AGENCY AGREEMENT

Dated August 28, 2012

Algae Biosciences Corporation
Suite 1900, 520 - 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Mr. Robert Thompson
Chief Financial Officer

Dear Sirs:

Re: Short form prospectus offering of a minimum 15,789,474 units and a maximum of 26,315,789 units

Macquarie Private Wealth Inc. (the "**Lead Agent**") and Beacon Securities Limited (together with the Lead Agent, the "**Agents**" and, each, an "**Agent**") understand that Algae Biosciences Corporation (the "**Corporation**") proposes to issue and sell a minimum of 15,789,474 and a maximum of 26,315,789 units of the Corporation (each a "**Unit**") at a price of $0.19 per Unit to public purchasers (the "**Subscribers**") for aggregate gross proceeds of a minimum of $3,000,000 and a maximum of $5,000,000. Each Unit consists of one common share in the capital of the Corporation (a "**Unit Share**") and one-half of one common share purchase warrant of the Corporation (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one common share in the capital of the Corporation (a "**Warrant Share**") at an exercise price of $0.25 at any time up to 5:00 p.m. (Calgary time) on the date which is 24 months from the Closing Date (as defined below). The Warrants will be created and issued pursuant to the terms of a warrant indenture (the "**Warrant Indenture**") to be dated the Closing Date between the Corporation and Valiant Trust Company, as Warrant agent thereunder.

The Agents understand that the Corporation has prepared and filed the Preliminary Prospectus (as defined hereinafter) and all necessary related documentation with respect to the Units with the Securities Commissions (as defined hereinafter) in the Qualifying Provinces (as defined hereinafter) and have received the Preliminary Passport System Decision Document (as defined hereinafter). The Agents also understand that the Corporation intends to file, without delay and on the terms and conditions set out herein, with the Securities Commissions, the Prospectus (as defined hereinafter) and all necessary related documentation in order to qualify the Units for distribution in each of the Qualifying Provinces.

Subject to the terms and conditions hereof, the Agents agree to act as, and the Corporation appoints the Agents as, the sole and exclusive Agents of the Corporation to offer the Units for sale, by way of prospectus, on the Closing Date in the Qualifying Provinces and to use its commercially reasonable efforts to secure subscriptions therefor. The Corporation acknowledges that the Agents shall be under no obligation to purchase any of the Units.

In consideration for their services hereunder, the Agents shall be entitled to the compensation, including the Agents' Commission and Agents Options, as provided for in section 10 and reimbursement of expenses as set forth in section 11. Except as otherwise specified in section 10, such compensation shall be payable at the Closing Time. For greater certainty, other than the corporate finance fee set forth in section 10, the services provided by the Agents pursuant to this Agreement will not be subject to the Goods and Services Tax provided for in the *Excise Tax Act* (Canada) and taxable supplies will be incidental to the exempt financial services provided.

The Agents shall be entitled (but not obligated) in connection with the offering and sale of the Units to retain as sub-agents other registered securities dealers and may receive subscriptions for Units from purchasers from other registered dealers. The fee payable to any such sub-agent shall be for the account of the Agents.

1. Definitions

In this Agreement:

(a) "**ABC Land Holdings, Inc**." is a corporation that is wholly-owned by the Corporation and incorporated in Delaware;

(b) "**Agents' counsel**" means Davis LLP or such other legal counsel as the Agents may appoint;

(c) "**Agents' Commission**" has the meaning set forth in section 11;

(d) "**Agents' Option Agreement**" means any agreement representing the Agents Options held by any Agent which agreement shall govern the terms and conditions of the Agents' Options;

(e) "**Agents' Options**" means the options to be issued to the Agents as provided for in section 10(c) entitling the holder thereof to acquire Agents' Option Units in an amount equal to 8% of the aggregate Units sold pursuant to the Offering at a price of $0.19 per Agents' Option Unit at any time prior to the date that is 24 months after the Closing Date;

(f) "**Agents' Option Units**" means the Units issuable to the holders of Agents' Options upon the due and proper exercise of the Agents' Options in accordance with the terms of any Agents' Option Agreement, and for greater certainty, each Agents' Option Unit shall consist of one Agents' Option Unit Share and one half of one Agents' Option Unit Warrant;

(g) "**Agents' Option Unit Share**" means one Common Share issued as part of the Agents' Option Unit;

(h) "**Agents' Option Unit Warrant**" means one Warrant issued as part of the Agents' Option Unit, and for greater certainty, one half of one Warrant will be issued as part of each Agents' Option Unit;

(i) "**Agents' Option Unit Warrant Share**" means one Common Share issued on the due exercise of an Agents' Option Unit Warrant;

(j) "**Agreement**" means this agency agreement and not any particular article or section or other portion except as may be specified, and words such as "hereto", "herein" and "hereby" refer to this Agreement as the context requires;

(k) "**AIF**" means the annual information form of the Corporation for the year ended September 30, 2011 and dated March 27, 2012;

(l) "**Algae Biosciences Inc.**" is a corporation that is wholly-owned by the Corporation and incorporated in Delaware;

(m) “**Algae Biomax Inc.**” is a corporation that is wholly-owned by the Corporation and incorporated in Delaware;

(n) “**Applicable Securities Laws**” means all applicable securities, and corporate laws, rules, regulations, notices, instruments, blanket orders and policies in the Qualifying Provinces;

(o) “**ASC**” means the Alberta Securities Commission;

(p) “**Business Day**” means a day which is not Saturday or Sunday or a legal holiday in the City of Calgary, Alberta;

(q) “**Closing**” means the completion of the sale by the Corporation of the Units as contemplated hereunder provided there may be more than one Closing;

(r) “**Closing Date**” means the date of each Closing of the Offering of Units, the first such date being on or about September 25, 2012 or such other date or dates as may be agreed to by the Agents and the Corporation;

(s) “**Closing Time**” means 1:00 p.m. (Calgary time) or such other time, on each Closing Date, as the Agents and the Corporation may agree;

(t) “**Code**” means the United States Internal Revenue Code of 1986, as amended;

(u) “**Common Shares**” means the voting common shares in the capital of the Corporation;

(v) “**Corporation’s auditors**” means Hein & Associates LLP;

(w) “**Corporation’s counsel**” means Borden Ladner Gervais LLP, or such other legal counsel as the Corporation may appoint;

(x) “**dollars**” or “**$**” mean Canadian dollars;

(y) “**Due Diligence Session**” shall have the meaning set forth in section 2(c) hereof;

(z) “**Final Passport System Decision Document**” means a receipt for the Prospectus issued in accordance with the Passport System;

(aa) “**Financial Statements**” means the audited consolidated financial statements of the Corporation as at and for the years ended September 30, 2011 and 2010, together with the auditors’ report thereon and notes thereto, and the interim condensed consolidated financial statements of the Corporation for the 3 and 6 months ended March 31, 2012 and 2011;

(bb) “**Foreign Private Issuer**” means a “foreign private issuer” as such term is defined in Rule 405 of the U.S. Securities Act;

(cc) “**Governmental Body**” means any (i) multinational, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above, and includes the Regulatory Authorities;

(dd) “**insider**” has the meaning ascribed thereto pursuant to Applicable Securities Laws;

(ee) “**International IP Corp.**” is a corporation that is wholly-owned by the Corporation and incorporated in Delaware;

(ff) “**laws**” means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, binding on or affecting the Person referred to in the context in which the word is used;

