining balance shall be set-off). If the Corporation does not deliver to the Investor a Redemption Option Notice within three (3) Business Days of the Investor's delivery of the Redemption Option, the Corporation shall be deemed to have elected to repay the total amount being required to be repaid under such Redemption Option in immediately available funds on the date specified in the Redemption Option. In the event of a conflict between the election of the Investor under its Redemption Option Notice (if any) and the election of the Corporation under its Redemption Option Notice (if any) regarding whether the repayment will be paid in immediately available funds or satisfied by set-off, the election of the Investor shall govern.

5.3 Corporation's Floor Price Protection.

(a) If the Purchase Price in respect of a Tranche Securities Issuance is less than the Corporation Floor Price, the Corporation may elect to make a payment in immediately available funds in lieu of the Tranche Securities Issuance of Tranche Securities on the relevant Tranche Securities Issuance Date (the "**Optional Cash Payment**"), provided that:

(i) the Corporation pays the Investor 102.5% of the relevant Tranche; and

(ii) the Corporation gives the Investor no less than seven (7) Business Days' written notice (substantially in the form set forth in Schedule "D") of its irrevocable intention to undertake such payment in immediately available funds (a "**Corporation Floor Price Notice**").

(b) No part of the Amount Outstanding shall be redeemable by the Corporation at any time, except as expressly set out in this Section 5.3 or otherwise in accordance with this Agreement.

(c) Where the Corporation has given the Investor a Corporation Floor Price Notice, the Investor may elect, by written notice, given to the Corporation at any time prior to the applicable Tranche Securities Issuance Date, to receive the Tranche Securities that are the subject of that Corporation Floor Price Notice in Tranche Securities, at a purchase price per Tranche Security equal to the Corporation Floor Price, in lieu of a payment in immediately available funds under Section 5.3(a)(i).

5.4 Conditions to Tranche Securities Issuance.

The Investor shall have no obligation to accept a Tranche Securities Issuance on the relevant Tranche Securities Issuance Date unless and until the conditions set forth below are fulfilled, or waived in writing by the Investor, by no later than 10:00 a.m. (New York Time) on the relevant Tranche Securities Issuance Date. These conditions are for the Investor's sole benefit and may be waived, in whole or in part, by the Investor in writing, in its sole discretion.

(a) the Corporation has delivered or caused to be delivered to the Investor, and the Investor has received, the following:

(i) a copy of the Final Prospectus or the Renewal Prospectus, as applicable, and the Prospectus Supplement qualifying the Tranche Securities issuable on such Tranche Securities Issuance Date, duly filed with the Securities Commissions under the Securities Laws;

(ii) (A) in such form as may be agreed to by the Investor and the Corporation, both acting reasonably, the Tranche Shares, and (B) in certificated form, the Warrants, if any, in each case issuable on such Tranche Securities Issuance Date in the name of the Investor or, as may be directed by the Investor, in the name of the Investor's designee or nominee and the Investor shall be provided evidence from the Corporation or its agent, in a form acceptable to the Investor, acting reasonably, confirming that issuance and registration of such shares.

(iii) an officers' certificate dated as of such Tranche Securities Issuance Date and executed on behalf of the Corporation by its Chief Executive Officer and Chief Financial Officer, certifying for and on behalf of the Corporation, the following:

(A) a copy of the resolutions duly adopted by the Board in connection with this Agreement to the extent to which such resolutions are, in the reasonable opinion of the Investor, or pursuant to any applicable law, required in addition to the resolutions referred to in Section 3.1(a)(ii)(A), to effect the consummation of the transactions contemplated hereunder as of such Tranche Securities Issuance Date;

(B) that the Final Prospectus or the Renewal Prospectus, as applicable, the Prospectus Supplement qualifying the Tranche Securities issuable on such Tranche Securities Issuance Date, contain full, true and plain disclosure of all material facts relating to the Corporation and the Tranche Securities being qualified thereunder and does not contain a misrepresentation within the meaning of the Securities Laws and the Corporation does not possess any information that constitutes a material fact or a material change that has not been publicly disclosed in accordance with the Securities Laws and the rules of the Exchange;

(C) that each of the representations and warranties of the Corporation contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of such Tranche Securities Issuance Date as though made at that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date; and

(D) that the Corporation has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation as of, or prior to, such Tranche Securities Issuance Date;

in a form satisfactory to the Investor, acting reasonably;

(iv) the ASC Relief, the ASC Decision Document, the Exchange Letter and all Exchange, regulatory, corporate and shareholder approvals or consents required to be obtained on, or prior to, such Tranche Securities Issuance Date to permit the transactions contemplated to occur on such date;

(v) if the Tranche Securities Issuance Date is after the date on which the Corporation has filed its audited annual financial statements or quarterly financial statements and related MD&A (collectively, the "**Financial Disclosure**") and the Corporation has not previously delivered to the Investor a long form comfort letter in respect of the financial information deemed incorporated by reference in the Final Prospectus or Renewal Prospectus, as the case may be, (including information in the Financial Disclosure), a long form comfort letter from the Corporation's auditors in form and substance satisfactory to the Investor, acting reasonably, with respect to all financial and accounting information in such prospectus, including any document incorporated by reference; and

(vi) copies of such additional documents, certificates, payments, assignments, transfers and other deliveries as the Investor or its legal counsel may reasonably request as are customary in Canada to effect the closing of the transactions contemplated by the Tranche Securities Issuance or otherwise contemplated in this Agreement;

(b) each of the representations and warranties of the Corporation contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of such Tranche Securities Issuance Date as though made at that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date;

(c) any and all consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor necessary or appropriate for the consummation of the transactions hereunder on such Tranche Securities Issuance Date, including the Final Prospectus and any Renewal Prospectus, the Prospectus Supplement, ASC Relief, the ASC Decision Document, the Exchange Letter and any Exchange approvals, have been issued or obtained by the Corporation and received by the Investor and remain in full force and effect and unamended;

(d) the Investor is of the opinion that:

   (i) such Tranche Securities Issuance has not and will not result in the Corporation being in breach of the rules of the Exchange, the ASC Relief, the Exchange Letter or the ASC Decision Document or any other applicable law;

   (ii) no Event of Default has occurred;

   (iii) no Event of Default would result from the completion of such Tranche Securities Issuance; and

   (iv) the Investor has not received a notice from the Corporation pursuant to Section 8.1(c) and none of the matters referred to in Sections 8.1(c)(i) through and including (vi) has occurred;

(e) the Final Prospectus or Renewal Prospectus, as applicable, and the Prospectus Supplement qualifying the Tranche Securities issuable on such Tranche Securities Issuance Date, is in full force and effect and in compliance with the Securities Laws and is complete for purposes of qualifying such Tranche Securities in accordance with the Securities Law and the Corporation shall have filed the Pricing Supplement in connection with the previous Tranche Securities Issuance to the Investor;

(f) no statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement;

(g) the issue and delivery of such Tranche Securities would not result in the Corporation being in breach of the rules of the Exchange, the ASC Relief, the ASC Decision Document, the Exchange Letter or any other applicable law;

(h) without limiting the generality of the foregoing, the Exchange shall have conditionally approved the listing of the Tranche Shares and the Common Shares underlying the Warrants that are Tranche Securities issuable on such Tranche Securities Issuance Date and, except for customary matters noted in the Exchange

Letter, no other Exchange approvals will be required prior to the issuance of the applicable securities hereunder and the Exchange Letter will be in full force and effect unamended as at such date;

(i) trading in the Common Shares shall not have been suspended by any of the Securities Commissions or the Exchange and trading in securities generally as reported on the Exchange shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported on the Exchange;

(j) the Exchange has not indicated to the Corporation that quotation of such Tranche Shares on the Exchange will not be granted upon notification to the Exchange of their issue;

(k) the Board shall have authorized and approved (a) this Agreement and (b) any other transaction document in connection with the transactions contemplated hereunder, to the extent to which such approval is, pursuant to any applicable law, required prior to the consummation of those transactions contemplated herein that, as of such Tranche Securities Issuance Date, remain to be consummated;

(l) no action, suit or proceeding before any court, arbitrator or any Governmental Authority shall have been commenced, and no investigation by any Governmental Authority shall have been threatened, against the Investor, the Corporation or any of their respective Subsidiaries or any of their respective officers, directors or affiliates seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking damages in connection with such transactions;

(m) the Investor shall, in its sole discretion, acting reasonably, be satisfied with its legal and business due diligence with respect to the Corporation and its Subsidiaries and the Common Shares and that there has been no Material Adverse Effect on the Corporation; and

(n) the Corporation has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation on, or prior to, such Tranche Securities Issuance Date.

5.5 Conditions To Issuance of Conversion Units.

The Investor shall have no obligation to accept a Conversion of all or any part of the Convertible Security by way of Conversion Units on the relevant Conversion Date, unless and until the conditions set forth below are fulfilled, or waived in writing by the Investor, on or before 10:00 a.m. (New York Time) on such Conversion Date. These conditions are for the Investor's sole benefit and may be waived in writing, in whole or in part, by the Investor, in its sole discretion.

(a) The Corporation has delivered or caused to be delivered to the Investor, and the Investor has received, the following:

(i) in (A) such form as may be agreed to by the Investor and the Corporation, both acting reasonably, the Investor Shares forming part of the Conversion Units issuable and , and (B) in certificated form, the Warrants forming part of the Conversion Units, on such Conversion Date in the name of the Investor or, as may be directed by the Investor, in the name of the Investor's designee or nominee and the Investor shall be provided evidence from the Corporation or its agent, in a form acceptable to the Investor, acting reasonably, confirming that issuance and registration of such shares;

(ii) an officers' certificate dated as of such Conversion Date and executed on behalf of the Corporation by its Chief Executive Officer and Chief Financial Officer, certifying for and on behalf of the Corporation, the following:

(A) a copy of the resolutions duly adopted by the Board in connection with this Agreement to the extent to which such resolutions are, in the reasonable opinion of the Investor, or pursuant to any applicable law, required in addition to the resolutions referred to in Section 3.1(a)(ii)(A), to effect the consummation of the transactions contemplated hereunder as of such Conversion Date;

(B) that the Corporation does not possess any information that constitutes a material fact or a material change that has not been publicly disclosed in accordance with the Securities Laws and the rules of the Exchange;

(C) that each of the representations and warranties of the Corporation contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of such Conversion Date as though made at that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date; and

(D) that the Corporation has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation at, or prior to, such Conversion Date;

in a form satisfactory to the Investor, acting reasonably;

(iii) the ASC Relief, the ASC Decision Document, the Exchange Letter and all Exchange, regulatory, corporate and shareholder approvals or consents required to be obtained on, or prior to, the such Conversion Date to permit the transactions contemplated to occur on such date; and

(iv) copies of such additional documents, certificates, payments, assignments, transfers and other deliveries as the Investor or its legal counsel may reasonably request as are customary in Canada to effect the closing of the transactions contemplated by the Conversion or otherwise contemplated in this Agreement;

(b) each of the representations and warranties of the Corporation contained in this Agreement and in any document delivered hereunder (including the ASC Relief) is true and correct in all material respects as of the date when made and as of such Conversion Date as though made at that date, except for the representations and warranties that speak as of a particular date, which shall be true and correct in all material respects as of such date;

(c) any and all consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor necessary or appropriate for the consummation of the transactions hereunder on such Conversion Date, including the ASC Relief, the Exchange Letter and any Exchange approvals, have been issued or obtained by the Corporation and received by the Investor and remain in full force and effect and unamended;

(d) the Investor is of the opinion that:

(i) the issuance of such Conversion Units has not and will not result in the Corporation being in breach of the rules of the Exchange, the ASC Relief, the Exchange Letter or the ASC Decision Document or any other applicable law;

(ii) no Event of Default has occurred;

(iii) no Event of Default would result from effecting the issuance of such Conversion Units; and

(iv) the Investor has not received a notice from the Corporation pursuant to Section 8.1(c) and none of the matters referred to in Sections 8.1(c)(i) through and including (vi) has occurred;

(e) no statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement;

(f) the issue and delivery of the Conversion Units would not result in the Corporation being in breach of the rules of the Exchange, the ASC Relief, the Exchange Letter, the ASC Decision Document or any other applicable law;

(g) without limiting the generality of the foregoing, the Exchange shall have conditionally approved the listing of the Common Shares and Common Shares underlying the Warrants that form part of the Conversion Units issuable on such

Conversion Date and, except for the customary matters noted in the Exchange Letter, no other Exchange approvals will be required prior to the issuance of the applicable securities hereunder and the Exchange Letter will be in full force and effect unamended as at such date;

(h) trading in the Common Shares shall not have been suspended by any of the Securities Commissions or the Exchange and trading in securities generally as reported on the Exchange shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported on the Exchange;

(i) the Exchange has not indicated to the Corporation that quotation of the Investor Shares forming part of the Conversion Units and the Investor Shares underlying the Warrants forming part of the Conversion Units on the Exchange will not be granted upon notification to the Exchange of their issue;

(j) the Board shall have authorized and approved (i) this Agreement and (ii) any other transaction document in connection with the transactions contemplated hereunder, to the extent to which such approval is, pursuant to any applicable law, required prior to the consummation of those transactions contemplated herein that, as of such Conversion Date, remain to be consummated;

(k) no action, suit or proceeding before any court, arbitrator or any Governmental Authority shall have been commenced, and no investigation by any Governmental Authority shall have been threatened, against the Investor, the Corporation or any of their respective Subsidiaries or any of their respective officers, directors or affiliates seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking damages in connection with such transactions;

(l) the Investor shall, in its sole discretion, be satisfied with its legal and business due diligence with respect to the Corporation and its Subsidiaries and the Common Shares and that there has been no Material Adverse Effect on the Corporation;

(m) the Corporation has performed, satisfied and complied in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation on, or prior to, such Conversion Date; and

(n) the Investor shall have received all deliveries required in connection with the issuance of such Conversion Units.

5.6 <u>Consequence of Failure to Meet Conditions.</u>

(a) The Corporation shall not issue Tranche Securities as discharge of any amount prepaid, or Conversion Units in a Conversion of all or any part of any Amount Outstanding, to the Investor, without the prior written consent of the Investor if, on the issue of the relevant shares, any of the conditions referred to in Sections 5.4 and 5.5 have not been fulfilled.

(b) If the Corporation purports to issue Tranche Securities or Conversion Units in breach of paragraph (a) of this Section 5.6, the relevant share issuance will not be deemed to have been accepted by the Investor and such issuance shall be deemed not to have been undertaken for the purposes of this Agreement, or if the Corporation does not issue Tranche Securities on the Tranche Securities Issuance Date in respect of which the Investor has prepaid a Tranche Amount (whether or not the Corporation's failure to do so is in accordance with the terms of this Agreement), unless such prepaid Tranche Amount has been repaid in accordance with the terms hereof, then in each such case:

(i) in the case of the Tranche Securities, the obligation to:

(A) deliver Tranche Securities for the relevant Tranche in accordance with Section 5.1; or

(B) repay the relevant Tranche in accordance with Sections 5.1(f), 5.3, 8.14 12.1 and/or 13.1(b)(ix);

shall be deemed not to have been discharged and the relevant Tranche Securities Issuance shall be cancelled and forfeited and the Corporation shall immediately repay to the Investor in immediately available funds the amount equal to 105% of the relevant Tranche; and

(ii) in the case of the Conversion Units, that part of the Amount Outstanding which is purported to have been converted in accordance with Section 5.2 (or which was not converted) will be deemed to remain outstanding and the relevant Conversion Notice shall be deemed revoked by the Investor.

5.7 Fractional Shares.

In connection with any issuance of Common Shares or Warrants hereunder, the Corporation shall not be required to issue fractions of Common Shares or Warrants or cause the issuance of certificates which evidence fractional Common Shares or Warrants, provided that if the number of Common Shares or Warrants otherwise required to be issued hereunder contains a decimal greater than or equal to 0.5, such number shall be rounded up to the next highest whole number and if the number of Common Shares or Warrants otherwise required to be issued hereunder contains a decimal less than 0.5, such number shall be rounded down to the next lowest whole number.

ARTICLE VI - REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

6.1 Representations and Warranties of the Corporation.

The Corporation hereby represents and warrants to the Investor as of the date hereof and on every date during the Commitment Period as follows and acknowledges that the Investor is relying upon the following representations and warranties in connection with the transactions contemplated hereunder:

(a) Good Standing. The Corporation is a corporation duly organized and validly existing under the laws of the Province of Ontario and will at all times during the Commitment Period validly exist as a corporation under the laws of a Canadian jurisdiction, is duly qualified to carry on its business and is in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification, and has all requisite corporate power, authority and capacity to carry on its business as now conducted and to own, lease or operate its property and assets and to enter into, execute, deliver and perform its obligations under this Agreement pursuant to its terms. The Corporation and each of its Subsidiaries is conducting its respective businesses in compliance in all material respects with all applicable laws, rules and regulations of each jurisdiction in which its respective businesses are carried on, and all licenses, registrations and qualifications of the Corporation and each of its Subsidiaries are valid, subsisting and in good standing, except in respect of matters which do not and will not individually or in the aggregate result in a Material Adverse Effect on the Corporation, and except for the failure to be so qualified or the absence of any such license, registration or qualification which individually or in the aggregate does not and will not have a Material Adverse Effect on the Corporation;

(b) Authorization, Enforcement. (i) The execution and delivery of this Agreement by the Corporation and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary corporate and shareholder action and no further consent or authorization of the Corporation, its Board or its shareholders is required, (ii) each of this Agreement, as of the date hereof, and the Warrants, as of the date of issue, has been or will upon issuance, respectively, duly executed and delivered by the Corporation, and (iii) each of this Agreement, the Convertible Security and each Warrant is, at the time of delivery, a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, receivership or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application;

(c) Subsidiaries. As of the date hereof, the Corporation has no Subsidiaries. As of any relevant date on which representations are made or deemed to be made by the Corporation, if applicable, each of the Corporation's Subsidiaries is, directly or indirectly, a wholly-owned Subsidiary of the Corporation and is duly incorporated and organized and validly existing under the laws of its jurisdiction of incorporation, is duly qualified to carry on its business and is in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification, and has all requisite corporate power, authority and capacity to carry on its business as conducted on such date and to own, lease or operate its property and assets;

(d) Authorized and Issued Capital of the Corporation. The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which as of the date hereof, there are outstanding 34,269,487 Common Shares, all of which have been duly and validly authorized and are issued as fully paid and non-assessable;

(e) Securities. No person or other entity has any written or oral agreement, right, option, warrant or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement for or the right to purchase any of the issued or unissued securities of the Corporation or any Subsidiary other than the Investor pursuant to this Agreement and other than options to purchase Common Shares in accordance with the Corporation's Amended and Restated Share Option Plan dated December 9, 2011. The issuance and sale of any of the Tranche Shares, the Investor Shares, the Convertible Security, the Conversion Units or the Warrants will not obligate the Corporation to issue Common Shares or other securities of the Corporation to any person other than the Investor and will not result in the adjustment of the exercise, conversion or exchange price of any outstanding security;

(f) Reporting Issuer Status. The Corporation is a "reporting issuer" (or the equivalent thereof), not in default, in each of the Provinces of Alberta, British Columbia and Ontario and will at all times be a "reporting issuer" (or the equivalent thereof), not in default, in at least one of the Provinces of Alberta, British Columbia and Ontario;

(g) Trading of Common Shares. The issued and outstanding Common Shares are listed and posted for trading on the Exchange and no order ceasing or suspending trading in any securities of the Corporation or prohibiting the sale of the Tranche Shares, the Investor Shares, the Convertible Security or the Warrants pursuant to the terms hereof or the trading of any of the Corporation's issued securities has been issued and no proceedings for such purpose are pending or, to the Corporation's knowledge, information and belief, after due inquiry, threatened. The Corporation has not received any notice from the Exchange questioning or threatening the continued listing of its Common Shares on such Exchange and the Corporation is not in default of any rules, regulations or policies of the Exchange;

(h) Issuance of Tranche Shares. All necessary corporate action has been taken by and on behalf of the Corporation to authorize the issuance and sale of the Tranche Securities and to reserve for issuance and, once payment is received therefor, to issue the Tranche Securities and the Tranche Shares shall, when issued and once paid for in accordance with the terms of this Agreement, be validly issued as fully paid and non-assessable and free and clear of any lien, charge or encumbrance, except for restrictions imposed by applicable law and the Warrants that are Tranche Securities shall, when issued, have been duly executed and delivered by the Corporation and shall be valid and binding obligations of the Corporation enforceable in accordance with their terms;

(i) Issuance of Investor Shares. All necessary corporate action has been taken by and on behalf of the Corporation to authorize the issuance and sale, and to reserve for issuance the Investor Shares and such Investor Shares shall, when issued and once paid for in accordance with the terms of this Agreement (including, in the case of the Commitment Fee Shares, in consideration for the Investor entering into this Agreement), be validly issued as fully paid and non-assessable and free and clear of any lien, charge or encumbrance, except for restrictions imposed by applicable law;

(j) Listing of Tranche Shares and Investor Shares. The Exchange has conditionally approved the listing of the Tranche Shares and the Investor Shares and except as noted in the Exchange conditional listing approval letter (the "**Exchange Letter**"), no other Exchange approvals are required prior to the issuance of the Tranche Shares, the Investor Shares, the Convertible Security, the Conversion Units or the Warrants;

(k) No Bankruptcy. Neither the Corporation nor any of its Subsidiaries 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, as the case may be, 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 neither the Corporation nor any of its Subsidiaries is an insolvent person (as that term is defined in the *Bankruptcy and Insolvency Act* (Canada));

(l) No Shareholder or Voting Trust Agreements. To the Corporation's knowledge, information and belief, after due inquiry, no agreement exists among any of the shareholders of the Corporation in respect of the Corporation;

(m) No Conflicts. The execution, delivery and performance of this Agreement by the Corporation and the consummation by the Corporation of the transactions contemplated herein, including the issuance of the Convertible Security, do not and will not (i) violate any term or provision of the constating documents, by-laws or resolutions of the Corporation or any of its Subsidiaries, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, mortgage, deed of trust, indenture, note, bond, license, lease agreement, instrument or obligation to which the Corporation or any of its Subsidiaries is a party or is otherwise bound, or by which any of their respective properties or assets are otherwise bound, (iii) create or impose a lien, charge or encumbrance on any property of the Corporation or any of its Subsidiaries under any agreement or any commitment to which the Corporation or any of its Subsidiaries is a party or by which the Corporation or any of its Subsidiaries is bound or by which any of their respective properties or assets are otherwise bound, or (iv) result in a violation of any federal, provincial, local or foreign statute, rule, regulation, order, judgment or decree (including any Securities Laws) applicable to the Corporation, any of its Subsidiaries or by which any property or asset of the Corporation or any of its Subsidiaries are bound or affected, except, in all cases, for such conflicts, defaults, terminations, amendments, accelerations and cancellations as would not, individually or in the aggregate, have a Material Adverse Effect on the Corporation. The Corporation is not required under any federal, provincial, local or foreign law, rule or regulation to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement, or issue and sell the Tranche Securities, the Investor Shares, the Convertible Security or the Warrants (other than the filing of Prospectus and all necessary related documents thereto in each of the Designated Provinces to qualify the distribution of the Tranche Securities and the Commitment Fee Shares in each of the Designated Provinces, obtaining the ASC Relief and the filing by the Corporation within the prescribed time period of a report on Form 45-106F1 with respect to the issuance of the Convertible Security, together with the prescribed fees, as prescribed under National Instrument 45-106 – *Prospectus and Registration Exemptions*);

(n) No Material Adverse Effect. Since the date of the Corporation's most recent audited financial statements, no Material Adverse Effect has occurred or exists with respect to the Corporation or any of its Subsidiaries;

(o) No Undisclosed Events or Circumstances. Since the date of the Corporation's most recent audited financial statements, no event or circumstance has occurred or exists with respect to the Corporation, any of its Subsidiaries or their respective assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, prospects, condition (financial or otherwise) or results of operations, that, under applicable law, rule or regulation (including the Securities Laws), requires public disclosure or announcement by the Corporation but which has not been so publicly announced or disclosed in the Corporation's Information Record in the manner prescribed by applicable Securities Laws. The Corporation has delivered or made available on SEDAR or otherwise to the Investor true and complete copies of the Corporation's Information Record. The Corporation has not provided to the Investor any information which, according to applicable law, rule or regulation (including the Securities Laws), should have been disclosed publicly by the Corporation but which has not been so disclosed, other than with respect to the transactions contemplated by this Agreement. As of their respective filing dates, the Corporation's Information Record complied with the requirements of applicable Securities Laws, and, as of their respective filing dates, the Corporation's Information Record did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Corporation is in compliance and has complied with the Securities Laws. The financial statements of the Corporation included in the Corporation's Information Record comply as to form in all material respects with applicable accounting requirements, Securities Laws and other applicable rules and regulations with respect thereto. The audited and unaudited financial statements of the Corporation and its Subsidiaries have been prepared in accordance with GAAP applied on a consistent basis during the periods covered thereby, and present, in all material respects, fully, fairly and correctly the assets, liabilities and financial position of the Corporation and its Subsidiaries as at the dates thereof and the results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments);

(p) Actions Pending. There is no action, suit, claim, investigation or other proceeding pending or, to the Corporation's knowledge, information and belief, after due inquiry, threatened against the Corporation or any of its Subsidiaries which questions the validity of this Agreement or the transactions contemplated hereby or any action taken or to be taken pursuant hereto, including any which would restrain or otherwise prevent, in any manner, the Corporation from effectually and legally issuing to the Investor the Tranche Shares, the Investor Shares, the Convertible Security or the Warrants pursuant to the terms hereof. There is no action, suit, claim, investigation or proceeding pending or, to the Corporation's knowledge, information and belief, after due inquiry, threatened, against or involving the Corporation, any of its Subsidiaries or any of their properties or assets, which action, suit, claim, investigation or proceeding would reasonably be expected to have a Material Adverse Effect on the Corporation. There are no outstanding orders, judgments, injunctions, awards or decrees of any court, arbitrator or governmental or regulatory body against the Corporation or any of its Subsidiaries except those orders, judgments, injunctions, awards or decrees which, whether individually or taken together, would not have a Material Adverse Effect on the Corporation;

(q) No Undisclosed Liabilities. Neither the Corporation nor any of its Subsidiaries has any liabilities, obligations, claims or losses (whether liquidated or unliquidated, secured or unsecured, absolute, accrued, contingent or otherwise) that would, individually or in the aggregate (on a consolidated basis), be required to be disclosed on a balance sheet of the Corporation or any of its Subsidiaries (including the notes thereto) in conformity with GAAP which are not disclosed in the Corporation's Information Record, other than those incurred in the ordinary course of business of the Corporation or its Subsidiaries since such date and which, neither individually nor in the aggregate, has or would have a Material Adverse Effect on the Corporation. Except as disclosed in the Corporation's Information Record, there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Corporation or any of its Subsidiaries that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of expenses of the Corporation and its Subsidiaries;

(r) Indebtedness. The Corporation's Information Record sets forth in all material respects, all outstanding secured and unsecured Indebtedness of the Corporation and each of its Subsidiaries or for which the Corporation or any of its Subsidiaries has commitments. To the Corporation's knowledge, information and belief, after due inquiry, neither the Corporation nor any of its Subsidiaries is in default with respect to any Indebtedness except for such default that individually or in the aggregate would not have a Material Adverse Effect on the Corporation;

(s) Convertible Security. There is no Indebtedness or other equity of the Corporation that is senior to, or *pari passu* with, the Convertible Security in right of payment, whether with respect to interest or upon liquidation or dissolution, or otherwise;

(t) Title to Assets. The Corporation and each of its Subsidiaries have good and marketable title to all of their real and personal property reflected in the Corporation's Information Record, free of any mortgages, pledges, charges, liens, security interests or other encumbrances whatsoever, except such that do not cause a Material Adverse Effect on the Corporation's financial condition or operating results. To the Corporation's knowledge, information and belief, after due inquiry, all leases of the Corporation and each of its Subsidiaries are valid and subsisting and in full force and effect;

(u) Taxes. The Corporation and each of its Subsidiaries have filed all federal, provincial, local and foreign tax and information returns that are required to be filed or have requested extensions thereof and the information contained in such returns is correct and complete and reflects accurately all liabilities for Taxes for the period covered. The Corporation and each of its Subsidiaries have paid all Taxes, interest and penalties required to be paid by them to the extent that any of the foregoing is due and payable except for any such assessment, fine or penalty that is currently being contested in good faith and by appropriate proceedings where adequate reserves have been established in accordance with GAAP. The Corporation and each of its Subsidiaries have withheld from each payment made to any of their past or present employees, officers or directors, and to any non-residents the amount of all Taxes and other deductions required to be withheld therefrom and have paid the same to the proper tax or other receiving officers within the time required under the applicable legislation.

The Corporation and its Subsidiaries, on a consolidated basis, have established on their books and records reserves that are adequate for the payment of all Taxes not yet due and payable. There are no liens for Taxes on the assets of the Corporation or any of its Subsidiaries. There are no current audits or, to the Corporation's knowledge, information and belief, after due inquiry, audits pending, of the tax or information returns of the Corporation or any of its Subsidiaries (whether federal, provincial, local or foreign). To the Corporation's knowledge, information and belief, after due inquiry, there are no claims which have been or may be asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the imposition by any governmental agency of Taxes, interest or penalties or the assertion of any deficiency that would have a Material Adverse

Effect on the Corporation. To the Corporation's knowledge, information and belief, after due inquiry, none of Canada Revenue Agency or any provincial, state or foreign taxation authority has asserted or threatened to assert any assessment, claim or liability for Taxes due or to become due in connection with any review or examination of the tax returns of the Corporation or any of its Subsidiaries filed for any year. The Corporation is resident in Canada for purposes of the *Income Tax Act* (Canada) and the *Excise Tax Act* (Canada);

(v) Certain Fees. Except for the fee referred to in Section 16.1, no brokers, finders or financial advisory fees or commissions will be payable by the Corporation with respect to the transactions contemplated by this Agreement;

(w) Disclosure. To the Corporation's knowledge, information and belief, after due inquiry, neither this Agreement nor any other documents, certificates or instruments furnished to the Investor by or on behalf of the Corporation or any of its Subsidiaries in connection with the transactions contemplated by this Agreement contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein or therein, in the light of the circumstances under which they were made herein or therein, not misleading;

(x) Operation of Business. The Corporation and each of its Subsidiaries own or possess all patents, trademarks, service marks, trade names, copyrights, licenses and authorizations as set forth in the Corporation's Information Record, and all other rights which are necessary for the conduct of their respective businesses as now conducted or as are reflected in the Corporation's Information Record as being contemplated;

(y) Books and Records. To the Corporation's knowledge, information and belief, after due inquiry, the records and documents of the Corporation and each of its Subsidiaries accurately reflect, in all material respects, the information relating to the businesses of the Corporation and its Subsidiaries, the location and collection of their assets, and the nature of all transactions giving rise to the obligations or accounts receivable of the Corporation and its Subsidiaries;

(z) Insurance. The Corporation and each of its Subsidiaries carry or will have the benefit of insurance in such amounts and covering such insurable hazards or risks as is adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaging in similar businesses and similar industries. Neither the Corporation nor any of its Subsidiaries have made any material claim on any policy of insurance or been refused any insurance coverage sought or applied for. Neither the Corporation nor any of its Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue their respective businesses at a cost that would not be reasonably expected to have a Material Adverse Effect on the Corporation;

(aa) Material Agreements. Except as disclosed in the Corporation's Information Record, neither the Corporation nor any of its Subsidiaries is a party to or bound by any presently existing oral or written contract or commitment which is material. Except as disclosed in the Corporation's Information Record, to the Corporation's knowledge, information and belief, after due inquiry, the Corporation and each of its Subsidiaries have in all material respects performed all contractual obligations required to be performed by them to date, have received no notice of default and are not in default under any contract now in effect, the result of which could individually or in the aggregate cause a Material Adverse Effect on the Corporation. No written or oral contract, instrument, agreement, commitment, obligation, plan or arrangement of the Corporation or any of its Subsidiaries imposes an obligation on the Corporation to pay dividends on the Common Shares or limits or shall limit the payment of dividends on the Common Shares;

(bb) Interests of Insiders. Other than as described in Corporation's Information Record, no insider of the Corporation or any associate or affiliate of any insider of the Corporation 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 Corporation;

(cc) Employees. Neither the Corporation nor any of its Subsidiaries has any collective bargaining arrangements or similar agreements covering any of its employees. Neither the Corporation nor any of its Subsidiaries is in breach of any employment contract, agreement regarding proprietary information, non-competition agreement, non-solicitation agreement, confidentiality agreement, or any other similar contract or restrictive covenant, relating to the right of any officer, to be employed or engaged by the Corporation or any of its Subsidiaries and which breach would individually or in the aggregate have a Material Adverse Effect on the Corporation. Since the date of the Corporation's most recent audited financial statements, no officer, consultant or key employee of the Corporation or any of its Subsidiaries whose termination, either individually or in the aggregate, would have a Material Adverse Effect on the Corporation, has terminated or, to the knowledge, information or belief of the Corporation, after due inquiry, has any present intention of terminating his or her employment or engagement with the Corporation or any of its Subsidiaries;

(dd) Acknowledgment Regarding Investor's Purchase of Securities. The Corporation acknowledges that the Investor is acting solely in the capacity of an arm's length purchaser with respect to this Agreement and the transactions contemplated hereunder. The Corporation further acknowledges that the Investor is not acting as a financial advisor or fiduciary of the Corporation (or in any other similar capacity) with respect to this Agreement and the transactions contemplated hereunder and any advice given by the Investor or any of its representatives or agents in connection with this Agreement and the transactions contemplated hereunder is merely incidental to the purchase of the Tranche Securities by the Investor and the other transactions contemplated hereunder. The Corporation further acknowledges that the Corporation's decision to enter into this Agreement has been based solely on an independent evaluation by the Corporation and its advisors;

(ee) Qualification for Distribution. The Corporation has obtained the ASC Relief;

(ff) Environmental Laws. (i) Neither the Corporation nor any of its Subsidiaries is in violation of any Environmental Laws; (ii) the Corporation and each of its Subsidiaries have all permits, authorizations and approvals required under applicable Environmental Laws and the Corporation and each of its Subsidiaries is in compliance with such permits, authorization and approvals; (iii) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Corporation or any of its Subsidiaries; and (iv) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Corporation or any of its Subsidiaries relating to any Environmental Laws;

(gg) No Environmental Claims. Without limiting the generality of paragraph (ff) immediately above, the Corporation and each Subsidiary of the Corporation does not have any knowledge of, and have not received any notice of, any material claim, judicial or administrative proceeding, pending or threatened against, or which may affect, either the Corporation or any Subsidiary of the Corporation or any of the property, assets or operations thereof, relating to, or alleging any violation of any Environmental Laws; the Corporation is not aware of any facts which could give rise to any such claim or judicial or administrative proceeding and neither the Corporation nor any Subsidiary of the Corporation nor any of the property, assets or operations thereof is the subject of any investigation, evaluation, audit or review by any Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any contaminant into the environment, except for compliance investigations conducted in the normal course by any Governmental Authority, which could not reasonably be expected to have individually or in the aggregate a Material Adverse Effect on the Corporation;

(hh) No Environmental Orders. There are no orders, rulings or directives issued, pending or, to the Corporation's knowledge, information and belief, after due inquiry, threatened against the Corporation or any Subsidiary under or pursuant to any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to the property or assets of the Corporation or any Subsidiary of the Corporation which would have individually or in the aggregate a Material Adverse Effect on the Corporation;

(ii) Environmental Restoration or Rehabilitation. The Corporation and its Subsidiaries are not subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment (except for those derived from normal exploration or mining activities) or non-compliance with Environmental Laws which could reasonably be expected to have individually or in the aggregate a Material Adverse Effect on the Corporation;

(jj) Technical Report. The technical report titled "Technical Report on the HOAM Project" dated November 30, 2012 (the "**Technical Report**") has been prepared by professional geologists or mining engineers and complies with the requirements of NI 43-101 and CIM Standards on Mineral Resource Definitions and Guidelines. The Corporation believes that the Technical Report reasonably presents the quantity of mineral resources attributable to the property evaluated therein as at the date stated therein based upon information available at the time the Technical Report was prepared. There has been no change to the information contained in the Technical Report of which the Corporation is aware that would require the authoring of a new technical report under NI 43-101. The Corporation has duly filed, and will in future duly file, with the Securities Commissions in compliance with Securities Laws (including NI 43-101) and with CIM Standards on Mineral Resource Definitions and Guidelines all technical reports required by NI 43-101 to be filed with the Securities Commissions;

(kk) Mining Leases. The Corporation and each of its Subsidiaries holds all requisite leases, licenses, registrations, qualifications, permits and consents sufficient to permit the Corporation or applicable Subsidiaries to explore the minerals located in the Properties and all such leases, licenses, registrations, qualifications, permits and consents are valid and subsisting and in good standing in all material respects. In particular, without limiting the generality of the foregoing, neither the Corporation nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or adverse modification of any material mining or exploration lease, permit or license, nor have any of them received notice of the revocation or cancellation of, or any intention to revoke or cancel, any mining claims, groups of claims, exploration rights, concessions or leases with respect to any of the Properties;

(ll) Ownership. The Corporation and its Subsidiaries are the absolute legal and beneficial owners of, or hold a good and valid leasehold or other contractual interest or title to, all of the Properties or assets thereof, and no other Mining Rights are necessary to explore for minerals located in the Properties. None of the Corporation nor any Subsidiary of the Corporation knows of any claim or the basis for any claim that might or could individually or in the aggregate materially and adversely affect the right of the Corporation or any Subsidiary, as the case may be, to use or otherwise exploit such Mining Rights currently held by the Corporation and its Subsidiaries;

(mm) Mining Rights. As of the date hereof, the Properties cover an area of 142,008.85 acres (57,468.94 hectares). The Corporation and its Subsidiaries hold either freehold title, mining leases, mining concessions, mining rights licenses, mining claims or participating interests or other conventional property or proprietary interests or rights, recognized in the jurisdiction in which a particular Property is located (collectively, the "**Mining Rights**"), in respect of the minerals located in the Properties under valid, subsisting and enforceable title, documents or other recognized and enforceable agreements or instruments, sufficient to permit the Corporation or the applicable Subsidiary to explore the minerals relating thereto. All property, leases or claims in which the Corporation or any Subsidiary of the Corporation has an interest or right have been validly located and recorded in accordance in all respects with all applicable laws and are valid and subsisting. The Corporation and its Subsidiaries have all necessary surface rights, access rights and other necessary rights and interests relating to the Properties granting the Corporation or applicable Subsidiary the right and ability to explore for minerals for development purposes as are appropriate in view of the rights and interest therein of the Corporation or the applicable Subsidiary. Each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of the Corporation or a Subsidiary of the Corporation. The Mining Rights listed in Schedule "F" constitute all material Mining Rights held by the Corporation and its Subsidiaries;

(nn) <u>Aboriginal Rights</u>. There are no claims with respect to aboriginal rights currently, or to the best of the knowledge of the Corporation, pending or threatened with respect to any of the Properties of the Corporation or its Subsidiaries;

(oo) <u>Royalty Obligations</u>. Other than the royalty obligations set out in the Technical Report, no person has any entitlement to any royalty or other payment in the nature of rent or royalty on any minerals, metals or concentrates on any other such products derived from or removed from the areas under the Mining Rights;

(pp) <u>Resale</u>. No documents are required to be filed in connection with the resale of the Tranche Securities or the Investor Shares in the Designated Provinces under applicable Securities Laws, provided the resale is not a control distribution as defined under applicable Securities Laws;

(qq) <u>Attributes of Securities</u>. The attributes of the Tranche Shares, the Convertible Security, the Conversion Units, the Warrants and the Investor Shares conform in all material respects with the description thereof in this Agreement and in the Final Prospectus or Renewal Prospectus, as applicable, and the Prospectus Supplement;

(rr) <u>Due Diligence</u>. The minute books and corporate records of the Corporation and each of its Subsidiaries made or to be made available to the Investor or its counsel in connection with its due diligence investigations of the Corporation and its Subsidiaries for the period from their respective dates of incorporation to the dates of examination thereof, are the original minute books and records of the Corporation and each of its Subsidiaries or true copies thereof and contain copies of all proceedings (or certified copies thereof) of the shareholders, the Board and all committees of the Board or the shareholders, board of directors, and all committees of the directors of each of its Subsidiaries and there have been no other proceedings of the shareholders, the Board or any committee of the Board of the Corporation or the shareholders, board of directors, or any committees of the directors of any of its Subsidiaries 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 Investor in writing or those which are not material in the context of the Corporation, as a whole;

(ss) Prospectus. All information and statements contained in the Prospectus will be, as of each applicable Tranche Securities Issuance Date and date of any sale by the Investor to a First Purchaser, as the case may be, true and correct in all material respects and will contain no misrepresentation, and will constitute full, true and plain disclosure of all material facts relating to the Corporation and its Subsidiaries and the Securities qualified by such Prospectus and will not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made;

(tt) Transfer Agent. Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia has been duly appointed as the registrar and transfer agent in respect of the Common Shares; and

(uu) U.S. compliance.