(gg) “**Liens**” means, with respect to any property or assets, any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of pre-emption, privilege, encumbrance, easement, servitude, right of way, community property right, restriction on transfer, restrictive covenant, right of use or any other right or claim of any kind or nature whatever which affects ownership or possession of, or title to, any interest in, or the right to use or occupy such property or assets;

(hh) “**material adverse effect**” in respect of a Person, means any effect, that is, or could reasonably be expected to be material and adverse to the condition (financial or otherwise), properties, assets, liabilities, obligations, cash flow, income or business operations of such Person, taken as a whole;

(ii) “**Material Agreements**” means, collectively, this Agreement, any Agents’ Option Agreements, the Warrant Indenture and the other items set forth under the heading “Material Contracts” in the AIF ;

(jj) “**Minimum Offering**” means the subscription by purchasers for a minimum of 15,789,474 Units for aggregate gross proceeds of $3,000,000;

(kk) “**Money Laundering Laws**” means the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency;

(ll) “**NEX**” means the NEX Board of the TSXV;

(mm) “**NI 44-101**” means National Instrument 44-101 – “*Short Form Prospectus Distributions*” of the Canadian Securities Administrators, as amended or replaced;

(nn) “**NI 51-102**” means National Instrument 51-102 – “*Continuous Disclosure Obligations*” of the Canadian Securities Administrators, as amended or replaced;

(oo) “**NP 11-202**” means National Policy 11-202 – “*Process for Prospectus Reviews in Multiple Jurisdictions*” of the Canadian Securities Administrators, as amended or replaced;

(pp) “**Offering**” means the offering of the Units under the Prospectuses as contemplated hereby;

(qq) “**Passport System**” means the system and procedures for prospectus filing and review under Multilateral Instrument 11-102 – “*Passport System*” of the Canadian Securities Administrators (other than Ontario) and NP 11-202;

(rr) “**Person**” includes any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, Governmental Body or other organization or entity, whether or not a legal entity, however designated or constituted;

(ss) “**Preliminary Passport System Decision Document**” means a receipt for the Preliminary Prospectus issued in accordance with the Passport System;

(tt) “**Preliminary Prospectus**” means the preliminary short form prospectus of the Corporation dated July 3, 2012 and any amendments thereto, relating to the qualification for distribution of the Units, and the Agents’ Options, including any documents incorporated by reference therein;

(uu) “**Prospectus**” means the (final) short form prospectus of the Corporation and any amendments thereto, relating to the qualification for distribution of the Units and the Agents’ Options, including any documents incorporated by reference therein;

(vv) “**Prospectuses**” means, collectively, the Preliminary Prospectus, the Prospectus and any amendments thereto;

(ww) “**Public Record**” means all information filed by or on behalf of the Corporation including, without limitation, the Prospectuses, any Supplementary Material and any other information filed with any Securities Commission in compliance, or intended compliance, with any Applicable Securities Laws;

(xx) “**Qualifying Provinces**” means the provinces of Ontario, Saskatchewan, Alberta and British Columbia and such other provinces (excluding Quebec) as the Corporation and the Agents may mutually agree;

(yy) “**Regulatory Authorities**” means the Securities Commissions, the TSXV, NEX and Investment Industry Regulatory Organization of Canada;

(zz) “**Responses**” means the written responses delivered on behalf of the Corporation by certain directors and/or officers of the Corporation, and the written responses of the Corporation’s auditors and the Corporation’s counsel, at the Due Diligence Session;

(aaa) “**Securities Commissions**” means the securities commissions or similar regulatory authorities in the Qualifying Provinces;

(bbb) “**Selling Dealer Group**” means the registered dealers and brokers other than the Agents who participate in the offer and sale of the Units in the Qualifying Provinces pursuant to this Agreement;

(ccc) “**Subsidiaries**” means each of Algae Biosciences Inc., Algae Biomax Inc., ABC Land Holdings Inc., International IP Corp. and any other subsidiary of the Corporation;

(ddd) "**subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 – *"Prospectus and Registration Exemptions"* of the Canadian Securities Administrators;

(eee) "**Supplementary Material**" means, collectively, any amendment to the Preliminary Prospectus or Prospectus, any amended or supplemented Preliminary Prospectus or Prospectus and any ancillary material, information, evidence, return, report, application, statement or document which may be filed by or on behalf of the Corporation under the Applicable Securities Laws;

(fff) "**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

(ggg) "**TSXV**" means the TSX Venture Exchange Inc.;

(hhh) "**Unit**" means one Unit Share and one-half of one Warrant;

(iii) "**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

(jjj) "**Unit Share**" means one Common Share issued as part of the Unit;

(kkk) "**U.S. Exchange Act**" means the United States Securities and Exchange Act of 1934, as amended;

(lll) "**U.S. Person**" has the meaning set forth in Rule 902(k) of the *United States Securities Act of 1933*, as amended;

(mmm) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

(nnn) "**Warrant**" means one Common Share purchase warrant of the Corporation entitling the holder thereof to purchase one Common Share at an exercise price of $0.25 at any time up to 5:00 p.m. (Calgary time) on the date which is 24 months from the Closing Date with such Warrants being created and issued pursuant to the terms of the Warrant Indenture;

(ooo) "**Warrant Indenture**" means the warrant indenture to be dated as of the Closing Date between the Corporation and Valiant Trust Company, governing the terms and conditions of the Warrants; and

(ppp) "**Warrant Shares**" means the Common Shares issuable upon the due exercise of the Warrants.

In addition, "**misrepresentation**", "**material change**" and "**material fact**" shall have the meanings ascribed thereto under the Applicable Securities Laws, "**distribution**" means "**distribution**" or "**distribution to the public**", as the case may be, as defined under Applicable Securities Laws and "**distribute**" has a corresponding meaning.

2. Qualification for Sale

(a) The Corporation shall elect and comply in all material respects with the Passport System and shall select the ASC as the principal regulator under the Passport System. Such compliance shall be made within the following time limits:

(i) the Preliminary Prospectus and related documents, in form and substance satisfactory to the Agents acting reasonably, shall have been filed with the ASC, as principal regulator, no later than 5:00 p.m. (Calgary time) on July 4, 2012 and the Preliminary Passport System Decision Document dated no later than July 5, 2012 shall be obtained from the ASC evidencing that a receipt for the Preliminary Prospectus in each of the Qualifying Provinces has been issued; and

(ii) the Prospectus and related documents, in form and substance satisfactory to the Agents acting reasonably, shall be filed forthwith after any comments with respect to the Preliminary Prospectus received from the ASC have been resolved, but in any event not later than 5:00 p.m. (Calgary time) on August 30, 2012 and the Final Passport System Decision Document dated no later than August 31, 2012 shall be obtained from the ASC evidencing that a receipt for the Prospectus in each of the Qualifying Provinces has been issued,

and the Corporation shall otherwise fulfill all legal requirements to enable the Units to be offered and sold to the public in each of the Qualifying Provinces through the Agents or member of the Selling Dealer Group registered in the applicable Qualifying Province and to qualify the distribution to the Agents of the Agents' Options in the Qualifying Provinces,

(iii) until the completion of the distribution of the Units, promptly take all additional steps and proceedings that from time to time may be required under the Applicable Securities Laws in each Qualifying Province to continue to qualify the Units, and the Agents' Options for distribution or, in the event that the Units, or the Agents' Options, have, for any reason, ceased to so qualify, to again qualify such securities for distribution; and

(iv) within 24 hours of the request of an Agent, provide copies of the Preliminary Prospectus and the Prospectus.