(i) *No general solicitation*. Neither the Corporation nor to its knowledge, any person acting on its behalf, has conducted any general solicitation or general advertising (as those terms are used in Regulation D under the *United States Securities Act of 1933*, as amended (the "**1933 Act**")), in connection with the offering of the Securities to the Investor;

(ii) *No integrated offering*. Neither the Corporation nor any of its Affiliates, nor any person acting on its or their behalf has, directly or indirectly, sold, offered for sale or solicited offers to buy or otherwise negotiated in respect of any security, in a manner, or under circumstances, that:

(A) would adversely affect reliance by the Corporation on the provisions of Rule 506 of Regulation D under the 1933 Act for the exemption from registration for the sale and offer of the Securities to the Investor;

(B) would require registration of the sale of the Securities under the 1933 Act; or

(C) would cause such offer or solicitation to be deemed integrated with the offering of the Securities, whether under the 1933 Act, or otherwise;

(iii) *Private placement*. The offer and sale of the Securities to the Investor, as contemplated by this Agreement, is exempt from the registration requirements of the 1933 Act by virtue of Rule 506 of Regulation D under the 1933 Act;

(iv) *Foreign private issuer*. The Corporation is a "foreign private issuer" as that term is defined in Rule 405 under the 1933 Act;

(v) *Category 1 securities*. The Securities are eligible for Category 1 under Rule 903 of Regulation S under the 1933 Act; and

(vi) *No registration required*. Subject to and relying on the representations of the Investor in Section 7.1, the Corporation is not required to register its securities under the 1933 Act, the Exchange Act, and the rules and regulations under any of the foregoing.

ARTICLE VII - REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

7.1 Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Corporation as follows and acknowledges that the Corporation is relying upon the following representations and warranties in connection with the transactions contemplated hereunder:

(a) Organization, Residency, and Standing of the Investor. The Investor is a limited partnership organized and validly existing under the laws of Delaware;

(b) Authorization and Power. The Investor has the requisite power and capacity to enter into, and to perform its obligations under this Agreement. This Agreement has been duly authorized, executed and delivered by the Investor and is a valid and binding obligation of the Investor enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, receivership or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application;

(c) No Conflicts. The execution, delivery and performance of this Agreement by the Investor and the consummation by the Investor of the transactions contemplated herein do not and will not (i) violate any term or provision of the constating documents of the Investor, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of any agreement, mortgage, deed of trust, indenture, note, bond, license, lease agreement, instrument or obligation to which the Investor is a party or is otherwise bound, (iii) create or impose a lien, charge or encumbrance on any property of the Investor under any agreement or any commitment to which the Investor is a party or by which the Investor is bound or by which any of its properties or assets are otherwise bound, or (iv) result in a violation of any federal, state, provincial, local or foreign statute, rule, regulation, order, judgment or decree (including any Securities Laws) applicable to the Investor or by which any property or asset of the Investor is bound or affected, except, in all cases, for such conflicts, defaults, terminations, amendments, accelerations and cancellations as would not, individually or in the aggregate, have a Material Adverse Effect on the Investor. The Investor is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency (other than the ASC Relief and the making of all other filings which are required to be made by the Investor incidental thereto) in order for it to execute, deliver or perform any of its obligations under this Agreement or to purchase the Tranche Securities or to subscribe for the Investor Shares;

(d) Financial Resources. The Investor has, and shall continue to have, the financial resources and/or funding capability necessary to complete its obligations under this Agreement;

(e) Investor as Principal. The Tranche Securities, the Convertible Security and the Commitment Fee Shares will be purchased by the Investor (except for the Commitment Fee Shares, which will be issued to the Investor in consideration for the Investor entering into this Agreement) as principal for its own account and not for the benefit of any other party;

(f) Prime Broker. As of the date hereof, the Investor intends to sell Tranche Shares on the Exchange through Pershing, LLC, on behalf of Deutsche Bank. The Investor shall notify the Corporation of any change to the identity of the broker being used by the Investor to sell Tranche Shares on the Exchange within three (3) Business Days of such change having taken effect;

(g) U.S. Compliance - investment intent. The Investor understands that the Securities are "restricted securities" under the 1933 Act and have not been registered under the 1933 Act or any applicable state securities law, and, accordingly, may not be offered or sold except pursuant to an effective registration statement under the 1933 Act or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and in accordance with applicable state securities laws. For purposes of assuring that the Investor is not an underwriter within the meaning of Section 2(a)(11) of the 1933 Act for purposes of Rule 502(d) under the 1933 Act, the Investor represents that it:

(i) is acquiring the Securities as principal for its own account for investment purposes only (as contemplated by the 1933 Act and the rules and regulations thereunder) and not with a present view to or for distributing or reselling such Securities or any part of the Securities in violation of the 1933 Act;

(ii) has no present intention of distributing any of such Securities in violation of the 1933 Act; and

(iii) has no arrangement or understanding with any other person or persons regarding the distribution of such Securities in violation of the 1933 Act.

The representations and warranties set out in this clause are to be interpreted in accordance with Article 15;

(h) Investor status. At the time the Investor was offered the Securities, it was, and at the Initial Cash Advance Date it will be, an "accredited investor" as defined in Rule 501(a) under the 1933 Act. The Investor is not, and is not required to be, registered as a broker or dealer under section 15 of the Exchange Act;

(i) General solicitation. The Investor is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar, or in any filing with the United States Securities and Exchange Commission, or any other general solicitation or general advertisement;

(j) No Violation of Securities Laws. Subject to compliance by the Corporation with Sections 8.1(a)(i) through (vi) and relying on the representations of the Corporation in Section 6.1(ss) and (uu) and Section 8.1(n), the purchase and sale of the Securities by the Investor pursuant to the terms of this Agreement do not and will not, violate the Securities Laws, United States federal and state securities laws or the securities laws of any other jurisdiction in which the Investor is resident; and

(k) United States Resale Restrictions. The Investor acknowledges and understands that the Securities, as restricted securities under U.S. Securities Laws, have, in addition to any other resale restrictions imposed by the specific terms thereof or by the Securities Laws, the following resale restrictions under U.S. Securities Laws and hereby agrees to transfer the Securities only: (A) to the Corporation, (B) outside the United States in accordance with Regulation S and pursuant to Securities Laws, the by-laws, rules and policies of the Exchange and the terms of the Agreement, (C) within the United States in accordance with the exemption from registration under the 1933 Act provided by Rule 144 thereunder, if available, and in compliance with any applicable state securities laws, or (D) in a transaction that does not require registration under the 1933 Act or any applicable U.S. state laws and regulations governing the offer and sale of securities if, in the event of a sale pursuant to this clause (D), the Investor has furnished to the Corporation an opinion of counsel of recognized standing reasonably satisfactory to the Corporation.

ARTICLE VIII - COVENANTS

8.1 Covenants of the Corporation.

The Corporation covenants with the Investor as follows:

(a) Securities and Exchange Compliance.

(i) The Corporation shall take or use its commercially reasonable best efforts to cause to be taken all necessary action and proceedings as may be required and permitted by applicable law, rule and regulation for the legal and valid creation and issuance of the Tranche Securities, the Investor Shares, the Convertible Security and the Warrants to the Investor. The Corporation will use its commercially reasonable best efforts to arrange for the listing and posting for trading of the Tranche Shares and the Investor Shares on the Exchange as soon as possible following their issue.

(ii) The Corporation covenants and agrees to: (A) use commercially reasonable efforts to prepare and file the Preliminary Prospectus with the Securities Commissions and obtain a receipt (or deemed receipt) therefor as soon as practicable following the date hereof; (B) promptly resolve all comments received or deficiencies raised by the Securities Commissions in respect of the Preliminary Prospectus as expeditiously as possible; and (C) use commercially reasonable best efforts to, as soon as practicable after all comments of the Securities Commissions have been satisfied with respect to the Preliminary Prospectus, prepare and file the Final Prospectus and obtain the ASC Decision Document therefore.

(iii) The Corporation covenants and agrees to (A) use commercially reasonable best efforts to prefile a draft of the Prospectus Supplement with the Securities Commissions in accordance with the timing contemplated by the ASC Relief; (B) promptly resolve all comments received or deficiencies raised by the Securities Commissions in respect of the Prospectus Supplement as expeditiously as possible; (C) use commercially reasonable best efforts to, as soon as practicable after all comments of the Securities Commissions have been satisfied with respect to the Prospectus Supplement, prepare and file the Prospectus Supplement with the Securities Commissions; and (D) to use commercially reasonable best efforts to file all necessary documents and take all requisite proceedings and make, take or obtain all approvals, permits, consents, orders, authorizations or legal requirements under the Securities Laws of each of the Designated Provinces to permit the issuance of the Convertible Security, the Warrants, the Tranche Shares and the Investor Shares hereunder.

(iv) The Corporation covenants and agrees to use commercially reasonable best efforts to obtain the ASC Decision Document with respect to any

Renewal Prospectus prior to the expiry of the Final Prospectus and in connection therewith the Corporation covenants and agrees to: (A) use commercially reasonable best efforts to file a preliminary base shelf prospectus in connection with the Renewal Prospectus no later than 24 months after the date of the ASC Decision Document with respect to the Final Prospectus; (B) promptly resolve all comments received or deficiencies raised by the Securities Commissions in respect of such preliminary base shelf prospectus as expeditiously as possible; (C) use commercially reasonable best efforts to, as soon as practicable after all comments of the Securities Commissions have been satisfied with respect to such preliminary base shelf prospectus, prepare and file the Renewal Prospectus and obtain the ASC Decision Document therefor; and (D) provide a favourable legal opinion from the Corporation's outside counsel addressed to the Investor and the Investor's counsel, dated the date of the ASC Decision Document with respect to such Renewal Prospectus, in the form agreed to by the parties acting reasonably, provided that in giving such opinion, counsel to the Corporation 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.

(v) The Corporation covenants and agrees to use commercially reasonable best efforts to obtain and file with the Securities Commissions from time to time all documents required to be filed with the Securities Commissions relating to the Final Prospectus or Renewal Prospectus, including the consent of the Corporation's auditors and any applicable "qualified person" (as such term is defined under applicable Securities Laws).

(vi) The Corporation covenants and agrees to use commercially reasonable best efforts to obtain the ASC Renewal Relief prior to the expiry of the then effective ASC Relief and in connection therewith the Corporation shall use commercially reasonable best efforts to file an application for the ASC Renewal Relief with the Securities Commissions on the date that is 23 months from the date of the ASC Decision Document for the Final Prospectus.

(vii) All documents prepared by the Corporation and filed with the Securities Commissions pursuant to paragraphs (ii) through (vi) above shall be provided in draft form to the Investor within a reasonable period prior to such filing and be satisfactory in form and substance to the Investor, acting reasonably.

(viii) At the respective times of filing and at all times subsequent to the filing thereof during the distribution of the Tranche Securities and the Commitment Fee Shares, the Prospectus will comply with the requirements of the Securities Laws pursuant to which it has been filed and the ASC Relief and will provide full, true and plain disclosure of all material facts relating to the Corporation, such Tranche Securities and Commitment Fee Shares as required by the Securities Laws, and the Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(ix) In accordance with the ASC Relief, in connection with each issuance of Tranche Securities and Commitment Fee Shares hereunder, the Corporation shall prepare and file a new, amended or supplemented Final Prospectus or Renewal Prospectus, as applicable, and shall comply with all other applicable filing and other requirements under the Securities Laws in connection therewith, on or prior to the applicable Tranche Securities Issuance Date, such that the Prospectus is current at the date of such issuance in accordance with Securities Laws and the ASC Relief (qualifying the distribution of the applicable Tranche Securities and Commitment Fee Shares). In connection with this Agreement and the transactions contemplated hereby, the Corporation shall comply with all requirements of the Exchange Letter (including the requirement that the Corporation disclose in a quarterly press release the number of Tranche Securities issued during the previous quarter and the Purchase Price for such Tranche Securities Issuances), the ASC Relief and the Securities Laws and shall file all necessary documents and take all requisite proceedings and make, take or obtain all approvals, permits, consents, orders, authorizations or legal requirements under the Securities Laws of each of the Designated Provinces to permit the issuance of the Convertible Security, the Warrants, the Tranche Securities and the Investor Shares hereunder.

(b) Tranche Securities and Investor Shares. As of each applicable date of issuance of Tranche Securities and/or Investor Shares, the Corporation will have authorized and reserved, free of pre-emptive rights, a sufficient number of authorized but unissued Common Shares to cover the total number of Tranche Shares, Investor Shares and/or Commitment Fee Shares issuable to the Investor pursuant to this Agreement. The Tranche Securities (including the related Tranche Units, Tranche Shares and Warrants), when paid for and issued in accordance with the terms hereof, shall be freely tradeable and be duly and validly issued and outstanding as fully paid and non-assessable and free and clear of any lien, charge or encumbrance, except for restrictions imposed by applicable law, and the Investor shall be entitled to all rights accorded to a holder of Common Shares, as applicable, in respect of same. The Commitment Fee Shares, upon their issuance in accordance with the terms hereof, shall be freely tradeable and be duly and validly issued and outstanding as fully paid and non-assessable and free and clear of any lien, charge or encumbrance, except for restrictions imposed by applicable law, and the Investor shall be entitled to all rights accorded to a holder of Common Shares in respect of same. The Conversion Units (including the related

Warrants and Common Shares) issued upon Conversion of all or any portion of the Convertible Security in accordance with the terms thereof shall be freely tradeable on the date four months and one day following the Initial Cash Advance Date and be duly and validly issued and outstanding as fully paid and non-assessable and free and clear of any lien, charge or encumbrance, except for restrictions imposed by applicable law, and the Investor shall be entitled to all rights accorded to a holder of Common Shares in respect of same. In addition, the Corporation will work with and cooperate with the Investor to have the Tranche Shares and the Investor Shares issued in the most expeditious method available including issuance into the CDS Clearing and Depository Services Inc. Book Entry Only System.

(c) Notice in Certain Events. The Corporation will immediately notify in writing the Investor upon the occurrence of any of the following events:

(i) any fact, matter, circumstance or change relating to the Corporation which (A) would render the Prospectus misleading or untrue in any material respect, (B) would cause the Prospectus to contain a misrepresentation or to be in breach of Securities Laws, (C) would constitute a material fact or material change under Securities Laws or (D) may require an amendment or supplement to the Prospectus;

(ii) the issuance by any of the Securities Commissions of an order ceasing or restricting the trading of the Common Shares or the initiation of proceedings for that purpose;

(iii) delivery of a notice by the Exchange of the intention to suspend or restrict from trading or delisting of the outstanding Common Shares on the Exchange;

(iv) any filing by the Corporation for protection from creditors under any applicable law;

(v) any communication by a Securities Commission or the Exchange regarding the Prospectus or any transaction contemplated hereunder, requesting a revision to the Corporation's public disclosure or filing under the Securities Laws, preventing or suspending the use of the Prospectus to qualify Tranche Securities or Commitment Fee Shares (or threatening to do so); or

(vi) there is or could be reasonable doubt as to whether any notice under this Section 8.1(c) should be given.

(d) Amendment to Prospectus and Material Change Reports. The Corporation will use its best efforts to amend or supplement the Final Prospectus or Renewal Prospectus as soon as possible to remedy the circumstances described in the notice to be provided to the Issuer under paragraph (c)(i) above and will use its best efforts to file any material change report and certificates required under applicable Securities Laws within two (2) Business Days from the date of any material change. The Corporation will provide the Investor with a reasonable opportunity to review and comment on draft versions of any documents deemed incorporated by reference into the Final Prospectus or Renewal Prospectus and all such documents shall be in form and substance satisfactory to the Investor acting reasonably.

(e) Listing of Common Shares. During the Commitment Period, the Corporation shall take all reasonable steps necessary to continue the listing and trading of its Common Shares (including the Tranche Shares and Investor Shares) on the TSX Venture Exchange or another stock exchange or over-the-counter market acceptable to the Investor as freely tradable Common Shares and shall comply in all respects with its reporting, filing and other obligations under the by-laws, rules and policies of such exchange or market. The Corporation shall not, at any time after the date hereof during the Commitment Period and for a period of at least 36 months thereafter, voluntarily delist the Common Shares from the Exchange, even if such delisting is in connection with the listing of the outstanding Common Shares on another stock exchange or over-the-counter market.

(f) No Registration. The Corporation shall not register a class of equity securities under the Exchange Act and shall not, by the taking of any action or by omission to take action, be required to file reports pursuant to Section 13 or Section 15 of the Exchange Act.

(g) No Integration. The Corporation shall not, and shall cause all of its affiliates, and all persons acting on its or their behalf not to, directly or indirectly, sell, offer for sale or solicit offers to buy, or otherwise negotiate in respect of, any security, in a manner, or under circumstances, that:

(i) will adversely affect reliance by the Corporation on the provisions of Rule 506 of Regulation D under the 1933 Act for the exemption from registration for the transactions contemplated hereunder;

(ii) will require registration of the sale of the Securities under the 1933 Act; or

(iii) will cause such offer or solicitation to be deemed integrated with the offering of the Securities, whether under the 1933 Act, or otherwise.

(h) Other Agreements. The Corporation shall not enter into any agreement, the terms or result of which would restrict or impair the ability of the Corporation to perform its obligations under this Agreement.

(i) Consolidation; Merger. The Corporation shall provide notice to the Investor immediately upon the public announcement of any proposed Consolidation Event affecting the Corporation during the Commitment Period.

(j) Compliance with Laws. The Corporation shall comply in all material respects with all applicable laws, rules, regulations and orders and, without limiting the generality of the foregoing, the Corporation shall comply with all Securities Laws so as to permit the issuance of Tranche Securities and Commitment Fee Shares at the Initial Cash Advance Date and each Tranche Securities Issuance Date.

(k) Reporting Issuer Status. During the Commitment Period and for a period of at least 36 months thereafter, the Corporation shall use its commercially reasonable best efforts to maintain its status as a reporting issuer (or its equivalent) not in default under the Securities Laws and will advise the Investor in writing of any intent to become a reporting issuer in any jurisdiction of Canada other than the Designated Provinces.

(l) Keeping of Records and Books of Account. The Corporation shall keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied, reflecting all financial transactions of the Corporation which are required to be reflected in accordance with GAAP, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, Taxes, bad debts and other purposes in connection with its business shall be made.

(m) Limitation on Future Financing. From the date hereof until the date 45 days following the termination of this Agreement, the Corporation shall not effect, or enter into an agreement to effect, any Prohibited Transaction or create, incur, assume or suffer or permit to exist any Indebtedness.

(n) Exchange and Securities Commission Requirements. The Corporation shall provide the Exchange and the Securities Commissions with such information, undertakings, assurances and documentation as may be stipulated by the Exchange in the Exchange Letter or the Securities Commissions in the ASC Relief, respectively, or otherwise in connection with the transactions contemplated herein, including any documentation required for the final approval by the Exchange of any Tranche Shares or Investors Shares issued pursuant hereto, such documentation to be provided to the Exchange immediately after the issuance of such shares.

(o) Due Diligence Access. Upon reasonable notice from the Investor, which notice shall not be less than two Business Days, the Corporation and its Subsidiaries shall, during normal business hours (except in the case of due diligence to be conducted by the Investor in connection with a material change report proposed to be filed by the Corporation, in which case access shall be provided on the date the Corporation provides the draft material change report to the Investor without the requirement for notice hereunder), provide the Investor and its representatives access to the minute books, contracts, corporate records and any other document or information reasonably requested by the Investor in connection with the conduct of the Investor's due diligence investigations with respect to any issuance of securities pursuant to this Agreement or Prospectus in order to fulfil its obligations as a deemed underwriter and in order to enable the Investor to responsibly execute the certificates required to be executed by it in any

Prospectus. Without limiting the generality of the foregoing, the Corporation shall, on a reasonable basis, make available its directors, senior management and audit committee and use its commercially reasonable efforts to make available its auditors and legal counsel to answer any questions which the Investor may have and to participate in one or more due diligence sessions to be held prior to filing any Prospectus with the Securities Commissions.

(p) Material Non-Public Information. Notwithstanding any other provision of this Agreement, unless notice has been provided pursuant to paragraph (c)(i) above, the Corporation shall make and shall be deemed to have made a representation to the Investor, at each Cash Advance Date and Tranche Securities Issuance Date and at the date of any distribution to a First Purchaser as contemplated by Section 9.1, that the Prospectus contains full, true and plain disclosure of all material facts relating to the Corporation and to Tranche Securities, Commitment Fee Shares or Common Shares resold to such First Purchaser, that are being distributed at such dates and does not contain a misrepresentation within the meaning of the Securities Laws and the Corporation does not possess any information that constitutes a material fact or a material change that has not been publicly disclosed in accordance with the Securities Laws and the rules of the Exchange.

(q) Notice regarding Listing on an Exchange. During the Commitment Period, the Corporation will provide the Investor with prompt written notice of any application made to list the Common Shares on any stock exchange or over-the counter market other than the TSX Venture Exchange.

(r) Non-Exchange Quotation or Listing. If any marketable securities of the Corporation are or become listed or posted for trading or if the Corporation is or becomes listed on any stock exchange or other financial market in addition to the TSX Venture Exchange, the Corporation shall promptly deliver to the Investor a legal opinion in form satisfactory to the Investor duly executed by the Corporation's legal counsel in the relevant jurisdiction or jurisdictions and dated the date of the applicable Tranche Securities Issuance Date that the issue of the Tranche Securities at such Tranche Securities Issuance Date does not contravene any:

(i) provision of any agreement created by the Corporation;

(ii) provision of any applicable law of the relevant jurisdiction or jurisdictions;

(iii) provision of any applicable rule of the relevant stock exchange(s) or financial market(s);

(iv) judicial order; or

(v) provision of any corporate consent, contractual consent or government consent relating to the Corporation or the issue of the Tranche Securities.

(s) Obligation to Satisfy. The Corporation shall take all such actions, steps and proceedings as are within its power or control as may be necessary or appropriate to ensure that the covenants and conditions (including the covenants under Section 8.1 and the conditions under Sections 3.2, 4.2, 5.4 and 5.5) in favour of the Investor hereunder are satisfied at all relevant times, including on each Cash Advance Date and each Tranche Securities Issuance Date.

(t) Conduct Of Business. The Corporation shall, and shall cause all of its Subsidiaries to (i) carry on and conduct its business and the business of each Subsidiary in accordance with good commercial practice and in the ordinary course of business consistent with past practice, (ii) use commercially reasonable best efforts to maintain and preserve its business organization, goodwill and assets, and (iii) ensure that while there is an Amount Outstanding, the voting and other rights attached to the Common Shares (or any other securities of the Corporation) are not altered in a manner which is materially prejudicial to the Investor.

(u) Negative Covenants. The Corporation shall not, and shall cause all of its Subsidiaries not to, directly or indirectly, without the Investor's written approval (such approval not to be unreasonably withheld):

(i) dispose, in a single transaction, or in a series of transactions, of all or any part of its assets unless such disposal is:

(A) in the ordinary course of business;

(B) of asset(s) with a fair market value of less than $500,000 in aggregate;

(C) not, directly or indirectly, made to a party that is not at arm's length to the Corporation for the purposes of the *Income Tax Act* (Canada); and

(D) approved by the Board or the Corporation's shareholders, if such approval(s) is required by applicable law;

(ii) undertake any consolidation of its share capital;

(iii) change the nature of its business or the nature of the business of any of its Subsidiaries;

(iv) transfer the jurisdiction of incorporation of the Corporation or any of its Subsidiaries to a jurisdiction outside of Canada;

(v) cease or propose to cease to do business generally; or

(vi) enter into any agreement with respect to any of the matters referred to in paragraphs (i) – (v).

(v) Use of Proceeds. The Corporation shall use the funds received from the Investor under this Agreement for general corporate and working capital purposes that are reasonable in light of the nature of the Corporation's business as of the date hereof, and not, among other things, for dividend payments, payments to security holders of the Corporation or the repayment or redemption of any indebtedness or obligations or interests held by any security holders of the Corporation; for greater certainty, the Corporation shall not use the funds received from the Investor under this Agreement as a loan to any of its or its Subsidiaries' respective agents, officers, directors, employees consultants, advisors or representatives.

(w) Additional notifications. The Corporation shall notify the Investor immediately upon any Event of Default, or anything that is likely to detrimentally affect the ability of the Corporation to perform its obligations under this Agreement, occurring or becoming, to the Corporation's knowledge, information and belief, after due inquiry, likely to occur, and include the specifics of such Event of Default or other event in its notice. At the Investor's request, the Corporation shall provide the Investor with a certificate (in a form satisfactory to the Investor) signed by two (2) of its directors or its Chief Executive Officer, which shall state whether an Event of Default has occurred and/or is continuing. The Corporation shall provide the Investor with documents provided by the Corporation to the Exchange or any Securities Commission which are generally available to the public and documents provided by it to any Governmental Authority which are generally available to the public, immediately following the provision of any such document.

(x) Filings regarding this Agreement.

(i) Promptly after the execution and delivery of this Agreement, the Corporation shall issue and file with the Securities Commissions a news release disclosing the material terms of this Agreement, including the material terms to be so disclosed specified in the ASC Relief.

(ii) Within two (2) Business Days after the execution and delivery of this Agreement, the Corporation shall file with the Securities Commissions a material change report disclosing the material terms of this Agreement, including the material terms to be so disclosed specified in the ASC Relief, and file a copy of this Agreement with the Securities Commissions.

(iii) On, or as soon as practicable after: (A) a change in the Tranche Amount; (B) the cancellation of the issuance of Tranche Securities on a Tranche Securities Issuance Date as provided in Section 5.1(e) or Section 5.3 hereof or otherwise; (C) the occurrence of a Postponement at Base Price; (D) the termination of this Agreement; or (E) a change in (I) the Commitment Amount; (II) the dollar value of the monthly tranches of Securities to be issued; (III) the Corporation Floor Price; (IV) the restrictions on short sales by the Investor described in the ASC Relief; or

(V) the formula to calculate the Purchase Price, the Corporation shall issue and file with the Securities Commissions a news release disclosing the disclosure required pursuant to the ASC Relief and file a material change report with the Securities Commissions with respect to such event within two (2) Business Days thereafter, if required by Securities Laws.

(iv) The Corporation shall issue and file a news release with the Securities Commissions as soon as practicable after a relevant Tranche Securities Issuance Date, if the issuance of Tranche Securities on such Tranche Securities Issuance Date constitutes a material change under applicable Securities Laws, disclosing at a minimum the number of Tranche Shares issued to the Investor and the Purchase Price for such Tranche and the further information required by the ASC Relief and file a material change report with the Securities Commissions respect to such event within two (2) Business Days thereafter.

(v) Any news release and/or material change report to be issued or filed with a Securities Commission as required by paragraphs (i) through (iv) above shall be provided in draft form to the Investor within a reasonable period prior to issuance, in respect of a news release, and at least one (1) Business Day prior to filing with the Securities Commissions, in respect of a material change report, and such documents, when issued or filed by the Corporation shall be in form and substance satisfactory to the Investor, acting reasonably.

(vi) The Corporation shall disclose in its financial statements and management's discussion and analysis filed on with the Securities Commissions under National Instrument 51-102 *Continuous Disclosure Obligations*, for each financial period: (A) the number and price of Tranche Securities issued to the Investor hereunder during the relevant period; and (B) that the Prospectus (including the Pricing Supplements) are available on SEDAR and specifying where and how a copy of these documents can be obtained.

(y) Filing of Pricing Supplement. The Corporation shall use its commercially reasonable best efforts to file the Pricing Supplement for each Tranche with the Securities Commissions within two Trading Days of the related Tranche Securities Issuance Date.

(z) Auditors Comfort. At or prior to the filing of the Corporation's most recent Financial Disclosure subsequent to the date of the Final Prospectus or Renewal Prospectus, as the case may be, the Corporation shall deliver to the Investor a long form comfort letter from the Corporation's auditors dated the date of such Financial Disclosure addressed to the Investor in form and substance satisfactory to the Investor, acting reasonably, with respect to financial and accounting information to be incorporated by reference in the Final Prospectus or Renewal Prospectus, as the case may be.

(aa) Directors and Officers Insurance. At all times, the Corporation shall maintain an appropriate level of directors and officers insurance to be retained, with premiums to be paid by the Corporation and having a minimum liability coverage of $5,000,000.

8.2 Non-Public Information.

(a) Blackout Period. Notwithstanding any other provision of this Agreement, the Corporation shall not issue any Tranche Securities during any period in which the Corporation is in possession of material non-public information and management of the Corporation has declared a blackout period (a "**Blackout Period**") restricting trading by insiders under the Corporation's Insider Trading Policy. In the event a Blackout Period is in effect on a Tranche Securities Issuance Date, such Tranche Securities Issuance Date (and the Tranche Securities Issuance that would otherwise be due on such date) and all future Cash Advances and related Tranche Securities Issuances hereunder shall be postponed and such Tranche Securities Issuance shall, subject to the terms hereof, be consummated on the first Trading Day on which the above prohibition is no longer applicable and the remaining Cash Advances and Tranche Securities Issuances that were postponed hereunder shall be restarted in accordance with the terms hereof. The Corporation shall give immediate notice to the Investor of the start date and end date of any Blackout Period.

(b) Blackout Repayment. Subject to the right of the Investor to terminate this Agreement and the resulting requirement of the Corporation to repay any relevant Tranches pursuant to Section 13.1(ix)(C)**,** if a Tranche Securities Issuance Date is postponed pursuant to Section 8.2(a), and such postponement continues for longer than three Trading Days, the Corporation shall, if directed in writing by the Investor, in the Investor's sole discretion, immediately repay to the Investor in immediately available funds an amount equal to 100% of any Tranche for which Tranche Securities have not been issued as a result of such postponement.

(c) Prohibition. The Corporation shall not directly or indirectly at any time from the date of this Agreement, without the prior consent of the Investor, disclose non-public information to the Investor. For greater certainty, disclosure of non-public information to the Investor as a result of the Investor exercising its due diligence access rights pursuant to Section 8.1(o) shall not constitute a breach of this covenant.

(d) Review Procedure. If the Corporation proposes to disclose non-public information to the Investor with the prior consent of the Investor, the Corporation must identify such information as being non-public information and provide the Investor with the opportunity to accept or refuse to accept such non-public information for review.

8.3 Covenants of the Investor.

The Investor covenants with the Corporation as follows:

(a) Compliance with Law. Subject to compliance by the Corporation with Sections 8.1(a)(i) through (vi) and 8.1(n) and relying on the representations of the Corporation in Sections 6.1(ss) and (uu) and Section 8.1(p), the trading activities of the Investor with respect to Common Shares will be in compliance with the Securities Laws, securities laws applicable in the United States, the ASC Relief, the Exchange Letter and the by-laws, rules and policies of the Exchange.

(b) Securities Commission Requirements. The Investor shall provide the Securities Commissions and the Exchange with, and make such other deliveries of, such information, undertakings, assurances and documentation as may be stipulated in the ASC Relief and the Exchange Letter to be provided or delivered by the Investor in connection with the transactions contemplated herein.

(c) Short Selling and Other Selling Restrictions. The Investor covenants that from and after the date hereof through and including the day that is 40 days after the date of termination of this Agreement (the "**Restricted Period**") the Investor will not, and will cause its affiliates, associates and insiders (collectively, together with the Investor, the "**Investor Entities**") to not, engage in any short sales with respect to the Common Shares. Specifically, each of the Investor Entities will not (i) sell Common Shares that it does not hold in its inventory and that it does not own outright; (ii) pre-sell Common Shares that it expects to receive or has contracted to receive, where such Common Shares have not yet been issued and delivered to the Investor Entity; (iii) borrow Common Shares to be sold; or (iv) borrow Common Shares to cover a short position. The Investor may however seek to sell the Common Shares purchased hereunder, or engage in hedging strategies in order to reduce the economic risk associated with the purchase of securities of the Corporation. In addition, the Investor may sell Common Shares to hedge its obligation to purchase Common Shares at a Cash Advance provided that:

(i) the Investor complies with applicable Exchange regulations, Securities Laws and with the ASC Relief; and

(ii) the Investor will not during a Pricing Period sell that number of Common Shares which exceeds that number of Common Shares the Investor will be required to purchase in connection with any Tranche Securities Issuance, provided that the foregoing restriction on sales shall not apply to Common Shares held by the Investor prior to the first day of such Pricing Period.

(d) Limits of ownership. The Investor shall not, directly or indirectly, together with any member of the Investor's Group, purchase Common Shares that would result in the Investor's Group owning Common Shares representing more than 9.99% of all issued and outstanding Common Shares (excluding, the Conversion Units issuable upon the conversion of the Convertible Security and the Common Shares issuable exercise of the Warrants).

(e) Trade limitation. The Investor agrees to, and to cause its affiliates and associates to, not conduct any trade in Common Shares on any Trading Day that is immediately prior to a Cash Advance Date.

(f) Trade reporting. The Investors agrees to report any trades (other than the purchase of securities from the Corporation as contemplated by this Agreement) in the Corporation's securities by the Investor, or on behalf of the Investor by its agent, to IIROC.

8.4 Set-Off.

(a) The Investor may set-off any of its obligations to the Corporation (whether or not due for payment), against any of the Corporation's obligations to the Investor (whether or not due for payment) under this Agreement or any agreement in connection with this Agreement.

(b) The Investor may do anything necessary to effect any set-off undertaken in accordance with this Section 8.4 (including varying the date for payment of any amount payable by the Investor to the Corporation).

8.5 Set-Off Exclusion.

All payments which are required to be made by the Corporation to the Investor shall be made without:

(a) any set-off, counterclaim or condition; or

(b) any deduction or withholding for Tax or any other reason, unless a deduction or withholding is required by law,

except as may otherwise be consented to by the Investor.

8.6 Extension.

(a) Notwithstanding anything to the contrary in this Agreement, if the VWAPs per Common Share for any five (5) consecutive Trading Days during the twenty (20) Trading Days prior to a Tranche Securities Issuance Date (the "**Period**") are less than the Corporation Floor Price (regardless of what such VWAPs were at any time prior to the Period), the Investor may elect, in its sole discretion, to postpone by ten (10) Trading Days (from the dates on which they would otherwise occur) such Tranche Securities Issuance Date (and/or the Tranche Securities Issuance that would otherwise be due on such date) and the Cash Advance that would otherwise immediately follow that Period (each, a "**Postponement**").

(b) No Postponement shall affect any other Investor's rights.

(c) For the avoidance of doubt, there is no limitation on the number of Postponements that the Investor may elect to undertake under this Agreement, except that:

(i) the Investor may undertake a Postponement only once in relation to the Tranche Securities Issuance Date of any one Tranche; and

(ii) the Investor cannot undertake more than three Postponements in any year.

8.7 Base Price.

(a) Notwithstanding anything to the contrary in this Agreement, if the VWAPs per Common Share are equal to or less than the Base Price for any two (2) consecutive Trading Days during the Commitment Period (regardless of what the VWAPs were at any time prior) (the "**Base Price Event**"), the Investor may elect, in its sole discretion, to postpone the Cash Advance and the related Tranche Securities Issuance and all future Cash Advances and related Tranche Securities Issuances hereunder (the "**Postponed at Base Price Cash Advance**") as provided in this Section 8.7, that would otherwise follow the last of such two (2) consecutive days (each, a "**Postponement at Base Price**").

(b) For greater certainty, no Postponement at Base Price shall affect the timing or amount of any Tranche Securities Issuance in connection with the Tranche paid prior to the Postponement at Base Price, or Conversions (at any time) of any Amount Outstanding at the time prior to the Postponement at Base Price, or any other rights of the Investor hereunder. For the avoidance of doubt, there is no limitation on the number of Postponements at Base Price that the Investor may elect to undertake hereunder, except that the Investor may undertake a Postponement at Base Price only once in relation to any one Tranche.

(c) If at any time during the period from the initial date of a Postponement at Base Price until the date that is sixty (60) calendar days after such date (the "**Pause Period**") each VWAP per Common Share in any ten (10) consecutive Trading Day period is greater than the Base Price (the "**First Renewal Prerequisite**"), the Corporation may on ten (10) Trading Days' written notice (in a form substantially set forth in Schedule "E") (the "**Renewal Notice Period**"), to be given no later than three (3) Trading Days after the final date of the Pause Period, require the Investor to consummate the Postponed at Base Price Cash Advance and related Tranche Securities Issuance and to restart the remaining Cash Advances and Tranche Securities Issuances that were postponed under Section 8.7(a), such Postponed at Base Price Cash Advance and related restart to become effective, subject to the other terms and conditions hereof, on the fifth Trading Day after the end of the Renewal Notice Period provided that the VWAPs per Common Share are greater than the Base Price on at least nine (9) out of the ten (10) Trading Days during the Renewal Notice Period (the "**Second Renewal Prerequisite**"). The foregoing notice shall be irrevocable.

(d) Where the First Renewal Prerequisite shall not have occurred during the Pause Period, or the Second Renewal Prerequisite shall not have occurred during the Renewal Notice Period, or the Corporation has not provided the Investor with notice pursuant to Section 8.7(c), the Investor may, by written notice to the Corporation, effective immediately, terminate this Agreement.

(e) Where the Investor has undertaken a Postponement at Base Price but has not exercised its right pursuant to Section 8.7(d), the Investor may, by written notice to the Corporation consummate the Postponed at Base Price Cash Advance and related Tranche Securities Issuance and restart the remaining Cash Advances and Tranche Securities Issuances that were postponed under Section 8.7(a), such Postponed at Base Price Cash Advance and related restart to become effective, subject to the other terms and conditions hereof, on the fifth Trading Day after the delivery of notice by the Investor to the Corporation.