(b) Prior to the filing of the Prospectuses and during the period of distribution of the Units and prior to the filing with any Securities Commissions of any Supplementary Material or any documents incorporated by reference therein after the date hereof, the Corporation shall allow the Agents and the Agents' counsel to participate fully in the preparation of, and to approve the form of (such approval not to be unreasonably withheld), such documents and to have reviewed any documents incorporated by reference therein.

(c) During the period from the date hereof until completion of the distribution of the Units, the Corporation shall allow the Agents to conduct all due diligence which they may reasonably require in order to fulfill their obligations as Agents and in order to enable the Agents responsibly to execute the certificates required to be executed by it in the Prospectuses or in any Supplementary Material. Without limiting the generality of the foregoing, the Corporation shall make available its directors, senior management, audit committee, legal counsel and auditors to answer any questions which the Agents may have and to participate in one or more due diligence sessions to be held prior to the Closing Time (collectively, the "**Due Diligence Session**"). The Agents shall distribute a list of written questions to be answered in advance of such Due Diligence Session and the Corporation shall provide written Responses to such questions and shall use its commercially reasonable efforts to have its legal counsel and auditors provide written Responses to such questions in advance of the Due Diligence Session.

(d) All subscription funds received from subscribers will be retained in trust by the Agents until the Minimum Offering is obtained. If the Minimum Offering has been obtained, the sale of the Units shall be completed in accordance with section 9.

(e) The Offering will be discontinued in the event that the Minimum Offering has not been obtained by the Agents within a period which is 90 days from the date of the Final Passport System Decision Document, unless the Securities Commissions and each of the Persons or companies who have subscribed within such period consent to the continuation of the Offering and all necessary filings for such continuation, including and Supplementary Material, are made. If the Closing has not occurred prior to the expiry of the 90 day period because the Minimum Offering has not been achieved, unless the Securities Commissions consent to the continuation of the Offering and all necessary filings for such continuation, including any Supplementary Material, are made, the Agents will promptly return the proceeds of subscriptions received to the proposed purchasers without interest or deduction unless such proposed purchasers have otherwise instructed the Agents.

3. Delivery of Prospectuses and Related Documents

The Corporation shall deliver or cause to be delivered without charge to the Agents and the Agents' counsel the documents set out below at the respective times indicated:

(a) prior to or contemporaneously, as nearly as practicable, with the filing with the Securities Commissions of each of the Preliminary Prospectus and the Prospectus, copies of the Preliminary Prospectus and the Prospectus, signed as required by the Applicable Securities Laws of the Qualifying Provinces, including copies of any documents incorporated by reference therein which have not previously been delivered to the Agents;

(b) as soon as they are available, copies of any Supplementary Material, as required, signed as required by the Applicable Securities Laws and including, in each case, copies of any documents incorporated by reference therein which have not been previously delivered to the Agents;

(c) prior to the filing of the Prospectus with the Securities Commissions, a "comfort letter" in form and substance satisfactory to the Agents and the Agents' counsel, from the Corporation's auditors dated the date of the Prospectus, addressed to the Agents and in form and substance satisfactory to the Agents and the Agents' counsel, acting reasonably, with respect to the financial and accounting information contained or incorporated by reference in the Prospectus which comfort letter shall be based on the Corporation's auditors' review having a cut-off date of not more than two Business Days prior to the date of the Prospectus; and

(d) prior to or contemporaneously with the filing of the Prospectus, evidence satisfactory to the Agents of the approval of the listing and posting for trading on the TSXV of the Unit Shares, the Warrants, the Warrant Shares, the Agents' Option Unit Shares and the Agents' Option Unit Warrant Shares subject only to satisfaction by the Corporation of customary post-closing conditions imposed by the TSXV for conditional listing approval.

Opinions and comfort letters similar to the foregoing shall be provided to the Agents with respect to any Supplementary Material at the time the same is presented to the Agents for their signatures or, if the Agents' signatures are not required, at the time the same is filed. All such letters shall be in form and substance acceptable to the Agents and the Agents' counsel, acting reasonably.

Such deliveries referred to in this section 3 shall also constitute the Corporation's consent to the use by the Agents and other members of the Selling Dealer Group, of the Prospectuses and any Supplementary Material in connection with the offering and sale of the Units.

4. Commercial Copies

(a) The Corporation shall, as soon as possible but in any event not later than noon (local time at the place of delivery) on the Business Day following the date of the filing of the Prospectus, with the Securities Commissions and no later than noon (local time) on the first Business Day after the execution of any Supplementary Material cause to be delivered to the Agents, without charge, commercial copies of the Prospectus (including the documents incorporated by reference therein) or such Supplementary Material in respect thereof in such numbers and in such cities as the Agents may reasonably request by oral or written instructions to the Corporation or the printer thereof given no later than the time when the Corporation authorizes the printing of the commercial copies of such documents.

5. Material Change and Certain Other Covenants

(a) During the period of distribution of the Units, the Corporation will promptly inform the Agents of the full particulars of:

(i) any material change (actual, anticipated or threatened) in or affecting the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its Subsidiaries (taken as a whole);

(ii) any change in any material fact contained or referred to in the Preliminary Prospectus, the Prospectus or any Supplementary Material;

(iii) the occurrence or discovery of any undisclosed material fact or event, which, in any such case, is, or may be, of such a nature as to:

A. render the Preliminary Prospectus, the Prospectus or any Supplementary Material untrue, false or misleading in any material respect;

B. result in a misrepresentation in the Preliminary Prospectus, the Prospectus or any Supplementary Material; or

C. result in the Preliminary Prospectus, the Prospectus or any Supplementary Material not complying in any material respect with the Applicable Securities Laws,

provided that if the Corporation is uncertain as to whether a material change, change, occurrence or event of the nature referred to in this section has occurred, the Corporation shall promptly inform the Agents of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Agents as to whether the occurrence is of such nature; and

(iv) the discovery by the Corporation of any misrepresentation in any part of the Preliminary Prospectus, the Prospectus, and the Supplementary Material or any information provided to the Agents by the Corporation.

(b) During the period of distribution of the Units, the Corporation will promptly inform the Agents of the full particulars of:

(i) any request of any Securities Commission or similar regulatory authority for any amendment to, or to suspend or prevent the use of, the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record or for any additional information;

(ii) the issuance by any Securities Commission or similar regulatory authority, the TSXV or any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; and

(iii) the receipt by the Corporation of any communication from any Securities Commission or similar regulatory authority, the TSXV or any other competent authority relating to the Preliminary Prospectus, the Prospectus, any Supplementary Material, any other part of the Public Record or the distribution of the Units.

(c) The Corporation will promptly comply to the reasonable satisfaction of the Agents and the Agents' counsel with Applicable Securities Laws with respect to any material change, change, occurrence or event of the nature referred to in subsections 5(a) or (b) above and the Corporation will prepare and file promptly at the Agents' request, subject to approval of the Agents pursuant to subsection 2(b), any amendment to the Preliminary Prospectus, the Prospectus or any Supplementary Material as may be required under Applicable Securities Laws provided that the Corporation shall have allowed the Agents and the Agents' counsel to participate fully in the preparation of any Supplementary Material, to have reviewed any other documents incorporated by reference therein and to conduct all due diligence investigations which the Agents may reasonably require in order to fulfill their obligations as agents and in order to enable the Agents responsibly to execute the certificate required to be executed by them in, or in connection with, any Supplementary Material. The Corporation shall further promptly deliver to the Agents and the Agents' counsel a copy of each Supplementary Material as filed with the Securities Commissions, and of opinions and letters with respect to each such Supplementary Material substantially similar to those referred to in section 3 above.