8.8 [Intentionally Deleted]

8.9 Adjustments.

(a) Each time when a Security Structure Event occurs, the Corporation Floor Price, the Conversion Price, the Set Floor Price and the Base Price shall be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Corporation is, as the case may be, consolidated, subdivided, re-divided, combined or cancelled.

(b) The intent of this Section 8.9 is to maintain the relative benefit and burden to the Investor and the Corporation of their respective economic bargains.

(c) When the Corporation becomes aware of a fact that may give rise to an adjustment of the Corporation Floor Price, the Conversion Price, the Warrant Exercise Price, the Set Floor Price or the Base Price, the Corporation shall promptly notify the Investor of the specifics of the fact that may give rise to such adjustment.

8.10 All terms are conditions. All representations, warranties, covenants and other terms of this Agreement shall be and shall be deemed to be conditions, and any breach or failure to comply with any of them will entitle the Investor to terminate its obligation to purchase securities hereunder, by written notice to that effect given to the Corporation.

8.11 Adjustment for Cessation of Trading. Notwithstanding anything to the contrary in this Agreement, the amount otherwise required to be prepaid for Tranche Securities by the Investor to the Corporation at any Cash Advance may, in the Investor's sole discretion, be reduced by 5% of the gross amount of the Tranche after other adjustments (but before any set-offs) for each Trading Day on which the trading in the Common Shares on the Exchange is ceased, halted or suspended (other than a trading halt imposed by the Exchange to permit the dissemination of a press release by the Corporation as required under Securities Laws) during the twenty (20) Trading Days prior to the Cash Advance Date.

8.12 Share Issuance Limitation. Notwithstanding anything to the contrary herein, the number of Common Shares distributed by the Corporation hereunder shall not exceed, in any 12 month period, 20% of the aggregate number of Shares outstanding calculated at the beginning of such period.

8.13 Anti-Dilution Protection.

(a) Notwithstanding anything to the contrary in this Agreement but subject to the right of the Investor and the Corporation to increase a Tranche Amount beyond the Base Amount by mutual consent, as contemplated by the definition of Tranche Amount, the Investor shall not pay to the Corporation in any one Tranche an amount that is greater than the Market Capitalization Amount, except as may be mutually agreed by the Corporation and the Investor. In the event that the preceding sentence shall apply, the Tranche Amount for the relevant Cash Advance Date that would, but for the operation of this Section, have been equal to the Base Amount, shall be equal the Market Capitalization Amount so as to reduce the amount to be prepaid by the Investor for such Tranche to less than the Base Amount and the Investor shall have no obligations or liabilities with respect to the difference between such amounts, including any obligation to increase the size of future prepayments for Tranches.

(b) Upon a written or verbal request of the Investor, the Corporation shall, within one (1) Business Day, confirm verbally and in writing to the Investor the total number of Common Shares issued, issuable and/or outstanding as of the date of the request.

(c) The Corporation shall notify the Exchange of all changes in the number of Common Shares outstanding on the date on which such changes are effected, and shall notify the Investor of such changes immediately following notification to Exchange, regardless of whether the Investor has requested such confirmation.

(d) For the purposes of this Section 8.13, "**Market Capitalization Amount**" means a cash amount equal to (i) 0.55%, multiplied by (ii) the number of issued and outstanding Common Shares immediately prior to the Cash Advance Date in respect of which the Market Capitalization Amount is being calculated, multiplied by (iii) the lower of:

(A) the VWAP per Common Share on the Trading Day immediately preceding the Cash Advance Date of such Cash Advance; or

(B) the average of the VWAPs per Common Share for each day during the five (5) Trading Days immediately preceding the Cash Advance Date of such Cash Advance.

8.14 Excess Event.

(a) If the Tranche Securities to be issued to the Investor on a Tranche Securities Issuance Date would result in the Investor's Group owning Common Shares representing more than 9.99% of the outstanding Common Shares (an "**Excess Event**"), then the Investor shall have the right to elect, by providing written notice to the Corporation of same, (i) to receive from the Corporation repayment in immediately available funds of 100% of the amount previously prepaid by the Investor for such relevant Tranche Securities in lieu of receiving such Tranche Securities (in which case the Corporation shall not affect the applicable Tranche Securities Issuance and shall so repay the amount previously prepaid by the Investor and such Tranche Securities Issuance shall be cancelled and forfeited (without any obligation on the Investor to accept Tranche Securities pursuant to a future Tranche Securities Issuance in excess of those issuable in respect of the Investor's prepayment of the Tranche Amount for such Tranche)), or (ii) to postpone the applicable Tranche Securities Issuance Date to a later date specified by the Investor within the period 60 days from the date of such notice.

(b) If an issuance of Conversion Units would result in an Excess Event and upon receipt of written notice from the Investor to the Corporation of same, the Corporation shall not effect such Conversion by way of issuance of Common Shares, and shall make a payment in immediately available funds, in lieu of the Conversion, in an amount equal to the face value of the Convertible Security being so repaid and the notice of Conversion shall be deemed revoked by the Investor.

(c) Notwithstanding anything to the contrary herein, where in the Investor's reasonable opinion an issuance of Tranche Securities or Conversion Units would result in an Excess Event, the Investor shall be entitled to postpone any prepayment of additional funds for Tranche Securities to the Corporation under this Agreement for a period of up to 120 Business Days.

(d) Where an issue of Tranche Securities or Conversion Units under this Agreement would result in an Excess Event, the Investor shall make commercially reasonable efforts for such issue not to result in an Excess Event.

8.15 Rank.

The Investor's interest in unissued Tranche Securities, for which it has made a prepayment in accordance with Articles III and IV, shall, until such Tranche Securities Issuance has occurred, constitute a direct, general, subordinated, unsecured and unconditional obligation of the Corporation which ranks with other unsecured subordinated obligations of the Corporation.

ARTICLE IX - RESALES OF TRANCHE SECURITIES AND RIGHTS OF FIRST PURCHASERS

9.1 Resales of Tranche Securities within 40 Days of a Tranche Securities Issuance Date.

The Corporation acknowledges that the Final Prospectus and, if applicable, the Renewal Prospectus, as supplemented by the Prospectus Supplement and the relevant Pricing Supplement, will qualify, *inter alia*, (a) the distribution of Common Shares and, if applicable, Warrants (and Common Shares underlying such Warrants) to the Investor on the relevant Tranche Securities Issuance Date and the distribution of the Commitment Fee Shares issuable to the Investor on the Initial Cash Advance Date, and (b) the disposition of Common Shares to purchasers who purchase such Common Shares from the Investor through dealer(s) engaged by the Investor via the facilities of the Exchange or another exchange recognized by the securities regulator in the Designated Provinces during the period that commences on the relevant Cash Advance Date and that ends on the earlier of (i) the date on which the distribution of such Common Shares has ended, or (ii) the 40th day following the relevant Tranche Securities Issuance Date (or the Initial Cash Advance Date, as the case may be) and the Corporation shall recognize such transactions as being in the course of or incidental to a distribution, will recognize the first purchasers thereof (the "**First Purchasers**") as having purchased pursuant to such distribution and under the Prospectus, as applicable, and shall provide each First Purchaser with "constructive delivery" of the Prospectus, as applicable, pursuant to the terms of the ASC Relief.

9.2 Rights of a First Purchaser.

In accordance with Section 9.1 and the ASC Relief, each First Purchaser will be entitled to certain statutory rights pursuant to applicable Securities Laws in the event there is a misrepresentation in the Prospectus, as applicable, as at the date such First Purchaser purchases Common Shares sold by the Investor as contemplated by Section 9.1, which rights will be in accordance with the ASC Relief, shall be described in the Prospectus Supplement.

9.3 Limit on Prospectus Qualification.

Notwithstanding anything to contrary contained herein, the provisions of Sections 9.1 and 9.2, shall not apply with respect to the resale of Common Shares by the Investor (and to the purchasers thereof) in respect of Common Shares (and purchasers thereof) resold by the Investor at any time from the date hereof when the Investor has resold a number of Common Shares in excess of the aggregate of the number of Tranche Securities and Commitment Fee Shares, issued by the Corporation to the Investor pursuant to the terms hereof at such time, as contemplated by the terms of the ASC Relief.

ARTICLE X - TAX MATTERS

10.1 No Withholding.

The Parties acknowledge and agree that the payment of the Commitment Fee Shares by the Corporation under this Agreement will not be made in respect of services rendered in Canada by the Investor, that the Tranche Securities will be issued pursuant to a bona fide business transaction as described in this Agreement and that the issuances of Commitment Fee Shares, Tranche Securities and other securities pursuant to this Agreement shall be made without deduction or withholding of Taxes unless the law is changed to require deduction or withholding.

10.2 Indemnity.

The Parties acknowledge and agree that any indemnity for Taxes shall be dealt with by separate agreement between the Corporation and the Investor.

ARTICLE XI - DEFAULT

11.1 Events of Default.

Any of the following events shall constitute an Event of Default,

(a) Any of the representations, warranties, or statements made by the Corporation or any of its agents, officers, directors, employees, consultants, advisors or representatives in any of this Agreement, any document delivered by the Corporation hereunder, any Prospectus, any Renewal Prospectus or the Corporation's Information Record includes a misrepresentation or is inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Corporation to the Investor, any of its representatives, or the Corporation's shareholders, contains a misrepresentation or is inaccurate, false or misleading, in any material respect, as of the date as of which it is made or deemed to be made, or on any Cash Advance Date, Conversion Date, or date of issuance of any Common Shares to the Investor or the date of the sale of Common Shares by the Investor to a First Purchaser in accordance with Section 9.1;

(b) the Corporation fails to perform, satisfy or comply in all respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Corporation at any time;

(c) the Corporation or any of its Subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business, or dispose of, or threaten to dispose of, a substantial part of its assets;

(d) (i) any Tranche Securities, (ii) any Commitment Fee Shares, (iii) following the date four months after the Initial Cash Advance Date, any Investor Shares (other than the Commitment Fee Shares and Common Shares issued pursuant to the exercise of Warrants that are Tranche Securities), that are issued to the Investor under this Agreement are not immediately freely tradeable upon receipt by the Investor;

(e) any Tranche Shares or Investor Shares are not listed on the Exchange by the date of their issue;

(f) any order to cease or suspend trading in the Common Shares is made by the Exchange, any other stock exchange, Securities Commission or other regulatory authority, for a duration exceeding two (2) Trading Days, and such order has not been rescinded, revoked or withdrawn;

(g) there exists a fact or circumstance that may cause the Corporation to request, or the Exchange, any other stock exchange, Securities Commission or other regulatory authority to impose, an order ceasing or suspending trading in the Common Shares for a duration exceeding two (2) Trading Days;

(h) the Common Shares are delisted from the Exchange;

(i) a Material Adverse Effect, or an event, development or condition which, in the reasonable judgment of the Investor would be likely to have a Material Adverse Effect, relating to the Corporation occurs;

(j) other than a registration of a security interest under personal property securities laws or with respect to real property, any attachment is made or registered against any asset of the Corporation and is not dismissed or terminated within twenty (20) days from commencement of such proceeding;

(k) any security interest is enforced over a material asset of the Corporation;

(l) a receiver is appointed over, or possession is taken by any secured party of, all or any asset of the Corporation or any of its Subsidiaries and is not dismissed or terminated within twenty (20) days from commencement of such proceeding;

(m) the Corporation or any of its Subsidiaries files for protection from its creditors under any applicable law;

(n) the Corporation generally ceases payment of its debts and obligations as and when they become due and payable;

(o) any legal action is commenced, judicial order is made or resolution passed for the liquidation, dissolution, bankruptcy, insolvency, or winding-up of the Corporation or any of its Subsidiaries and is not dismissed or terminated within twenty (20) days from commencement of such proceeding;

(p) the Corporation or any of its Subsidiaries enters into any debt arrangement with its creditors generally or any class of creditors;

(q) any of the following has occurred:

    (i) trading in securities generally in Canada or the Exchange has been suspended or limited;

    (ii) minimum prices have been established on securities in Canada or on the Exchange;

    (iii) a banking moratorium has been declared by the Canadian, or the Ontario authorities; or

(iv) a material outbreak or escalation of hostilities or another national or international calamity of such magnitude in its effect on, or adverse change in, or the Canadian financial markets, which in the reasonable judgment of the Investor, makes it impracticable or inadvisable for the Investor to effect a Cash Advance or accept a Tranche Securities Issuance;

(r) any statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement;

(s) any action, suit or proceeding before any court, arbitrator or any Governmental Authority shall have been commenced, and no investigation by any Governmental Authority shall have been threatened, against the Investor, the Corporation or any of its Subsidiaries or any of their respective officers, directors or affiliates seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking damages in connection with such transactions;

(t) any of the conditions in favour of the Investor hereunder, including those set out in Sections 3.1, 4.1, 5.4 and 5.5, have not have been fulfilled in a timely manner or the time prescribed as applicable;

(u) this Agreement or any transaction contemplated hereby has become, or is claimed (other than in a vexatious or frivolous proceeding) by any person that is not the Investor or its affiliate to be, wholly or partly void, voidable or unenforceable;

(v) the Corporation challenges, disputes or denies the right of the Investor to receive any Tranche Securities, Investor Shares, the Convertible Security or the Warrants, or otherwise dishonours or rejects any action taken, or document delivered, in furtherance of the rights of the Investor to receive any such securities;

(w) there exists a law which, or an official or reasonable interpretation of which, in the Investor's reasonable opinion, makes it, or is more likely than not to make it, illegal or impossible for the Investor or the Corporation to undertake any of the transactions contemplated herein or transactions of similar kind (including acquisition and/or disposition, at a time of the Investor's choosing, of any Tranche Securities or Investor Shares) in accordance with this Agreement, or renders, or is more likely than not to render, consummation of any of the transactions contemplated herein in accordance with this Agreement unenforceable, void, voidable or unlawful, or contrary to or inconsistent with any law;

(x) if:

(i) a change in an interpretation or administration of a law, regulation or rule or a proposed law, regulation or rule introduced or proposed to be introduced by Governmental Authority, Securities Commission or the Exchange;

(ii) compliance by the Investor or any of its affiliates with a law, regulation or rule or an interpretation or administration of a law, regulation or rule; or

(iii) a change in a law, regulation or rule or an interpretation or administration of a law, regulation or rule;

has, or is could have, in the reasonable opinion of the Investor, directly or indirectly, the effect of:

(iv) varying the duties, obligations or liabilities of the Corporation or the Investor in connection with this Agreement or any transaction contemplated hereunder so that the rights, powers, benefits, remedies or economic burden of the Investor (including any tax treatment of the Investor) are adversely affected (including by way of delay or postponement);

(v) otherwise adversely affecting rights, powers, benefits, remedies or the economic burden of the Investor (including by way of delay or postponement); or

(vi) otherwise making it impracticable for the Investor to undertake any of the transaction contemplated hereunder;

(y) a securities registrar of the Corporation refuses to comply with a direction to issue, or record an issuance of, securities to the Investor;

(z) any consent, permit, approval, registration or waiver necessary or appropriate for the consummation of the transactions contemplated hereby that remain to be consummated at the applicable time, has not been issued or received, or does not remain in full force and effect;

(aa) the transactions to be undertaken at a Cash Advance, Tranche Securities Issuance or a Conversion would result in the Corporation breaching applicable law or the listing requirements or rules of the Exchange;

(bb) the Investor has not received all those items required to be delivered to it in connection with a Tranche Securities Issuance, Conversion or a Cash Advance in accordance with this Agreement;

(cc) the Corporation fails to perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement under this Agreement or any document delivered by the Corporation hereunder;

(dd) a default judgment of an amount of $500,000 or greater is entered against the Corporation or any of its Subsidiaries;

(ee) any present or future liabilities, including contingent liabilities, of the Corporation or any of its Subsidiaries for an amount or amounts totalling more than $500,000 have not been satisfied on time, or have become prematurely payable; or

(ff) the Corporation enters into any agreement with respect to any of the matters referred to in paragraphs (c), (j), (l), (j), (l), (m), (n), (o), (p);

provided that if any of the events in paragraphs (a), (b), (i), (k), (n), (q), (r), (s), (u), (w), (x), (z), (aa), (cc), (dd), (ee) or (ff) is capable of being cured, such event shall constitute an Event of Default if such event has occurred and has not been cured within three Business Days of the occurrence of such event:

11.2 <u>Investor Right to Investigate an Event of Default</u>.

If in the Investor's reasonable opinion, an Event of Default has occurred, or is or may be continuing:

(a) the Investor may investigate such purported Event of Default;

(b) the Corporation shall co-operate with the Investor in such investigation; and

(c) the Corporation shall comply with all reasonable requests made by the Investor of the Corporation in connection with any investigation by the Investor.

ARTICLE XII - RIGHTS OF THE INVESTOR UPON DEFAULT

12.1 <u>Occurring or Existing Event of Default</u>.

(a) Upon the occurrence or existence of any Event of Default and at any time during the continuance of such Event of Default, the Investor may:

(i) declare, by notice to the Corporation, effective immediately, all outstanding obligations of the Corporation under the Agreement or in any other transaction document to be immediately due and payable in immediately available funds (including, without limitation, the immediate refund of any amount prepaid for Tranche Securities which have not been issued as at the time of the Event of Default and the amount paid by the Investor under the Convertible Security), without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Corporation, anything to the contrary contained in this Agreement or in any other transaction document notwithstanding; and/or

(ii) terminate this Agreement, by notice to the Corporation, effective as of the date set out in the Investor's notice.

(b) Where an Event of Default has occurred and is continuing, the Investor shall have:

(i) no obligation to accept a Tranche Securities Issuance or a Conversion or to consummate a Cash Advance under this Agreement; and

(ii) the right to postpone the Tranche Securities Issuance Dates, the Conversion Dates and the Cash Advance Dates until such date as an Event of Default is no longer continuing.

(c) In addition to the remedies set out elsewhere in this Section 12.1, upon the occurrence or existence of any Event of Default, the Investor may exercise any other right, power or remedy granted to it in this Agreement or in any other transaction document or otherwise permitted to it by law, including by suit in equity and/or by action at law.

(d) Notwithstanding anything to the contrary contained in this Agreement or in any other transaction document, in addition to the rights of the Investor specified elsewhere in this Section 12.1, upon an Event of Default occurring, the interest payable on an amount prepaid in connection with a Tranche or on the outstanding principal of the Convertible Security shall be at a rate of interest rate equal to 3.0% per month, which interest shall, in respect of the amount prepaid, accrue from the relevant Subsequent Cash Advance Date and in each case, shall be compounded monthly, for as long as the Event of Default shall not have been remedied.

ARTICLE XIII - TERMINATION

13.1 Events of Termination.

This Agreement:

(a) shall terminate immediately upon expiration of the Commitment Period; or

(b) may be terminated:

(i) by the mutual written consent of the Parties, at any time;

(ii) by either Party, by written notice to the other Party, effective immediately, if the Initial Cash Advance has not occurred within ten (10) Business Days of the date hereof or such later date as the Parties agree in writing, provided that the right to terminate this Agreement under this subsection is not available to any Party:

(A) that is in material breach of or default under this Agreement; or

(B) in the case of purported termination under this subsection, whose failure to fulfil any obligation under this Agreement has been the principal cause of, or has resulted in, the failure of the Initial Cash Advance to occur;

(iii) by either Party, by written notice to the other Party, effective immediately, if, (A) Stamp Duties become applicable to the transactions contemplated herein; (B) the Corporation is required to deduct or withhold Taxes in connection with (x) any payments of fees (whether in immediately available funds, through the issuance of shares or otherwise), interest or amounts deemed to be interest for Canadian tax purposes or (y) issuance of Tranche Securities, Investor Shares, the Convertible Security or Warrants to the Investor (or any successor or assignee thereof); or (C) any Taxes (other than Excluded Taxes) are imposed on or paid by Investor in connection with the transactions contemplated herein;

(iv) by the Corporation, at no cost to the Corporation, by written notice to the Investor, to be no less than thirty (30) and no more than sixty (60) calendar days' prior to the date of termination, provided that in any event such termination shall not be effective prior to the date 18 months following the date hereof;

(v) by the Corporation, at no cost to the Corporation, by written notice to the Investor, where the general partner of the Investor ceases to be Controlled, directly or indirectly, by Jeff Easton of, as of the date hereof, New York, New York and Phillip Valliere of, as of the date hereof, Greenwich Connecticut;

(vi) by the Corporation, by written notice to the Investor at any time during the Commitment Period, effective immediately following the Tranche Securities Issuance after the Cash Advance that is subsequent to the date of the receipt of such notice by the Investor, provided that the Corporation has paid the Investor a cancellation fee of $200,000 in immediately available funds;

(vii) where the Purchase Price in respect of a Tranche Securities Issuance is less than the Corporation Floor Price, then by the Corporation, at no cost to the Corporation, by written notice to the Investor, to be given no less than seven (7) Business Days' prior to the next Cash Advance that would have followed such Tranche Securities Issuance but for such termination (the "**Floor Price Termination Date**"), such termination to become effective as of the Floor Price Termination Date;

(viii) by the Investor, in accordance with Sections 8.7 and 8.10 and Article XII;

(ix) by the Investor, by written notice to the Corporation, effective as of the date stipulated (in the Investor's sole discretion) by the Investor in such notice, if:

(A) the Corporation has given notice to the Investor of its intention to undertake, or has undertaken, or has become required to undertake, a payment in immediately available funds in respect of a Tranche for any reason, including in accordance with Sections 5.1 and 8.14 (and, for the avoidance of doubt, such right of termination shall not be deemed to have been waived in connection with subsequent payments in immediately available funds, if not exercised in connection with any earlier payment in immediately available funds);

(B) a Consolidation Event is publicly announced, provided that in the event of such termination, at the election of the Investor in its sole discretion by written notice to the Corporation, the Corporation shall immediately repay to the Investor in immediately available funds an amount equal to 102.5% of any Tranche for which Tranche Securities have not been issued at the date of such notice; or

(C) if a Tranche Securities Issuance Date is postponed pursuant to Section 8.2(a), and such postponement continues for longer than two Trading Days, and in the event of such termination the Corporation shall immediately repay to the Investor in immediately available funds an amount equal to 102.5% of any Tranche for which Tranche Securities have not been issued at the date of such notice; or

(x) by the Investor by written notice to the Corporation, effective as of the date stipulated (in the Investor's sole discretion) by the Investor in such notice, if the Common Shares of the Corporation are accepted for listing on any stock exchange or over the counter market other than the TSX Venture Exchange.

13.2 Effect of Termination.

(a) If this Agreement is terminated under Section 13.1, then, subject to Sections 13.2(b), (c) and (d), the transactions contemplated by this Agreement shall be terminated without further action by the Parties and this Agreement shall become null and void and of no further force and effect.

(b) Each Party's right of termination under Section 13.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies.

(c) Nothing in this Agreement shall be deemed to release any Party from any liability for any breach by such Party of the terms and provisions of this Agreement or to impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement.

(d) Notwithstanding the termination or expiry of this Agreement, Sections 3.3, 3.4, 3.5, 3.6, Articles VI, V, VIII (other than Section 8.3), IX, X, XI, XII, XIII, XIV and XV shall survive such termination or expiry and continue in full force and effect following such termination or expiry. Except as provided otherwise in this Section 13.2, without limiting the generality of the foregoing, the obligations of the Corporation hereunder regarding any Amount Outstanding, the Convertible Security and the Warrants, including the obligation to issue Investor Shares upon any conversion of all or portion of the Convertible Security and/or upon the exercise of the Warrants shall survive any termination or expiry of this Agreement and continue in full force and effect following such termination or expiry.

(e) If this Agreement is terminated under Section 13.1, all amounts subject to set-off pursuant to the terms herein shall become immediately due and payable.

(f) If this Agreement is terminated by the Corporation and as at the date of such termination the Investor had not received ("**received**" for the purposes of this paragraph, includes the Warrants issuable pursuant to the Convertible Security on the Initial Cash Advance Date) an aggregate of 500,000 Warrants hereunder, the Corporation shall immediately issue to the Investor such number of Warrants equal to the difference between 500,000 and the actual number of Warrants received by the Investor as at the date of such termination. In addition, any Warrants that would otherwise not be vested, shall become immediately vested upon such termination (or upon issuance in the case of Warrants forming part of unissued Conversion Units).

(g) If this Agreement is terminated by the Investor during the 12 month period following the date hereof and as at the date of such termination the Investor had not received ("**received**" for the purposes of this paragraph, includes the Warrants issuable pursuant to the Convertible Security on the Initial Cash Advance Date) an aggregate of 250,000 Warrants hereunder, the Corporation shall immediately issue to the Investor such number of Warrants equal to the difference between 250,000 and the actual number of Warrants received by the Investor as at the date of such termination. In addition, any Warrants in excess of such 250,000 Warrants received by the Investor hereunder that are not vested as of the date of such termination, shall be immediately cancelled or no longer issuable, as the case may be.

ARTICLE XIV - INDEMNIFICATION AND SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

14.1 General Indemnity.

(a) The Corporation agrees to indemnify and hold harmless the Investor and its general partner, limited partners, directors, officers, employees, affiliates, agents, consultants, advisors, successors and assigns (and all employees, directors, officers, agents, consultants, advisors or representatives of its general partner, limited partners, affiliates and/or agents) from and against any and all losses (other than indirect damages including loss of profits), expenses, costs, deficiencies, claims (including security holder actions, derivative or otherwise), actions, damages and liabilities, including the aggregate amount paid in settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of legal counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the "**Claims**") to which any such Indemnified Party may become subject or otherwise involved, in any capacity insofar as Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly:

(i) the Prospectus or any Renewal Prospectus, or any statement contained in the Prospectus or any Renewal Prospectus which constitutes or is alleged to constitute a misrepresentation;

(ii) the Corporation's Information Record, or any statement contained in the Corporation's Information Record which constitutes or is alleged to constitute a misrepresentation;

(iii) the omission or alleged omission to state in the Prospectus or any Renewal Prospectus or any certificate of the Corporation delivered hereunder or pursuant hereto or the Corporation's Information Record any material fact required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances under which it was made;

(iv) 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 the Prospectus or Renewal Prospectus or the Corporation's Information Record;

(v) any order made or inquiry, investigation or proceeding commenced or threatened by any Securities Commission or other competent authority based upon any failure of the Corporation or any of the Corporation's Subsidiaries to comply with applicable Securities Laws, the ASC Relief or the Exchange Letter;

(vi) any non-compliance or alleged non-compliance by the Corporation or any of its Subsidiaries with any Securities Laws, the ASC Relief or the Exchange Letter;

(vii) any inaccuracy in, default under or breach of the representations, warranties or covenants made by the Corporation herein or any other document delivered to the Investor in accordance with this Agreement; or

(viii) as a result of corporate action or inaction by the Corporation, the delivery of Tranche Securities or Investor Shares not being effected on the scheduled Initial Cash Advance Date or any Tranche Securities Issuance Date as required hereunder.

14.2 Indemnification Procedure.

Any person entitled to indemnification under this Article XIV (an "**Indemnified Party**") shall give written notice to the Indemnifying Party of any matters giving rise to a claim for indemnification; provided, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Article XIV except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any action, proceeding or claim is brought against an Indemnified Party in respect of which indemnification is sought hereunder, the indemnifying party shall be entitled to participate in and, unless in the reasonable judgment of counsel to the Indemnified Party a conflict of interest between it and the indemnifying party may exist with respect of such action, proceeding or claim, to assume the defence thereof with legal counsel satisfactory to the Indemnified Party acting reasonably. In the event that the indemnifying party advises an Indemnified Party that it will contest such a claim for indemnification hereunder, or fails, within thirty (30) days of receipt of any indemnification notice to notify, in writing, such person of its election to defend, settle or compromise, at its sole cost and expense, any action, proceeding or claim (or discontinues its defence at any time after it commences such defense), then the Indemnified Party may, at its option, defend, settle or otherwise compromise or pay such action or claim. In any event, unless and until the indemnifying party elects in writing to assume and does so assume the defence of any such claim, proceeding or action, the Indemnified Party's costs and expenses arising out of the defence, settlement or compromise of any such action, claim or proceeding shall be losses subject to indemnification hereunder. The Indemnified Party shall cooperate fully with the indemnifying party in connection with any settlement negotiations or defence of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party which relates to such action or claim. The indemnifying party shall keep the Indemnified Party fully appraised at all times as to the status of the defence or any settlement negotiations with respect thereto. If the indemnifying party elects to defend any such action or claim, then the Indemnified Party shall be entitled to participate in such defence with legal counsel of its choice at its sole cost and expense. The indemnifying party shall not be liable for any settlement of any action, claim or proceeding effected without its prior written consent, which shall not be unreasonably withheld or delayed. Notwithstanding anything in this Article XIV to the contrary, the indemnifying party shall not, without the Indemnified Party's prior written consent, settle or compromise any claim or consent to entry of any judgment in respect thereof which imposes any future obligation on the Indemnified Party or which does not include, as an unconditional term thereof, the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such claim. The indemnification required by this Article XIV shall be made by periodic payments of the amount thereof during the course of investigation or defence, as and when bills are received or expense, loss, damage or liability is incurred, within ten (10) days of written notice thereof to the indemnifying party so long as the Indemnified Party irrevocably agrees to refund such moneys if it is ultimately determined by a court of competent jurisdiction that such party was not entitled to indemnification. The indemnity agreements contained herein shall be in addition to (a) any cause of action or similar rights of the Indemnified Party against the indemnifying party or others, and (b) any liabilities the indemnifying party may be subject to.

14.3 Survival of Representations, Warranties and Covenants.

To the extent that they have not been fully performed at or prior to the date hereof, the covenants, representations and warranties contained in this Agreement, including in any schedule hereto, and in any agreement, instrument, certificate or other document to be executed and delivered pursuant to this Agreement and in any documents executed and delivered in connection with the completion of the transactions contemplated herein shall survive the Cash Advance on each Cash Advance Date, the Tranche Securities Issuance on each Tranche Securities Issuance Date and the issuance of Conversion Units on each Conversion Date, all pursuant hereto and shall continue in full force and effect following the consummation of any such transaction (and consummation of any subsequent transaction contemplated by this Agreement) for the benefit of the Corporation or the Investor, as the case may be.

14.4 Contribution.

(a) In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in Section 14.1 would otherwise be available in accordance with its terms but is, for any reason, held to be unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, or is insufficient to hold any Indemnified Party harmless, the indemnifying party shall contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the indemnifying party, on the one hand, and the Indemnified Party, on the other hand, but also the relative fault of the indemnifying party and the Indemnified Party as well as any relevant equitable considerations; provided that in no event will the Indemnified Party be liable to pay or contribute an amount in excess of the lesser of: (i) $250,000; and (ii) 7.5% of such Claims. However, no party who has engaged in any fraud, fraudulent misrepresentation, gross negligence or wilful misconduct shall be entitled to claim contribution from any person who has not engaged in such fraud, fraudulent misrepresentation, gross negligence or wilful misconduct.

(b) The rights to contribution provided in this Section 14.4 shall be in addition to and not in derogation of any other right to contribution which the Investor may have by statute or otherwise at law.

(c) If the Investor has reason to believe that a claim for contribution may arise, it shall give the Corporation notice of such claim in writing, as soon as reasonably possible, but failure to notify the Corporation shall not relieve the Corporation of any obligation which it may have to the Investor under this Section 14.4.

14.5 Third Party Beneficiaries.

With respect to this Article XIV, the Corporation acknowledges and agrees for the benefit of, and acknowledges that the provisions of this Article XIV shall also enure to the benefit of, each Indemnified Party, each of whom shall be entitled to rely upon such provisions fully as though such Indemnified Party was a party hereto and have standing, in such Indemnified Party's sole discretion and such Indemnified Party's own name, to require the Corporation to perform its obligations and responsibilities thereunder, and to assert and protect his or her rights hereunder, as and against the Corporation directly.

14.6 Fees and Disbursements.

If any Claim is brought in connection with the transactions contemplated by this Agreement and the Investor or any other Indemnified Party is required to testify in connection therewith or is required to respond to procedures designed to discover information relating thereto, it will have the right, acting reasonably, to employ its own legal counsel in connection therewith, and the reasonable fees and disbursements of such counsel in connection therewith as well as its reasonable fees at the normal per diem rate for its directors, officers, employees, agents, consultants and advisors involved in preparation for and attendance at such proceedings or in so responding and any other reasonable costs and out-of-pocket expenses incurred by it in connection therewith will be paid by the Corporation as they are incurred.

14.7 Survival.

Notwithstanding anything to the contrary in this Agreement, the obligations under this Article XIV shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

ARTICLE XV - INVESTOR ACTIVITIES

15.1 Sale of Securities.

(a) The Investor acknowledges and agrees that the Securities may only be disposed of in compliance with United States state and federal securities laws and Securities Laws.

(b) Subject to applicable Securities Laws and the applicable United States federal and state securities laws, the Investor may purchase and/or sell or otherwise dispose of any securities, including any Investor Shares and Tranche Shares, at any time, and hold or not hold any securities, including any Investor Shares and Tranche Shares, for any term.

(c) For clarity, notwithstanding anything in Section 7.1(g), it is acknowledged by the Parties that:

(i) the Investor's representation and warranty set out in Section 7.1(g) does not limit the Investor's right to sell or otherwise dispose of any of the Securities, at any time, in compliance with applicable Securities Laws and United States federal and state securities laws; and

(ii) nothing contained in this Agreement shall be deemed a representation or warranty by the Investor to hold any Securities for any period of time, except as required by the applicable law.

(d) The Corporation acknowledges and agrees that transactions in its securities by the Investor may impact the market prices of the Corporation's publicly-traded securities, including during periods when the prices at which the Corporation may be required to issue Investor Shares and Tranche Shares are determined.

ARTICLE XVI - MISCELLANEOUS

16.1 Fees and Expenses.

The Corporation shall pay to the Investor a commitment fee equal to $200,000 in the form of the Commitment Fee Shares and has made a non-refundable payment towards the Investor's legal cost in the amount of $25,000, for the legal fees and expenses incurred by the Investor in relation to the transactions contemplated by or incidental to this Agreement, including in connection with the preparation, negotiation, execution and delivery of this Agreement and the transactions contemplated hereunder, which amount is exclusive of all applicable Taxes.

16.2 Specific Enforcement.

The Corporation and the Investor acknowledge and agree that each of the Parties would not have an adequate remedy at law and irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof or thereof, this being in addition to any other remedy to which any of them may be entitled by law.

16.3 Entire Agreement; Amendment.

This Agreement contains the entire understanding of the Parties with respect to the matters covered hereby and supersedes all prior agreements between the Corporation and the Investor with respect to their respective rights and obligations hereunder, including the indicative term sheet used in connection herewith and, except as specifically set forth herein, neither the Corporation nor the Investor make any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by a written instrument signed by the Party against whom enforcement of any such amendment or waiver is sought. The Parties may not amend this Agreement or any rights or obligations hereunder without the prior written consent of the Corporation, the Exchange, if required, and the Investor.

16.4 Notices.

Any notice, demand, request, waiver or other communication required or permitted to be given hereunder (collectively, a "**Communication**"), shall be in writing and shall be delivered by facsimile and electronic delivery at the electronic address and facsimile number designated below. Delivery of a Communication shall be effective: (a) upon the date of delivery, if delivered on a Business Day during normal business hours where such Communication is to be received, or (b) the first Business Day following such delivery, if delivered other than on a Business Day during normal business hours where such Communication is to be received. The addresses and facsimile numbers for a Communication shall be as follows:

If to the Corporation:	Olivut Resources Ltd. P.O. Box 6690 Hinton, Alberta, Canada T7V 1X8 Attention: Leni F. Keough Facsimile: (780) 866-3713 E-mail:leni@olivut.com
With a copy to:	Olivut Resources Ltd. P.O. Box 6690 Hinton, Alberta, Canada T7V 1X8 Attention: Ian Shaw Facsimile: (780) 866-3713 E-mail:ianshaw@sympatico.ca

If to the Investor:	The Canadian Special Opportunity Fund, LP The Lind Partners Canada, LLC 370 Lexington Avenue, Suite 1900 New York, NY 10012 USA
Attention:	Arlene Brownstein Facsimile: (646) 808-0113 E-mail:abrownstein@thelindpartners.com
with a copy to:	Blake, Cassels & Graydon LLP 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9 Attention: Markus Viirland Facsimile: (416) 863-2653 E-mail:markus.viirland@blakes.com

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 facsimile number.

16.5 Waivers.

No waiver by either Party of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be effective unless in writing or to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any Party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

16.6 Headings.

The division of this Agreement into articles, 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 articles, sections, subsections, paragraphs and other subdivisions are to articles, sections, subsections, paragraphs and other subdivisions of this Agreement.

16.7 Successors and Assigns.

This Agreement binds and benefits the respective successors and permitted assigns of the Parties. Neither the Corporation nor the Investor may assign or delegate any of its respective rights or obligations under this Agreement without the prior written consent of the other Party; provided that without the consent of the Corporation, the Investor may assign all or a portion of its rights and obligations under this Agreement to an Affiliated Fund on ten (10) Business Days' prior written notice to the Corporation.

16.8 No Third Party Beneficiaries.

Except as contemplated in Article XIV, this Agreement is intended for the benefit of the Parties and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

16.9 Governing Law/Consent to Jurisdiction.

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. Subject to Section 16.10, the Parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

16.10 Arbitration.

(a) All disputes arising out of or in connection with this Agreement, or in respect of any legal relationship associated with or derived from this Agreement, shall be arbitrated and finally resolved, with no right of appeal, even on question of law, by a panel of three arbitrators pursuant to the National Arbitration Rules of the ADR Institute of Canada, Inc. The place of arbitration shall be Toronto, Ontario. The language of the arbitration shall be English.

(b) Notwithstanding Section 16.10(a) any arbitration may be carried out by a single arbitrator if the Parties so agree.

16.11 Counterparts.

This Agreement may be executed by facsimile and in any number of counterparts, all of which taken together shall constitute one and the same instrument and an original copy hereof and shall become effective when counterparts have been signed by each Party and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart.

16.12 Publicity.

(a) Unless otherwise provided for herein or pursuant to applicable law, neither the Corporation nor the Investor shall issue any press release or otherwise make any public statement or announcement with respect to this Agreement or the transactions contemplated hereby or the existence of this Agreement without the prior written consent of the other Party. Notwithstanding the foregoing, forthwith upon execution of this Agreement, the Corporation shall issue a press release or otherwise make a public statement or announcement with respect to this Agreement and the transactions contemplated hereby or the existence of this Agreement; provided, however, that prior to issuing such press release, making any such public statement or announcement, the Corporation obtains the prior consent of each of the Investor (which consent shall not be unreasonably withheld or delayed), the Market Surveillance division of IIROC and the Corporate Finance Services department of the Exchange.

(b) A reference to the Investor or its affiliates may not be made by the Corporation without the Investor's express consent.

(c) Without limiting the provisions of this Section 16.12, the Investor shall have the right to review, approve and amend all press releases and public disclosure documents concerning the Investor, this Agreement, the Prospectus or the Renewal Prospectus or the transactions contemplated hereunder, which are required to be issued by the Corporation under applicable Securities Laws or the terms of the ASC Relief, provided that the Investor shall not inhibit the Corporation's compliance with its continuous and timely disclosure obligations under applicable law.