(d) During the period of distribution of the Units, the Corporation will promptly provide to the Agents, for review by the Agents and the Agents' counsel, prior to filing or issuance:

(i) any financial statement of the Corporation;

(ii) any proposed document, including without limitation any amendment to the AIF, new annual information form, material change report, interim report, or information circular, which may be incorporated, or deemed to be incorporated, by reference in the Prospectus;

(iii) any Supplementary Material;

(iv) any press release of the Corporation;

(v) any other document to be filed with any Securities Commission or similar regulatory authority or the TSXV; and

(vi) any document or information to be sent to shareholders of the Corporation.

(e) The Corporation agrees that at the Closing Date it will have made and/or obtained all necessary filings, approvals, consents and acceptances under Applicable Securities Laws, of the Securities Commissions and under any applicable agreement or document to which the Corporation is a party or by which it is bound, required for the execution and delivery of this Agreement and the Warrant Indenture, the offering and sale of the Units and the consummation of the other transactions contemplated hereby (subject to completion of filings with certain regulatory authorities following the Closing Time).

(f) The Corporation agrees to use the proceeds from the Offering in accordance with the disclosure provided in the Prospectus.

(g) The Corporation agrees that at the Closing Date: the Unit Shares will be duly and validly created and issued as fully paid and non-assessable Common Shares; the Warrants will be duly and validly created and issued as fully paid and non-assessable; the Agents' Options will be duly and validly created and issued; the Warrant Shares, the Agents' Option Unit Shares, the Agents' Option Unit Warrants and the Agents' Option Unit Warrant Shares will be duly and validly authorized and reserved for issuance; in the case of the Warrant Shares, upon issuance in accordance with the due and proper exercise of the Warrants, the Warrant Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation; in the case of the Agents' Option Unit Shares, upon issuance in accordance with the due and proper exercise of any Agents' Option Agreements, the Agents' Option Unit Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation; in the case of the Agents' Option Unit Warrants, upon issuance in accordance with the due and proper exercise of any Agents' Option Agreements, the Agents' Option Unit Warrants will be issued as fully paid and non-assessable; and, in the case of the Agents' Option Unit Warrant Shares, upon issuance in accordance with the due and proper exercise of any Agents' Option Unit Warrants, the Agents' Option Unit Warrant Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation.

(h) The Corporation agrees that it will obtain, prior to the Closing Time, all necessary approvals of the TSXV for the issuance and listing on the TSXV of the Unit Shares, the

Warrants, the Warrant Shares, the Agents' Option Unit Shares and the Agents' Option Unit Warrant Shares, subject only to filing of required documents and will comply with all requirements of the TSXV in connection with the issuance and listing of the Unit Shares, the Warrants, the Warrant Shares, the Agents' Option Unit Shares and the Agents' Option Unit Warrant Shares on the TSXV including filing of all necessary documentation in accordance with the requirements of the TSXV.

(i) The Corporation agrees that it will use its best efforts to maintain the listing of its Common Shares on the TSXV or the Toronto Stock Exchange for a period of two years after the last Closing Date.

(j) The Corporation will use its best efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the Applicable Securities Laws of at least one of the Qualifying Provinces for a period of two years after the last Closing Date.

(k) The Corporation will duly execute and deliver the Warrant Indenture and, subject to section 9(b), the Warrant Certificates at the Closing Time. At the Closing Time, the Corporation will comply with and satisfy all terms, conditions and covenants contained in the Warrant Indenture to be complied with or satisfied by the Corporation. At the Closing Time, the representations and warranties of the Corporation set forth in the Warrant Indenture will be true and correct at the Closing Time, with the same force and effect as if made at such time.

6. Representations and Warranties of the Corporation

The Corporation represents and warrants to the Agents, and acknowledges that the Agents are relying upon such representations and warranties in entering into this Agreement, that:

(a) each delivery of the Preliminary Prospectus, the Prospectus or any Supplementary Material pursuant to section 3 above shall constitute a representation and warranty to the Agents by the Corporation (and the Corporation hereby acknowledges that the Agents are relying on such representations and warranties in entering into this Agreement) that:

(i) all of the information and statements which in any way relate to the Corporation and the Subsidiaries (other than any information or statement relating solely to the Agents and furnished in writing to the Corporation by the Agents expressly for inclusion in the Preliminary Prospectus, the Prospectus or Supplementary Material, as applicable) contained in the Preliminary Prospectus, the Prospectus or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference therein, as the case may be:

A. are at the respective dates of such documents, true and correct in all material respects;

B. contain no misrepresentation; and

C. constitute full, true and plain disclosure of all material facts relating to the Units and the Corporation as required under Applicable Securities Laws;

(ii) each of the Preliminary Prospectus, the Prospectus and any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference therein, as the case may be, complies in all material respects with Applicable Securities Laws; and

(iii) except as is disclosed in the Public Record, there has been no intervening material change (adverse material change until filing of the Prospectus) (actual, proposed or prospective, whether financial or otherwise), from the date of the Preliminary Prospectus, the Prospectus and any Supplementary Material in the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its Subsidiaries (taken as a whole).

(b) each of the Corporation and each of its Subsidiaries has been duly incorporated, amalgamated, formed or continued, as the case may be, and is validly existing under the laws of the jurisdiction of its incorporation, amalgamation, formation or continuance, as the case may be, and has all requisite corporate capacity, power and authority to carry on its business, as now conducted, as presently proposed to be conducted by it and as described in the Prospectus, and to own, lease and operate its properties and assets (as described in the Prospectus);

(c) each of the Corporation and each of its Subsidiaries is qualified to carry on business under the laws of each jurisdiction in which it carries on a material portion of its business;

(d) the execution, delivery and performance by the Corporation and any of its Subsidiaries, as applicable, of this Agreement, and each of the other Material Agreements to which the Corporation or any of its Subsidiaries, as applicable, are or will be a party:

(i) have been duly authorized by all necessary action on the part of the Corporation or its Subsidiaries, as applicable;

(ii) do not require the consent, approval, authorization, registration or qualification of or with any court, Governmental Body or other third party, except those which have been obtained (or will be obtained prior to the Closing Time); and

(iii) do not (or will not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with or result in a default under, or allow any other Person to exercise any rights under:

A. any of the terms or provisions of the constating documents, bylaws or resolutions of the board of directors (or any committee thereof) or resolutions of securityholders of the Corporation or any of its Subsidiaries;

B. any laws applicable to the Corporation or its Subsidiaries, or any judgment, decree, order or award of any court, Governmental Body or arbitrator having jurisdiction over the Corporation or it Subsidiaries, or any agreement, license or permit necessary for the conduct of its business, to which the Corporation or any of its Subsidiaries is a party or by which their business may be affected;

C. any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or any of its Subsidiaries is a party or by which it is bound,

provided in each case, such breach, violation, conflict, default or exercise of rights would not have a material adverse effect or affect the ability of the Corporation or any of its subsidiaries to perform their obligations under this Agreement and each of the other Material Agreements to which they are or will be a party; and

(iv) will not give rise to any Lien on or with respect to the properties or assets now owned or hereafter acquired by the Corporation or any of its Subsidiaries;

(e) the Corporation, and, as applicable, any of its Subsidiaries, has full corporate capacity, power and authority to execute this Agreement and the other Material Agreements and to perform their obligations set out herein and therein, including, without limitation, to issue the Unit Shares, the Warrants, the Warrant Shares, the Agents' Option Unit Shares and the Agents' Option Unit Warrant Shares, all as applicable, and to carry out the transactions contemplated hereby, thereby and as set forth in the Prospectuses, and this Agreement and the other Material Agreements will be, on the Closing Date, duly authorized, executed and delivered by the Corporation and, as applicable, any of its Subsidiaries, and this Agreement is and the other Material Agreements will on the Closing Date be legal, valid and binding obligations of the Corporation and, as applicable, any of its Subsidiaries, enforceable against the Corporation and, as applicable, any of its Subsidiaries, in accordance with their terms except as enforcement thereof may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and subject to the qualification that equitable remedies (including specific performance and injunctive relief) may only be granted in the discretion of a court of competent jurisdiction and that rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable laws and that enforceability may be limited by applicable laws regarding limitation of actions;

(f) the Corporation has full corporate capacity, power and authority to execute, file and deliver the Prospectuses and, prior to filing the Prospectuses, all requisite action will have been taken by the Corporation to authorize the execution, filing and delivery by it of the Prospectuses;

(g) each of the Corporation and each of its Subsidiaries has conducted and is conducting and will conduct its business in accordance with good industry practices and, to the best of the Corporation's knowledge, in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any Governmental Body or regulatory bodies, applicable to it of each jurisdiction in which it carries on a material portion of its business and holds all licences, registrations and qualifications in all jurisdictions in which it carries or proposes to carry on its business which are necessary or desirable to carry on the business of the Corporation and the Subsidiaries, as the case may be, as now conducted and as presently proposed to be conducted, all such licences, registrations or qualifications are valid and existing and in good standing and none of such licences, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on the business of the Corporation or its Subsidiaries (taken as a whole) as now conducted or as proposed to be conducted, and the Corporation is not aware of any legislation, regulation, rule or lawful requirement presently in force or proposed to be brought into force which the Corporation anticipates the Corporation or the Subsidiaries will be unable to comply with without materially adversely affecting the Corporation or any of its Subsidiaries;

(h) the Corporation does not have any interest in any entity other than the Subsidiaries; all of the issued and outstanding shares of the Subsidiaries are validly issued as fully paid and non-assessable, and the Corporation is the registered and beneficial holder of all such issued and outstanding shares of Subsidiaries and holds such shares with valid and marketable title to the shares free and clear of any liens, pledges, charges, encumbrances, security interests or other adverse claims whatsoever and no Person, firm, corporation, partnership or other entity holds any securities convertible or exchangeable into shares of any of the Subsidiaries or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or other acquisition of any unissued shares, securities (including convertible securities) or warrants of any of the Subsidiaries;

(i) Algae Biomax Inc., ABC Landholdings Inc. and International IP Corp. are inactive and have no assets;

(j) other than as disclosed herein, the Corporation is not “affiliated” with or a “holding corporation” of any other body corporate (within the meaning similar to those terms as set forth in the *Business Corporations Act* (Alberta)), nor is it a partner of any partnerships (other than participating in industry partnerships in the ordinary course of business) or limited partnerships, and the Corporation has no material shareholdings in any other corporation or business organization;

(k) the minute books for the Corporation and each Subsidiary contain full, true and correct copies of the constating documents of the Corporation and each Subsidiary, as applicable, and contain copies of all minutes of all meetings and all resolutions of the directors, committees of directors and shareholders of the Corporation and each Subsidiary, as applicable, and all such meetings were duly called and properly held and all resolutions were properly adopted;

(l) the books of account and other records of the Corporation and the Subsidiaries, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;

(m) each of the Corporation and each Subsidiary has duly and on a timely basis filed all tax returns declarations, remittances and filings required to be filed by it, has paid all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes) due and payable by it and has paid all assessments and re-assessments and all other taxes, governmental charges, penalties, interest and other fines due and payable by it and which are claimed by any Governmental Body to be due and owing and adequate provision has been made for taxes payable for any completed fiscal period for which tax returns are not yet required and there are no agreements, waivers, or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any tax, governmental charge or deficiency by the Corporation or any Subsidiary and, to the best of the knowledge of the Corporation as of the date of this Agreement, there are no actions, suits, proceedings, investigations or claims threatened or pending against the Corporation or any Subsidiary in respect of taxes, governmental charges or assessments or any matters under discussion with any Governmental Body relating to taxes, governmental charges or assessments asserted by any such authority; and the Corporation and each Subsidiary has withheld from each payment made to any of its officers, directors, former directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;

(n) filings made by the Corporation and any Subsidiary under which the Corporation or the Subsidiary, as the case may be, has received or is entitled to government incentives, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could cause any amount previously paid to the Corporation or the Subsidiary or previously accrued on the accounts thereof to be recovered or disallowed;

(o) (i) each "employee benefit plan" (within the meaning of section 3(3) of the Employee Retirement Security Act of 1974, as amended ("**ERISA**")) for which the Corporation or any member of its "Controlled Group" (defined as any organization which is a member of a controlled group of corporations within the meaning of section 414 of the Code) would have any liability (each a "**Plan**") has been maintained in material compliance with its terms and with the requirements of all applicable statutes, rules and regulations including ERISA and the Code; (ii) with respect to each Plan subject to Title IV of ERISA (A) no "reportable event" (within the meaning of section 4043(c) of ERISA) has occurred or is reasonably expected to occur, (B) no "accumulated funding deficiency" (within the meaning of section 302 of ERISA or section 412 of the Code), whether or not waived, has occurred or is reasonably expected to occur, (C) the fair market value of the assets under each Plan exceeds the present value of all benefits accrued under such Plan (determined based on those assumptions used to fund such Plan) and (D) neither the Corporation or any member of its Controlled Group has incurred, or reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the PBGC in the ordinary course and without default) in respect of a Plan (including a "multiemployer plan", within the meaning of section 4001(c)(3) of ERISA); and (iii) each Plan that is intended to be qualified under section 401(a) of the Code is so qualified and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification;

(p) neither the Corporation nor any Subsidiary, nor, to the knowledge of the Corporation, any director, officer, agent, employee or other Person associated with or acting on behalf of the Corporation or any Subsidiary, has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment;

(q) to the knowledge of the Corporation, the operations of the Corporation and each Subsidiary are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of Money Laundering Laws and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Corporation or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Corporation, threatened;

(r) the Corporation and each Subsidiary is in compliance with all applicable anti-bribery or anti-corruption laws, and will remain in compliance with such laws; prior to the completion of the Offering, the Corporation and each Subsidiary will not authorize, offer or make payments directly or indirectly to any individual, Person or other entity that would result in a violation of any applicable anti-bribery or anti-corruption laws; and no part of the proceeds received from the Offering will be used for any purpose that could constitute a violation of the laws of Canada or the laws of the United States or any other applicable anti-bribery or anti-corruption laws;

(s) neither the Corporation nor any Subsidiary nor any director, officer, agent, employee or affiliate of the Corporation or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Corporation and each Subsidiary will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person or entity, for the purpose of financing the activities of any Person currently subject to any U.S. sanctions administered by OFAC;

(t) the Corporation is not a United States real property holding corporation for purposes of section 897 of the Code;