(d) Following the execution of this Agreement, the Investor and its affiliates and/or advisors may make announcements, and place announcements on their respective corporate websites and in financial and other newspapers and publications (including, without limitation, customary "tombstone" advertisements), describing the Investor's relationship with the Corporation under this Agreement and including the name and corporate logo of the Corporation.

(e) Notwithstanding anything herein to the contrary, to comply with United States Treasury Regulations Section 1.6011-4(b)(3)(i), each Party to this Agreement, and each employee, representative or other agent of such Party, may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income tax treatment, and the U.S. federal and state income tax structure, of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such Party relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income tax strategy provided to such recipient.

16.13 Severability.

The provisions of this Agreement are severable and, in the event that any court or officials of any regulatory agency of competent jurisdiction shall determine that any one or more of the provisions or part of the provisions contained in this Agreement 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 or part of a provision of this Agreement and this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision, or part of such provision, had never been contained herein, so that such provisions would be valid, legal and enforceable to the maximum extent possible, so long as such construction does not materially adversely effect the economic rights of either Party hereto.

16.14 Further Assurances.

From and after the date of this Agreement, upon the request of the Investor or the Corporation, each of the Corporation and the Investor shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

16.15 Time of Essence.

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.

16.16 Currency.

Unless otherwise indicated, 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.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

OLIVUT RESOURCES LTD.

By: *"Leni Keough"*
Name: Leni Keough
Title: President and Chief Executive Officer

Accepted by THE LIND PARTNERS CANADA, LLC, general partner of THE CANADIAN SPECIAL OPPORTUNITY FUND, LP in New York, New York

By: *"Jeff Easton"*
Name: Jeff Easton
Title: Authorized Signatory

By: *"Phillip Valliere"*
Name: Phillip Valliere
Title: Authorized Signatory

SCHEDULE "A"

THIS WARRANT CERTIFICATE IS NOT TRANSFERRABLE.

THE WARRANTS EVIDENCED HEREBY ARE EXERCISABLE ON OR BEFORE THE TIME OF EXPIRY (AS DEFINED HEREIN) AFTER WHICH TIME ANY UNEXERCISED WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

[UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [FOUR MONTHS AND ONE DAY AFTER THE INITIAL CASH ADVANCE DATE].][1]

WARRANT CERTIFCATE

OF

OLIVUT RESOURCES LTD.

(a corporation continued under the *Business Corporations Act* (Ontario))

Certificate Number ●

● Warrants entitling the holder to acquire one (1) Common Share for each Warrant represented hereby

THIS CERTIFIES THAT, for value received, [**THE CANADIAN SPECIAL OPPORTUNITY FUND, LP/designee/nominee]** (the "**Holder**") is entitled at any time during the Term to subscribe for and purchase from Olivut Resources Ltd. (the "**Corporation**"), one Common Share for each common share purchase warrant (a "**Warrant**") represented hereby at a price of $●[2] per Common Share (the "**Warrant Exercise Price**"), subject to adjustment and the terms and conditions set forth in this certificate (this "**Certificate**").

1. DEFINITIONS

Unless the context indicates otherwise, capitalized terms not defined herein have the meaning ascribed to such terms in the Agreement.

"**Affiliate**" shall have the meaning ascribed to such term in the *Securities Act* (Ontario);

"**Agreement**" means the Securities Purchase Agreement dated March 12, 2013 between the Corporation and **[The Canadian Special Opportunity Fund, LP/the Holder]**;

[1] Legend applies only for Warrants issued pursuant to Conversion of the Convertible Security, prior to the expiry of the applicable hold period. Pursuant to the terms of the Agreement, Warrants (and Common Shares underlying such Warrants) forming part of Tranche Securities to be qualified by the Prospectus.

[2] 120% of the average of the VWAPs per Common Share for each day during the twenty (20) consecutive Trading Days immediately prior to (i) the Initial Cash Advance Date in the case of Warrants forming part of the Conversion Units; and (ii) relevant Tranche Securities Issuance Date in respect of Warrants that are Tranche Securities, provided that the Warrant Exercise Price shall not be less than the minimum permitted by the TSX Venture Exchange Corporate Finance Manual.

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks in Toronto and, except for the purposes of Section 2, New York City, are open for the general transaction of business;

"**Common Shares**" means the common shares in the capital of the Corporation as such shares exist at the close of business as of the date of this Certificate and, in the event that there shall occur a change in respect of or affecting the common shares referred to in Section 3 (whether or not such change shall result in an adjustment in the Warrant Exercise Price), the term "**Common Shares**" shall mean the shares, other securities or other assets or property which the Holder is entitled to acquire on the exercise of Warrants resulting from such change, subject to adjustment from time to time as provided in and otherwise in accordance with the provisions of Section 3;

"**Communication**" has the meaning given thereto in Section 6(g);

"**Corporate Reorganization**" has the meaning given thereto in Section 3(e);

"**Corporation**" shall have the meaning ascribed on the front page of this Certificate;

"**Exchange**" means the TSX Venture Exchange, or if the Common Shares are not then listed on such exchange, such other stock exchange or over-the-counter market on or through which the Common Shares are then principally traded;

"**Exercise Date**" has the meaning given thereto in Section 2(b);

"**Exercise Notice**" has the meaning given thereto in Section 2(a);

"**Fair Market Value**" or "**Fair Market Value Per Share**" of a Common Share at any date means:

(i) if the Common Shares are not listed on any Exchange, the cash price which would be obtained at the relevant time upon a sale of all of the issued and outstanding securities of the Corporation in a single transaction determined in an open and unrestricted market between prudent parties, acting at arm's length and under no compulsion to act, and having reasonable knowledge of all relevant facts concerning the Corporation; or

(ii) if the Common Shares are listed on any Exchange, the VWAP during the period of 20 consecutive Trading Days ending on the trading day immediately prior to such date on the Exchange on which the Common Shares are then traded;

"**Free Trade Date**" has the meaning given thereto in Section 2(d);

"**Holder**" shall have the meaning ascribed on the front page of this Certificate;

"**including**" means including without limitation and "includes" means "includes" without limitation;

"**Per Share Cost**" has the meaning given thereto in Section 3(c);

"**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;

"**Rights Offering**" has the meaning given thereto in Section 3(c);

"**Rights Period"** has the meaning given thereto in Section 3(c);

"**Section**", refers to the specified Section of this Certificate unless otherwise specified;

"**Share Reorganization**" has the meaning given thereto in Section 3(b);

"**Special Distribution**" has the meaning given thereto in Section 3(d);

"**Term**" means the period of time commencing on the Vesting Date and expiring at the Time of Expiry; provided that if the Holder delivers an Exercise Notice to the Corporation prior to the Time of Expiry (together with payment of the Warrant Exercise Price), but the delivery by the Corporation to the Holder of certificates representing Common Shares and all other deliveries required pursuant to such exercise of the Warrants has not been completed by such time, the Term and the Time of Expiry shall be extended to such date and time as is necessary to permit such deliveries to be completed;

"**Time of Expiry**" means 5:00 p.m. (Toronto time) on the date that is 36 months after **[the Initial Cash Advance Date][, provided that if the Vesting Date has not occurred and the Agreement is terminated by the Investor prior to [insert date that is 12 months after date of Agreement], the Time of Expiry with respect to [● / all][3] of the Warrants represented by this Certificate shall be 5:00 p.m. (Toronto time) on the date of such termination by the Investor]**[4];

"**Valuator**" has the meaning given thereto in Section 3(i)(iii);

"**Vesting Date**" means **[the date hereof] [the earlier of the first anniversary of [the Initial Cash Advance Date] or the termination of the Agreement by the Corporation]**[5];

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[3] See note 3. Pursuant to section 13.2(g) of the Agreement, the number of warrants expiring equals the lesser of: (i) ● (initial number of warrants issuable pursuant to the Convertible Security) *plus* total number of warrants issued as Tranche Securities as at the date hereof *minus* 250,000 and (ii) all of the Warrants represented by this Certificate.

[4] Include bracketed text only for Certificates representing Warrants in excess of 250,000 warrants received by the Investor pursuant to the Agreement ("**received**" for the purposes hereof, includes Warrants issuable pursuant to the Convertible Security on the Initial Cash Advance Date).

[5] The first 250,000 Warrants received by the Investor under the Agreement ("**received**" for the purposes hereof, includes Warrants issuable pursuant to the Convertible Security on the Initial Cash Advance Date) shall vest immediately. The balance of the 250,000 Warrants issuable under the Agreement shall vest on the earlier of the first anniversary of the Initial Cash Advance Date or immediately upon termination of the Agreement by the Corporation

"**VWAP**" means the daily volume-weighted average price per Common Share on the Exchange as reported by Bloomberg Financial, L.P. (based on a Trading Day from 9:30 a.m. Toronto Time to 4:02 p.m. Toronto Time);

"**Warrant**" shall have the meaning ascribed on the front page of this Certificate;

"**Warrant Certificates**" means a certificate evidencing the Warrants issued or to be issued hereunder and outstanding; and

"**Warrant Exercise Price**" shall have the meaning ascribed on the front page of this Certificate.

2. EXERCISE OF WARRANTS

(a) ***Method of Exercise of Warrants.*** The right to purchase Common Shares conferred by this Certificate may be exercised by the Holder, in whole or in part, by (i) surrendering, on any Business Day during the Term, to the Corporation at the address for notice to the Corporation set out in Section 6(g), or at any other address which from time to time is the principal place of business of the Corporation, this Certificate along with a duly completed exercise notice in substantially the form set out in Exhibit "A" (the **"Exercise Notice"**), signed by the Holder; and (ii) delivering to the Corporation cash or a certified cheque, bank draft or money order in Canadian dollars in an amount equal to the Warrant Exercise Price multiplied by the number of Warrants being exercised.

(b) ***Effect of Exercise of Warrants.*** Upon the date on which the Holder has complied with the provisions of Section 2(a) (the "**Exercise Date**"), the number of Common Shares subscribed for shall be deemed to have been issued and the Person to whom such Common Shares are to be issued (as directed by the Holder) shall be deemed to have become the holder of record of such Common Shares on the Exercise Date. Within two Business Days of the Exercise Date, the Corporation shall deliver to or for the account of the Person in whose name the Common Shares so subscribed for share certificates (or, other evidences of entitlement, as appropriate) for the appropriate number of Common Shares to which the Holder is entitled. The Common Shares will be issued in the name specified in the Exercise Notice.

(c) ***Subscription for Less than Entitlement.*** The Holder may subscribe for and purchase a number of Common Shares less than the number or amount which the Holder is entitled to purchase pursuant to this Certificate. In the event of any purchase of a number of Common Shares less than the number or amount which the Holder is entitled to purchase, the Holder upon the exercise thereof shall, in addition, be entitled to receive concurrently with the share certificates contemplated by Section 2(b), without charge therefor, a new Warrant Certificate in respect of the balance of the Common Shares which the Holder

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(in such case, with respect to Warrants issued as a result of the termination of the Agreement by the Corporation pursuant to Section 13.2(f) or Section 13.2(g) of the Agreement the date of issuance of the Warrants.

was entitled to purchase pursuant to the surrendered Certificate and which were not then purchased.

(d) **[*Intentionally Deleted / Legending.*** All certificates issued in exchange for or in substitution of this Certificate, unless such exchange or substitution shall occur on or subsequent to **[FOUR MONTHS AND ONE DAY AFTER THE INITIAL CASH ADVANCE DATE]** (the "**Free Trade Date**"), shall bear the following legend:

> **"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [FOUR MONTHS AND ONE DAY AFTER THE INITIAL CASH ADVANCE DATE]."**

In the event that the Warrants are exercised by the Holder prior to the Free Trade Date, the certificates evidencing the Common Shares issuable upon exercise shall bear the following legend:

> **"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [FOUR MONTHS AND ONE DAY AFTER THE INITIAL CASH ADVANCE DATE]."**

provided that at any time subsequent to the Free Trade Date any certificate representing such Warrants or Common Shares may be exchanged for a certificate or certificates bearing no such legends. The Corporation hereby covenants and agrees that it will use its reasonable best efforts to deliver or cause to be delivered a certificate or certificates representing such Warrants or Common Shares bearing no such legends within five Business Days after receipt of the legended certificates.][6]

(e) ***Fractional Shares.*** The Corporation will not be obligated to issue any fraction of a share on the exercise of Warrants. If the Holder would, on the exercise of Warrants, otherwise have acquired a total number of Common Shares that includes a fraction of a Common Share, the Corporation will pay to the Holder, by cheque, in lieu of and in satisfaction for any right to such fractional share, an amount equal (computed in the case of a fraction of a cent to the next lower cent) to the value of the fractional Common Share, in each case calculated on the basis of the Fair Market Value Per Share at the date of exercise of such Warrant.

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[6] Section 2(d) applies only for Warrants issued pursuant to Conversion of the Convertible Security (and Common Shares underlying such Warrants) prior to the expiry of the applicable hold period. Pursuant to the terms of the Agreement, Warrants (and Common Shares underlying such Warrants) forming part of Tranche Securities to be qualified by the Prospectus. Delete as applicable.

3. ADJUSTMENTS

(a) ***Adjustment.*** The Warrant Exercise Price and number of Common Shares to be acquired by the Holder on exercise of a Warrant, is subject to adjustment from time to time upon the occurrence of the events and in the manner provided for in this Section 3.

(b) ***Share Reorganization.*** Whenever the Corporation shall fix a record date to, or otherwise shall,:

(i) issue Common Shares or securities exchangeable for or convertible into Common Shares to holders of all or substantially all Common Shares by way of a stock dividend or other distribution;

(ii) subdivide the outstanding Common Shares into a greater number of shares; or

(iii) combine or consolidate the outstanding Common Shares into a lesser number of shares,

(each of such events being herein called a "**Share Reorganization**"), then the Warrant Exercise Price will be adjusted effective immediately after the record date for such dividend or other distribution or, in the case of a subdivision, combination or consolidation, effective immediately after the record date or the effective date thereof if no record date is fixed, as the case may be, by multiplying the Warrant Exercise Price in effect immediately before the record date or effective date by a fraction of which:

A. the numerator is the number of Common Shares outstanding on that record date or effective date before giving effect to the Share Reorganization; and

B. the denominator is the number of Common Shares that are or would be outstanding immediately after giving effect to the Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date).

(c) ***Rights Offering.*** Whenever the Corporation shall fix a record date to, or otherwise shall, issue rights, options or warrants to holders of all or substantially all Common Shares pursuant to which such holders are entitled, during a period ending not more than 60 days after the record date as at which holders so entitled are determined (the "**Rights Period**"), to subscribe for, purchase or otherwise acquire Common Shares or securities convertible into or exchangeable for one or more Common Shares or fractions thereof, at a price per share (the "**Per Share Cost**") that is less than the Fair Market Value Per Share on that record date (any such issuance not so excepted being herein called a "**Rights Offering**"), then the Warrant Exercise Price will be adjusted, effective immediately after that record date, by multiplying the Warrant Exercise Price in effect immediately prior to such record date by the fraction of which:

(i) the numerator is the sum of:

A. the number of Common Shares outstanding on that record date; and

B. a number determined by dividing the product of the Per Share Cost and

I. where the event giving rise to the application of this Section 3(c) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase additional Common Shares, the maximum number of Common Shares that may be so subscribed for or purchased under the Rights Offering; or

II. where the event giving rise to the application of this Section 3(c) was the issue of rights, options or warrants to the holders of Common Shares under which such holders are entitled to subscribe for or purchase securities exchangeable for or convertible into Common Shares, the number of Common Shares for which the maximum number of securities that may be so subscribed for or purchased under the Rights Offering could have been exchanged or into which they could have been converted;

by the Fair Market Value Per Share on the record date; and

(ii) the denominator is the sum of:

A. the number of Common Shares outstanding on that record date; and

B. the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible or exchangeable) pursuant to the Rights Offering.

The adjustment will be made successively whenever a record date in respect of a Rights Offering is fixed, provided that if two or more such record dates or record dates referred to in this Section 3(c) are fixed within a period of 30 days, the adjustment will be made successively as if each of such record date or dates occurred on the earliest of such record date or dates. To the extent that any rights, options or warrants are not so issued or any of the rights, options or warrants so issued are not exercised before the expiration thereof, or any convertible securities are not so converted into or exchanged for Common Shares before the expiration of the right to do so, the Warrant Exercise Price will be readjusted to the Warrant Exercise Price in effect immediately before the record date, and the Warrant Exercise Price will be further adjusted based upon the number of additional Common Shares actually delivered upon the exercise of the rights, options or warrants, or issued upon the conversion or exchange of the convertible securities, as the case may be.

(d) ***Special Distribution.*** Whenever the Corporation shall fix a record date to, or otherwise shall, issue by way of a dividend or otherwise distribute to holders of all or substantially all Common Shares:

(i) shares of the Corporation;

(ii) evidences of indebtedness;

(iii) cash, property or other assets; or

(iv) rights, options or warrants to acquire shares or other securities of the Corporation, cash or other assets,

and such issuance or distribution does not constitute

(v) a Share Reorganization; or

(vi) a Rights Offering,

(any of such non-excluded events being herein called a **"Special Distribution"**), the Warrant Exercise Price will be adjusted, in each case effective immediately after the record date at which holders of Common Shares on which the Special Distribution is paid are determined, to a price determined by multiplying the Warrant Exercise Price in effect on such record date by a fraction of which

(vii) the numerator is:

A. the product of the number of Common Shares outstanding on such record date, and the Fair Market Value Per Share on such record date; less

B. the amount by which the aggregate fair market value (as determined in good faith by the Board of the Corporation) to the holders of Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution exceeds the fair market value of any consideration received therefor by the Corporation from the holders of Common Shares (as determined in good faith by the Board of the Corporation); and

(viii) the denominator is the product of the number of Common Shares outstanding on such record date multiplied by the Fair Market Value Per Share on such record date.

(e) ***Corporate Reorganization.*** Whenever there is:

(i) a reclassification of any class or series of shares comprising all or any part of the Common Shares, a change of any such shares into other shares or securities, any other capital reorganization of the Corporation affecting Common Shares, or an additional issuance of securities, to which none of Sections 3(b), 3(c) and 3(d) applies;

(ii) a consolidation, reorganization, merger or amalgamation of the Corporation with or into another body corporate or plan of arrangement to which the Corporation is a party, in each case resulting in a reclassification of Common Shares or a change of Common Shares into other shares or securities; or

(iii) a transaction whereby all or substantially all of the Corporation's undertaking and assets become the property of another corporation,

(any such event being herein called a "**Corporate Reorganization**"), a Holder who thereafter exercises one or more Warrants will acquire and will accept, for the same aggregate consideration, in lieu of the Common Shares to which such Holder would otherwise have been entitled, Common Shares consisting of the number or amount and class, series or kind of shares or other securities or property that such Holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, such Holder had been the holder of the number or amount of each class, series or kind of Common Shares that such Holder would have acquired by the exercise of such Warrant or Warrants immediately before the Corporate Reorganization.

(f) ***Necessary Corporate Action.*** As a condition precedent to taking any action that would constitute a Corporate Reorganization, the Corporation will take all action that, in the opinion of counsel to the Corporation, is necessary in order that:

(i) the Corporation, any successor to the Corporation, or any successor to its assets and undertaking, may validly and legally issue as fully paid and non-assessable all the Common Shares to which the Holder would be entitled on the exercise of Warrants thereafter; and

(ii) each Holder of a Warrant that has not been exercised will thereafter be entitled to receive Common Shares consisting of such shares, other securities, property and cash to which such Holder is entitled under Section 3(e), subject to adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in this Section 3.