(u) except to the extent that any violation or other matter referred to in this subsection does not have a material adverse effect on the business, financial condition, assets, properties, liabilities or operations of the Corporation and the Subsidiaries (taken as a whole):

   (i) the Corporation and each of its Subsidiaries is not in violation of any applicable federal, provincial, state, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");

   (ii) the Corporation and each of its Subsidiaries has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

   (iii) the Corporation and its Subsidiaries have not caused or permitted and the Corporation does not have any knowledge of any spill, release, deposit or discharge of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation or any of its Subsidiaries that have not been remedied;

   (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Corporation or any of its Subsidiaries;

(v) the Corporation and each of its Subsidiaries has not failed to report to the proper Governmental Body the occurrence of any event which is required to be so reported by any Environmental Law;

(vi) the Corporation and each of its Subsidiaries holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for (I) notifications and conditions of general application to assets of the type owned by the Corporation and its Subsidiaries, and (II) notifications relating to reclamation obligations under any Environmental Laws, neither Corporation nor any of its Subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; and

(vii) neither the Corporation nor any of its Subsidiaries (including, if applicable, any predecessor companies thereof) has received any notice of, or been prosecuted for an offence alleging, material non-compliance with any Environmental Laws, and neither the Corporation nor any of its Subsidiaries (including, if applicable, any predecessor companies) has settled any allegation of material non-compliance short of prosecution;

(v) all operations and business of the Corporation have been conducted in accordance with good industry practices and to the best of ABC’s knowledge, in material compliance with applicable laws, rules, regulations, orders and directions of government and other competent authorities and the Corporation has all necessary authorizations, approvals, consents, orders, licenses, certificates and permits of and from all governmental or regulatory bodies or any other person or entity including, without limitation, the United States Food and Drug Administration (the “**FDA**”) and any agency of any foreign government and any other foreign regulatory authority exercising authority comparable to that of the FDA, to own, lease and license its assets and properties and conduct its business, all of which are valid and in full force and effect;

(w) there are currently no water permits required to operate the business of the Corporation as such business is currently operated;

(x) in respect of the assets, properties and businesses of each of the Corporation and its Subsidiaries that are operated by it, each of the Corporation and its Subsidiaries holds all valid licences, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets, properties and businesses of the Corporation and the Subsidiaries, as the case may be, as presently operated;

(y) each of the Material Agreements of the Corporation and the Subsidiaries has been duly and validly executed and delivered by the Corporation or the Subsidiary, as the case may be, constitutes a valid and binding obligation of the Corporation or the Subsidiary enforceable against it in accordance with its terms (subject to laws relating to creditors’ rights generally and except as rights to indemnity may be limited by applicable law), is in good standing and there has not been any default by or dispute with any party thereunder which might reasonably be expected to result in a material adverse effect on the Corporation or any of the Subsidiaries;

(z) other than the Material Agreements, there are no material contracts or agreements which have created any material obligation for the Corporation or from which the Corporation derives or could derive any material benefit or which are required by the Corporation to carry on its business as now conducted by it or as presently proposed to be conducted by it;

(aa) other than as disclosed in the Prospectuses, there is not any material agreement, contract, arrangement or understanding (written or oral) with any Person relating to the acquisition, proposed acquisition, disposition or proposed disposition by the Corporation or any of its Subsidiaries of any material interest in any business (or part of a business) or entity, nor are there any other contracts in contemplation, which would justify disclosure in the Prospectus;

(bb) at the Closing Date, the Unit Shares and the Warrants will have been duly and validly created and issued; the Agents' Options will have been duly and validly created and issued; the Warrant Shares, the Agents' Option Unit Shares, the Agents' Option Unit Warrants and the Agents' Option Unit Warrant Shares will be duly and validly authorized and reserved for issuance; in the case of the Warrant Shares, upon issuance in accordance with the due and proper exercise of the Warrants, the Warrant Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation; in the case of the Agents' Option Unit Shares, upon issuance in accordance with the due and proper exercise of any Agents' Option Agreements, the Agents' Option Unit Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation; in the case of the Agents' Option Unit Warrants, upon issuance in accordance with the due and proper exercise of any Agents' Option Agreements, the Agents' Option Unit Warrants will be issued as fully paid and non-assessable; and, in the case of the Agents' Option Unit Warrant Shares, upon issuance in accordance with the due and proper exercise of any Agents' Option Unit Warrants, the Agents' Option Unit Warrant Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation;

(cc) the Corporation has not completed any "significant acquisition", (as such term is used in NI 51-102) nor is the Corporation proposing any "proposed acquisition" or "probable acquisition" (as such terms are used in NI 44-101F1) that would require the inclusion of any additional disclosure, financial statements or pro forma financial statements in the Preliminary Prospectus or the Prospectus;

(dd) there has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Corporation and its Subsidiaries (taken as a whole) from the position set forth in the Financial Statements except as contemplated by the Prospectus and there has not been any adverse material change in the business, operations, capital or condition (financial or otherwise) or results of the operations of the Corporation and its Subsidiaries (taken as a whole) since September 30, 2011 except as disclosed in the Prospectus; and since that date there have been no material facts, transactions, events or occurrences which could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations or condition (financial or otherwise) or results of the operations of the Corporation and its Subsidiaries (taken as whole);

(ee) the Financial Statements fairly present, in all material respects and in accordance with generally accepted accounting principles in Canada, consistently applied, the consolidated financial position and condition, the results of the operations, cash flows and other information purported to be shown therein of the Corporation and its Subsidiaries (taken as whole) as at the dates thereof and for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation and its Subsidiaries as at the dates thereof required to be disclosed in accordance with generally accepted accounting principles in Canada, and include all adjustments necessary for a fair presentation;

(ff) except as disclosed in the Public Record, since September 30, 2011, neither the Corporation nor any of the Subsidiaries has incurred, assumed or suffered any liability (absolute, accrued, contingent or otherwise) or entered into any transaction which is or may be material to the Corporation and its Subsidiaries (taken as a whole) and which is not in the ordinary course of business;

(gg) there is not in the constating documents or by-laws of the Corporation, or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which the Corporation is a party, any restriction upon or impediment to the declaration of dividends by the directors of the Corporation or payment of dividends by the Corporation to the holders of the Common Shares;

(hh) except as disclosed in the Prospectuses, the Corporation has no liabilities (contingent or otherwise) which are material to it which are not disclosed in the Public Record;

(ii) except for the TSXV, the Ontario Securities Commission, the Saskatchewan Financial Services Commission, the Alberta Securities Commission and the British Columbia Securities Commission, no consent, approval, authorization, order, registration or qualification of or with any court or Governmental Body is required for the issue, sale and delivery of the Units or the consummation of the transactions contemplated in this Agreement;

(jj) there are no actions, suits, proceedings, investigations or inquiries, including, to the best of the Corporation’s knowledge, information and belief, after due inquiry, pending or threatened against or affecting the Corporation or any of its Subsidiaries at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affects, or may in any way materially adversely affect, the assets, business, operations or condition (financial or otherwise) of the Corporation and its Subsidiaries (taken as a whole) or which affects or may affect the distribution of the Units or the validity of any action taken or to be taken in connection with the transactions contemplated by this Agreement or the Prospectuses;

(kk) there are no material judgments against the Corporation or any of its Subsidiaries which are unsatisfied, nor are there any consent decrees or injunctions to which the Corporation or any of the Subsidiaries is subject;

(ll) except in the ordinary course of business and as set forth in the Material Agreements, the Corporation is not a party to or bound by or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Corporation to compete in any line of business, transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of the Corporation;

(mm) the authorized capital of the Corporation consists of an unlimited number of Common Shares of which 68,369,750 Common Shares are currently issued and outstanding, which Common Shares are validly issued, fully paid and non-assessable;

(nn) the attributes and characteristics of the Unit Shares, the Warrants and the Agents' Options conform in all material respects to the attributes and characteristics thereof described in the Prospectuses;

(oo) no Person, firm, corporation or other entity holds or will hold, at the Closing Date, any securities convertible or exchangeable into securities of the Corporation or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of the Corporation other than (i) options to purchase 7,406,000 Common Shares held by directors, officers, employees and consultants of the Corporation, (ii) warrants to purchase 782,455 Common Shares and (iii) agent's options and broker's warrants to purchase 2,578,000 Common Shares;

(pp) to the knowledge of the Corporation, neither the Corporation nor any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements or agreements in respect of outstanding securities of the Corporation which affect the voting or control of any of the securities of the Corporation;

(qq) there are no contracts, agreements or understandings between the Corporation and any Person granting such Person the right to require the Corporation or the Corporation to file a registration statement under the U.S. securities laws with respect to any securities of the Corporation owned or to be owned by such Person;

(rr) no Securities Commission, other securities commission or similar regulatory authority, the TSXV, NEX or other exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of the Corporation, no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened and the Corporation is not in default of any material requirement of Applicable Securities Laws;

(ss) other than as provided for in this Agreement, the Corporation has not incurred any obligation or liability (absolute, accrued, contingent or otherwise) for brokerage fees, finder's fees, underwriter's or agent's commission or other similar forms of compensation with respect to the transactions contemplated in this Agreement;

(tt) to the knowledge, information and belief of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation held by such insider;

(uu) to the knowledge of the Corporation, none of its directors or officers are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;

(vv) the form and terms of the Common Shares and the Agents Option Agreements have been duly approved and adopted by the Corporation and the certificates for the Common Shares comply with all legal requirements relating thereto including those of the TSXV;

(ww) the Corporation has the right to use, or is the registered owner of all right, title and interest in and to the Intellectual Property (as hereinafter defined) as is being used in the business of the Corporation as it is currently conducted and as set forth in the Prospectuses, except where the failure to have such rights could not have a material adverse effect on the Corporation. To the knowledge of the Corporation, the conduct of the business of the Corporation does not infringe upon the Canadian or the United States trademarks, trade names, patents or copyrights of any other person, except where such infringement could not have a material adverse effect on the Corporation. To the knowledge of the Corporation, the Intellectual Property which is not owned by the Corporation is being used by the Corporation only with the consent of or license from the rightful owner thereof, and all such licenses are in full force and effect, except where the failure to have such consent or license could not have a material adverse effect on the Corporation. To the knowledge of the Corporation, there does not exist any claim of adverse ownership, invalidity or any other opposition to or conflict with any Intellectual Property nor any pending or threatened suit, proceeding, claim, demand, action or investigation of any nature or kind against the Corporation relating to the Intellectual Property, except where such suit, proceeding, claim, demand, action or investigation could not have a material adverse effect on the Corporation. All Intellectual Property has been duly assigned to the Corporation by the relevant inventors and authors. All confidential information comprised within the Intellectual Property remains confidential and all those individuals and entities with knowledge of such confidential information are contractually bound to the Corporation to maintain the confidentiality of such confidential information. For purposes of this Agreement, "**Intellectual Property**" means all inventions (whether patentable or not), patents, patent applications, trademarks (whether registered or not), trade names, domain names (including applications for all the foregoing and renewals, divisions, extensions, continuations, continuations in part, corresponding applications and reissues, where applicable, relating thereto), inventions, licenses, trade secrets, patterns, drawings, software, technical information, research data, concepts, methods, procedures, designs, know-how, show-how and all other intellectual property, both foreign and domestic, owned by or licensed to the Corporation;

(xx) the Corporation is not aware of a claim of any infringement or breach by the Corporation of any industrial or intellectual property rights of any other person, nor has the Corporation received any notice nor is the Corporation otherwise aware that the use of the business names, trademarks, service marks and other industrial or Intellectual Property of the Corporation infringes upon or breaches any industrial or intellectual property rights of any other person except where such claim, infringement or breach could not have a material adverse effect on the Corporation;

(yy) the Corporation or its Subsidiaries are the owner of the Corporation's assets including its real property as described in the Prospectuses and as is being used in the business with good and marketable title free and clear of all liens, charges, encumbrances and any other rights of others, other than those disclosed in the Prospectuses, there are no outstanding options or rights of first refusal to purchase any real property of the Corporation and the

Corporation is not aware of any defects, failures or impairments in the title of any of the Corporation's assets, including real property, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which, in aggregate could have a material adverse effect on the business of the Corporation;

(zz) each of the leases pursuant to which the Corporation and any of its Subsidiaries occupy any premises, or which the Corporation or any of its Subsidiaries occupy are in good standing and in full force and effect, and the Corporation and its Subsidiaries are not in breach of any material covenants, conditions or obligations contained therein and all facilities leased or subleased thereunder been operated and maintained by the Corporation in accordance with all requirements thereunder and in accordance with all laws in all material respects;

(aaa) there has not been any reportable event (within the meaning of section 4.11 of National Instrument 51-102 of the Canadian Securities Administrators) with the Corporation's auditors;

(bbb) neither the Corporation nor any of its Subsidiaries is a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation or its Subsidiaries and applicable laws, indemnification agreements or covenants that are entered into arising in the ordinary course of business, including operating and similar agreements, indemnification and contribution provisions in this Agreement and in transfer agency agreements) or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other Person;

(ccc) except as disclosed in the Public Record, neither the Corporation nor any of its Subsidiaries have any loans or other indebtedness which have been made to or from any of its shareholders, officers, directors or employees or any other Person not dealing at arm's length with the Corporation or the Subsidiary that are currently outstanding;

(ddd) except as disclosed in the Public Record, none of the directors, officers or employees of the Corporation, any holder that owns, directly or indirectly, more than 10% of any class of securities of the Corporation, or any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation;

(eee) other than as disclosed in the Public Record, or in the Due Diligence Session, the Corporation is not a party to any written contracts of employment which may not be terminated on one month's notice or which provide for payments occurring on a change of control of the Corporation;

(fff) neither the Corporation nor any of the Subsidiaries currently has any Swaps outstanding;

(ggg) each of the Corporation and its Subsidiaries is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts that are customary in the business in which it is engaged; all policies of insurance and fidelity or surety bonds insuring the Corporation or its Subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect, each of the Corporation and its Subsidiaries is in compliance with the terms of such policies and instruments in all material respects and there are no material claims by the Corporation or its Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; the Corporation has no reason to believe that it will not be able to renew its and its Subsidiaries' existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a material adverse effect on the condition (financial or otherwise) prospects, earnings, business or properties of the Corporation or its Subsidiaries;

(hhh) all material continuous and timely disclosure documents, reports, forms, filings and fees required to be made and paid by the Corporation pursuant to the Applicable Securities Laws have been made and paid in accordance with the Applicable Securities Laws;

(iii) all statements, facts, data, information and materials provided from time to time by the Corporation in writing to the Agents relating to the Corporation or the business, and the directors and officers of the Corporation, are to the best of the knowledge of the Corporation, true and correct;