(g) ***Adjustments to Numbers of Common Shares Issuable on Exercise of Warrants.*** If and whenever, pursuant hereto, any adjustment in the Warrant Exercise Price occurs as a result of the fixing by the Corporation of a record date for:

(i) a Share Reorganization;

(ii) a Rights Offering;

(iii) a Special Distribution, if such event constitutes the issue or distribution of:

A. Common Shares; or

B. securities exchangeable for or convertible into Common Shares; or

C. rights, options or warrants to acquire Common Shares;

then the number of Common Shares purchasable upon the subsequent exercise of Warrants shall be simultaneously adjusted by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction employed in the applicable adjustment of the Warrant Exercise Price.

To the extent that any adjustment in subscription rights occurs pursuant to this Section 3(g) as a result of a distribution of exchangeable or convertible securities referred to in Section 3(b) or as a result of the fixing by the Corporation of a record date for the distribution of rights, options or warrants referred to in Section 3(c), the number of Common Shares issuable upon exercise of the Warrants will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the number of Common Shares which would be issuable based upon the number of Common Shares actually issued and remaining issuable immediately after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

To the extent that any adjustment in subscription rights occurs pursuant to this Section 3(g) as a result of the fixing by the Corporation of a record date for the distribution of exchangeable or convertible securities or rights, options or warrants referred to in Section 3(d) and based on an expected fair market value of such securities or such rights, options or warrants and expected number of such securities or such rights, options or warrants issued and remaining issuable immediately after expiration, the number of Common Shares issuable upon exercise of the Warrants will be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right based upon the number of Common Shares actually issued and remaining issuable immediately after such expiration, and will be further readjusted in such manner upon expiration of any further such right.

(h) ***Alterations to Adjustment Provisions.*** If necessary as a result of any Corporate Reorganization, such appropriate alterations as the Board of the Corporation may determine, acting reasonably and in good faith, will be made to the provisions set forth in this Section 3 with respect to the rights and interests of the Holder to the end that such provisions will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Common Shares thereafter deliverable on the exercise of a Warrant, and any such adjustment will be made by and set forth in an amendment hereto and will for all purposes be conclusively deemed to be an appropriate adjustment, absent manifest error.

(i) ***Adjustment Rules.*** The following rules and procedures will be applicable to adjustments made pursuant to this Section 3:

(i) the adjustments and readjustments provided for in this Section 3 are cumulative and, subject to Section 3(i)(ii), will apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions and other events that require such an adjustment;

(ii) no adjustment in the Warrant Exercise Price will be made unless it would result in a change of at least 1% in the then applicable Warrant Exercise Price and no adjustment in the Common Shares will be made unless it will result in a change of the kind of consideration, or of at least 1% in the number of securities, to be delivered as Common Shares on exercise of a Warrant and any adjustment that, except for the provisions of this Section, would have been required to be made, will be carried forward and taken into account in the next adjustment;

(iii) any dispute that arises at any time with respect to any adjustment or determination made pursuant to this Section 3 (including without limiting the generality of the foregoing, a determination under Section 3(j) as to whether any action taken by the Corporation requires that an adjustment be made) shall be arbitrated or finally resolved, pursuant to the National Arbitration Rules of the ADR Institute of Canada, Inc. The arbitrator shall be a Member of The Canadian Institute of Chartered Business Valuators (a "**Valuator**"), as agreed upon by the Holder and the Corporation within ten Business Days of the date on which a party notifies the other of a dispute with respect to any adjustment or determination, or requirement for an adjustment or determination, pursuant to this Section 3. In the event that the parties are unable to reach agreement on or neglect to appoint a Valuator to act as arbitrator within the time period specified above, then that appointment shall be made by the ADR Institute of Canada, Inc. The Valuator's award shall be final and binding on the Corporation and the Holder, with no right of appeal, even on a question of law. The place of arbitration shall be Toronto, Ontario. The language of the arbitration shall be English.

(iv) in the absence of a resolution of the Board of the Corporation fixing the record date for an event referred to in Sections 3(b), 3(c), 3(d) and 3(e), and except as otherwise required by law, the Corporation will be deemed to have fixed as the record date therefor the date on which the event is effected.

(j) ***Other Actions.*** If the Corporation shall take any action affecting the Common Shares, other than actions described in Sections 3(b), 3(c), 3(d) and 3(e), which would affect the rights of the Holder to acquire Common Shares hereunder, the Common Shares will be adjusted, subject to the prior written consent of the Exchange on which the Common Shares are listed, where required, in such manner, and at such time, as the Board of the Corporation determines, acting reasonably and in good faith, will result in an adjustment to the rights of the Holder to receive Common Shares and/or an adjustment to the Warrant Exercise Price that is consistent in principle with the principles governing the basis on which such adjustment is to be made in the event that the Corporation takes one or more of the actions specifically referred to in Sections 3(b), 3(c), 3(d) and 3(e).

(k) ***Postponement of Issue of Shares, etc.*** In any case in which this Section 3 shall require an adjustment to take effect immediately after the effective date of or record date for an event, and a Warrant is exercised after that date and before the consummation of the event, the Corporation may postpone until such consummation:

(i) issuing to the Holder such of the Common Shares to which the Holder is entitled pursuant to such exercise as exceeds those to which the Holder would have been entitled if the Warrant had been exercised immediately before that date; and

(ii) delivering to the Holder any distributions declared with respect to such additional Common Shares,

provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing the Holder's right, upon the occurrence of the event requiring the adjustment, to an adjustment in the Warrant Exercise Price or the number of Common Shares issuable on the exercise of the Warrants and to such distributions declared with respect to any additional Common Shares issuable on the exercise of the Warrant.

(l) ***Notice of Certain Events.*** At least 30 days (or, if such period is not practicable, as soon as is practicable) before the effective date of or record date for an event referred to in Sections 3(b), 3(c), 3(d) and 3(e) that requires or might require an adjustment in the Warrant Exercise Price or Common Shares which the Holder is entitled to acquire on the exercise hereof, the Corporation will give notice to the Holder of the particulars of the event and, to the extent determinable, any adjustment required.

If any adjustment for which a notice pursuant to this Section 3(l) is given is not then determinable, the Corporation will promptly after the adjustment is determinable give notice to the Holder of the adjustment.

(m) ***Amendments to Rights Offerings etc.*** If the purchase price provided for in any rights, warrants or options issued or to be issued in connection with a Rights Offering or a Special Distribution is decreased, the Warrant Exercise Price will forthwith be decreased, and the Common Shares will forthwith be increased to the Warrant Exercise Price that would have been applicable and such Common Shares as the Holder would have obtained if the adjustment in the Warrant Exercise Price and Common Shares made in connection with the issuance of such rights, warrants or options had been made on the basis of such purchase price as so decreased.

4. TRANSFER OF WARRANTS

The Warrants are non-transferable.

5. COVENANTS OF THE CORPORATOIN

The Corporation covenants with the Holder that so long as any Warrants remain outstanding, the Corporation will:

(i) cause the Warrants, when issued, to be legal, valid and binding upon the Corporation with the benefits and subject to the terms of this Certificate, and not take any action which might reasonably be expected to deprive the Holder of its rights pursuant to the Warrants held by it;

(ii) cause the Common Shares and the certificates representing the Common Shares from time to time subscribed and paid for pursuant to the exercise of the Warrants to be duly issued and delivered as fully paid and non-assessable shares, free and clear of all charges, liens and encumbrances, and in accordance with the terms of this Certificate;

(iii) at all times keep available, and reserve if necessary under applicable law, out of its authorized Common Shares, solely for the purpose of issue upon the exercise of the Warrants, such maximum number of Common Shares as shall then be issuable upon the exercise of all Warrants;

(iv) if any filing or registration is required with, or any permission, order or ruling is required to be obtained from, any applicable securities commission or similar regulatory authority in the provinces and territories of Canada or any other step is required under any federal or provincial law of Canada before the Common Shares may be validly issued or delivered to the Holder or resold by the Holder, use its reasonable best efforts to make such filing or registration, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances;

(v) upon the issue of the Warrants, and upon the issue of the Common Shares issued upon the exercise of Warrants, pay, at its expense, all requisite fees with the Exchange and any applicable securities commission or similar regulatory authority in the provinces and territories of Canada;

(vi) promptly notify the Holder in writing of any material default under the terms of this Certificate;

(vii) generally, perform and carry out all of the acts or things to be done by it as provided in this Certificate; and

(viii) do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as may be reasonably required for the better accomplishing and effecting the intentions and provisions of this Certificate.

6. GENERAL PROVISIONS

(a) ***Holder not Shareholder***. The Holder, as a holder of the Warrants, shall have no rights whatsoever as a shareholder of the Corporation (including any right to receive dividends or any other distribution to shareholders or to vote at any meeting of the shareholders), other than with respect to Common Shares which the Holder otherwise owns or in respect of which the Holder shall have exercised its right to purchase hereunder and for which the Holder shall have paid.

(b) ***Issuance and Substitution for Lost Warrant Certificates***. If this Certificate shall be mutilated or be lost, destroyed or stolen, the Corporation shall issue a new Warrant Certificate of like tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of the mutilated Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Certificate. In the case of loss, destruction or theft of this Certificate, the applicant for a new Warrant Certificate shall furnish to the Corporation evidence of ownership and of the loss, destruction or theft of this Certificate and the applicant may also be required to furnish an indemnity, bond or security in amount and form reasonably satisfactory to the Corporation.

(c) ***Exchange of Warrant Certificates***. This Certificate may be exchanged for another Warrant Certificate or Warrant Certificates entitling the Holder to purchase in the aggregate the same number of Common Shares as are purchasable under the Warrant Certificate or Warrant Certificates so exchanged.

(d) ***Day not a Business Day.*** Whenever any action to be taken pursuant to this Certificate would otherwise be required to be taken or made on a day that is not a Business Day, such action shall be taken on the first Business Day following such day.

(e) ***Applicable Law.*** This Certificate shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Corporation and the Holder hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario in respect of any action or proceeding arising out of or relating to the matters contemplated herein.

(f) ***Currency.*** Unless otherwise indicated, 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.

(g) ***Notices, etc.*** Any notice, demand, request, waiver or other communication required or permitted to be given hereunder (collectively, a "**Communication**"), shall be in writing and shall be delivered by facsimile and electronic delivery at the electronic address and facsimile number designated below. Delivery of a Communication shall be effective: (a) upon the date of delivery, if delivered on a Business Day during normal business hours where such Communication is to be received, or (b) the first Business Day following such delivery, if delivered other than on a Business Day during normal business hours where such Communication is to be received. The addresses and facsimile numbers for a Communication shall be as follows:

If to the Corporation:	Olivut Resources Ltd. P.O. Box 6690 Hinton, Alberta, Canada T7V 1X8 Attention: Leni F. Keough Facsimile: (780) 866-3713 E-mail: leni@olivut.com
with a copy to:	Stikeman Elliott LLP 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9 Attention: Jay Kellerman Facsimile: (416) 947-0866 E-mail: jkellerman@stikeman.com
If to the Holder:	The Canadian Special Opportunity Fund, LP 370 Lexington Avenue Suite 1900 New York, New York 10017 Attention: Arlene Brownstein Facsimile: (646) 808-0113 E-mail: abrownstein@thelindpartners.com
with a copy to:	Blake, Cassels & Graydon LLP 199 Bay Street Suite 4000, Commerce Court West Toronto, ON M5L 1A9 Attention: Markus Viirland Facsimile: (416) 863-2653 E-mail: markus.viirland@blakes.com

The Holder or the Corporation may, at any time, give notice in writing to the other in the manner provided for above of any change of address or facsimile number.

(h) ***Time of Essence.*** Time shall be of the essence of this Certificate and of every part hereof and no extension or variation of this Certificate shall operate as a waiver of this provision.

(i) ***Amendment.*** The provisions hereof may not be amended or modified in any respect except by written instrument signed by the parties hereto.

(j) ***Binding Effect.*** This Certificate shall enure to the benefit of and be binding upon the parties hereto and their respective successors, permitted assigns and legal representatives.

(k) ***Successor.*** If the Corporation shall be consolidated, amalgamated or merged with or into any other Person or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor formed by such consolidation or amalgamation or arrangement, or into which the Corporation shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall (i) simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Corporation; and (ii) succeed to and be substituted for the Corporation hereunder and such changes in phraseology and form (but not in substance) may be made in this Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

(l) ***Miscellaneous Interpretation Matters***. The division of this Certificate into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise expressly provided or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

[*Remainder of page intentionally left blank; signature page follows.*]

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officer as of the _____ day of __________________, 2013.

OLIVUT RESOURCES LTD.

By: ____________________________________

Name:

Title:

EXHIBIT "A"

NOTICE OF EXERCISE OF WARRANT FORM

(To be executed only upon exercise of Warrants)

Capitalized terms referred to but not defined herein have such meanings herein as are given thereto in the Certificate.

The undersigned registered owner of the accompanying Certificate hereby elects to exercise ____________ of the Warrants represented thereby on and subject to the terms and conditions in the accompanying Certificate, and agrees to pay the aggregate Warrant Exercise Price of $_______________ in connection with such exercise.

The undersigned hereby directs that the Common Shares acquired by it as a result of such exercise be registered as follows: ______________________________________.

Dated:

____
(Signature of Registered Owner)

____
____
Address

SCHEDULE "B"

FLOW OF FUNDS REQUEST

TO:	THE CANADIAN SPECIAL OPPORTUNITY FUND, LP (the "**Investor**")
C:	INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA – MARKET SURVEILLANCE
FROM:	OLIVUT RESOURCES LTD. (the "**Corporation**")
RE:	Securities Purchase Agreement between the Investor and the Corporation dated March 12, 2013 (the "**Agreement**")

All capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Agreement.

Pursuant to Section [3.1(a)(iii) [re: Initial Cash Advance]/4.1(b)(iii)(B) [re: Subsequent Cash Advance]] of the Agreement, the Corporation irrevocably directs the Investor to advance, as a prepayment of funds for Tranche Securities to be held by the Corporation subject to and in accordance with the terms of the Agreement, such funds as set out below, in the manner set out below, on the Cash Advance Date.

Item	***Amount***
Tranche Number:	[1]
Tranche Amount:	C$[●] [**NTD: <$200,000, unless otherwise priously agreed in writing]**
Cash Advance Date:	
Less:	
Total:	C$[●]
Tranche Securities Issuance Date*: *Subject to adjustment as provided in Agreement	

Please kindly transfer the net amount of C$[●], due on the Cash Advance Date, to the following bank account:

Name: [ ]
BSB: [ ]
Account #: [ ]

Bank: [ ]
Address: [ ]
Swift Code: [ ]

Dated this ___ day of ____________, 20__.

OLIVUT RESOURCES LTD.

____
Name:
Title

SCHEDULE "C"

NOTICE OF CONVERSION

TO: OLIVUT RESOURCES LTD. (the "**Corporation**")

FROM: THE CANADIAN SPECIAL OPPORTUNITY FUND, LP (the "**Investor**")

RE: Conversion pursuant to the Securities Purchase Agreement between the Investor and the Corporation dated March 12, 2013 (the "**Agreement**")

All capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Agreement.

The Investor hereby provides notice to the Corporation, pursuant to Section 5.2(a) of the Agreement, of its intention to effect a Conversion of $[●] of the Convertible Security, for [●] Conversion Units (determined pursuant to Section 5.2(c) of the Agreement), each such unit comprised of one Common Share and, subject to Section 13.2(g) of the Agreement one Warrant, such Conversion Units to be issued on ______________, 20___ (the "**Conversion Date**") and based on a Conversion Price of $__________.

The Conversion Units shall be delivered as follows: ____________________, unless otherwise specified by the Investor on the Conversion Date.

Dated this ___ day of ____________, 20__.

THE CANADIAN SPECIAL OPPORTUNITY FUND, LP by its general Partner, THE LIND PARTNERS CANADA, LLC

____

Name:
Title:

SCHEDULE "D"

CORPORATION FLOOR PRICE NOTICE

TO:	THE CANADIAN SPECIAL OPPORTUNITY FUND, LP (the "**Investor**")
FROM:	OLIVUT RESOURCES LTD. (the "**Corporation**")
RE:	Securities Purchase Agreement between the Investor and the Corporation dated March 12, 2013 (the "**Agreement**")

All capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Agreement.

The Corporation hereby provides irrevocable notice to the Investor, pursuant to Section 5.3(a)(ii) of the Agreement, of its election to make a cash payment (in immediately available funds) of $[102.5% x Tranche] in lieu of the Tranche Securities Issuance of Tranche Securities on the Tranche Securities Issuance Date scheduled for [●], 20[●].

Dated this ___ day of ____________, 20__.

OLIVUT RESOURCES LTD.

____

Name:
Title:

SCHEDULE "E"

RENEWAL NOTICE PERIOD

TO: THE CANADIAN SPECIAL OPPORTUNITY FUND, LP (the "**Investor**")

FROM: OLIVUT RESOURCES LTD. (the "**Corporation**")

RE: Securities Purchase Agreement between the Investor and the Corporation dated March 12, 2013 (the "**Agreement**")

All capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Agreement.

The Corporation irrevocably directs the Investor, pursuant to Section 8.7(c) of the Agreement, to consummate the Postponed at Base Price Cash Advance originally scheduled for [●], 20[●] and related Tranche Securities Issuance and to restart the remaining Cash Advances and Tranche Securities Issuances pursuant to the Agreement that were postponed under Section 8.7(a), such Postponed at Base Price Cash Advance and related restart to become effective on ____________, 20___, being the fifth Trading Day after the end of the Renewal Notice Period ending on ______________, 20__, [10 Trading Days after the date of this Notice] subject to the satisfaction of the conditions set forth in the Agreement, including in Section 8.7(a).

Dated this ___ day of ____________, 20__.

OLIVUT RESOURCES LTD.

____
Name:
Title:

SCHEDULE “F”

PROPERTIES AND MINING RIGHTS

Claim (No., Name)		NTS	Renewal Date	Owner	Area (Acres)
F61934	LS4	85L/08	2013-01-15	Olivut	2,582.5
F61935	LS5	85L/08	2013-01-15	Olivut	2,582.5
F61938	LS8	85L/08	2013-01-15	Olivut	2,582.5
F61939	LS9	85L/08	2013-01-15	Olivut	2,582.5
F65871	WC1	95H/12	2016-10-26	Olivut	2,530.85
F65873	WC3	95H/11	2016-10-26	Olivut	2,582.50
F65874	WC4	95H/11	2016-10-26	Olivut	2,582.50
F65875	WC5	95H/11	2016-10-26	Olivut	2,530.85
F65876	WC6	95H/11	2015-10-26	Olivut	2,582.50
F65877	WC7	95H/11	2015-10-26	Olivut	2,582.50
F65878	WC8	95H/11	2016-10-26	Olivut	2,582.50
F65879	WC9	95H/11	2016-10-26	Olivut	2,530.85
F65880	WC10	95H/11	2016-10-26	Olivut	2,530.85
F65881	WC11	95H/07	2014-10-26	Olivut	2,530.85
F65882	WC12	95H/07	2012-10-26	Olivut	2,530.85
F90827	JK1	95H/06	2017-11-09	Olivut	2,530.85
F90828	JK2	95H/03	2017-11-09	Olivut	2,530.85
F90821	JK3	95H/03	2017-11-09	Olivut	2,530.85
F90822	JK4	95H/03	2017-11-09	Olivut	2,530.85
F90826	JK6 ,	98A14-15, 95H02-03	2017-11- 09	Olivut	2,530.85

Subtotal (area in acres – 20 claims) 51,081.85

Permit No.	NTS	Renewal Date	Owner	Area (Acres)
2181	95H/11	2013-01-31	Olivut	45,647
2182	95H/13	2013-01-31	Olivut	45,280

Subtotal (area in acres – 2 permits) 90,927