(jjj) the information and statements set forth in the Public Record, as they relate to the Corporation and its Subsidiaries, were true, correct, and complete and did not contain any misrepresentation, as of the date of such information or statement, and were prepared in accordance with and complied with Applicable Securities Laws, the Corporation has not filed any confidential material change reports still maintained on a confidential basis and, to the knowledge of the Corporation, no circumstances exist under which the Corporation has incurred liability under secondary market disclosure provisions of Applicable Securities Laws;

(kkk) Valiant Trust Company, at its office in the City of Calgary, is the registrar and transfer agent of the Corporation with respect to its Common Shares and the Warrant agent under the Warrant Indenture;

(lll) the presently issued and outstanding Common Shares are listed and posted for trading on the TSXV, the Corporation is in compliance policies of the TSXV;

(mmm) subject to satisfaction of the conditions set forth in the conditional acceptance letter of the TSXV dated August 28, 2012, the Unit Shares, the Warrants, and, in the case of the Warrant Shares, upon issuance in accordance with the terms of the Warrants, in the case of the Agents' Option Unit Shares, upon issuance in accordance with the terms of the Agents' Option Agreements, and, in the case of the Agents' Option Unit Warrant Shares, upon issuance in accordance with the terms of the Agents' Option Unit Warrants, will be, following the issuance thereof, listed and posted for trading on the TSXV;

(nnn) the Corporation is a "reporting issuer" in each of the provinces of Ontario, Saskatchewan, Alberta and British Columbia within the meaning of the Applicable Securities Laws, as applicable, in such provinces and not in default of any requirements of Applicable Securities Laws thereof;

(ooo) the Corporation does not have in place a shareholder rights protection plan;

(ppp) the Corporation is eligible in accordance with the provisions of NI 44-101 to file a short form prospectus in each of the Qualifying Provinces;

(qqq) the Corporation is not, and after giving effect to the offer and sale of the Units and the application of the proceeds of the Offering will not be, required to be registered as an "investment company" under the United States Investment Company Act of 1940, as amended and is not and will not be an entity "controlled" by an "investment company" within the meaning of such act;

(rrr) the Corporation is, and upon completion of the Offering will be, a Foreign Private Issuer, and will qualify as an issuer under Category 1 of Rule 903(b) under the U.S. Securities Act;

(sss) the Corporation shall use commercially reasonable efforts to remain a Foreign Private Issuer for a period of 24 months following Closing;

(ttt) the Corporation is not, and upon completion of the Offering, will not be subject to the reporting requirements of section 13(a) or 15(d) of the U.S. Exchange Act;

(uuu) the Units will not be subject to restrictions on resale imposed by Rule 144 or Rule 905 under the U.S. Securities Act;

(vvv) upon completion of the Offering the Corporation will not be a United States real property holding corporation for purposes of section 897 of the Code; and

(www) the Responses given by the Corporation and its directors and officers in the due diligence session held on July 3, 2012 (and any due diligence sessions held subsequent thereto) were true and correct where they relate to matters of fact, and the Corporation and its directors and officers have responded in as thorough and complete a fashion as possible and to the knowledge of the Corporation, such Responses taken as a whole shall not have omitted any fact or information necessary to make any of the Responses not misleading in light of the circumstances in which such Responses were given. Where the Responses reflect the opinion or view (including forward looking information) of the Corporation or its directors or officers, such opinions or views are subject to the qualifications and provisions set forth in such Responses and will be honestly held and believed to be reasonable at the time they were given; provided, however, it shall not constitute a breach of this paragraph solely if the actual results vary or differ from those contained in forward-looking statements.

7. Agents' Covenants

(a) The Agents covenant and agree with the Corporation that they will:

(i) conduct activities in connection with the proposed offer and sale of the Units in compliance with all the Applicable Securities Laws and cause a similar covenant to be contained in any written agreement entered into among any Selling Dealer Group and the Agents and established in connection with the distribution of the Units;

(ii) not solicit subscriptions for the Units or otherwise do any act in furtherance of a trade of Units outside of the Qualifying Provinces except in such other jurisdictions outside of Canada contemplated herein or as approved by the Corporation provided that such sales are made in accordance with the applicable securities laws of such jurisdictions;

(iii) it will not offer or sell the Units within the United States or to U.S. Persons; and

(iv) as soon as reasonably practicable after the Closing Date provide the Corporation with a break down of the number of Units sold in each of the Qualifying Provinces and, upon completion of the distribution of the Units, provide to the Corporation notice to that effect, if required by Applicable Securities Laws.

(b) The Agents shall be entitled to assume that the Units may be lawfully offered for sale and sold in the Qualifying Provinces if the Final Passport System Decision Document has been issued evidencing that a receipt for the Prospectus has been issued by the Securities Commissions, provided the Agents do not have actual knowledge, and have not been notified in writing by the Corporation, of any circumstances that would legally prohibit such distribution.

8. Conditions

The obligations of the Agents hereunder shall be conditional upon all representations and warranties and other statements of the Corporation herein being, as of the Closing Time, true and correct, the Corporation having performed, at or prior to the Closing Time, all of its obligations hereunder to be performed, and the Agents receiving, at the Closing Time:

(a) a favourable legal opinion of the Corporation’s counsel dated the Closing Date addressed to the Agents and Agents’ counsel, in form and substance reasonably satisfactory to the Agents, with respect to such matters as the Agents may reasonably request relating to the Offering of the Units, the issuance of the Agents’ Option, the Agents’ Option Units, the Corporation and the transactions contemplated hereby, including, without limitation, that:

(i) each of the Corporation and its Subsidiaries has been duly incorporated, amalgamated or formed, as the case may be, is valid and subsisting under the laws of the jurisdiction of its incorporation, and has all requisite corporate power, capacity and authority to carry on its business as now conducted by it and to own its properties and assets and is duly registered to carry on business in all jurisdictions in which it carries on business or owns any material assets;

(ii) each of the Subsidiaries is a wholly-owned subsidiary of the Corporation;

(iii) the Corporation has full corporate power and authority to enter into this Agreement, the Warrant Indenture and the Agents’ Option Agreements and to perform its obligations set out herein and therein and this Agreement, the Warrant Indenture and the Agents’ Option Agreements have been duly authorized, executed and delivered by the Corporation and constitutes legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms subject to normal qualifications including those relating to creditors’ rights generally and except that rights to indemnity may be limited by applicable law;

(iv) the execution and delivery of this Agreement, the Warrant Indenture and the Agents’ Option Agreements and the fulfilment of the terms hereof and thereof by the Corporation, and the performance of and compliance with the terms of this Agreement, the Warrant Indenture and the Agents’ Option Agreements by the Corporation does not and will not result in a breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under: (i) any applicable laws of the Province of Alberta or the federal laws of Canada applicable therein; (ii) any term or provision of the articles, by-laws or other constating documents as applicable or, of which Corporation's counsel is aware, resolutions of the directors (or any committee thereof) or shareholders of the Corporation or its Subsidiaries, as applicable; (iii) of which counsel is aware, any mortgage, note, indenture, contract, agreement, instrument, lease or other document to which the Corporation is a party or by which the Corporation or any of its Subsidiaries is bound on the Closing Date which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation or its Subsidiaries (taken as a whole) or their properties or assets; or (iv) of which counsel is aware, any judgment, decree, order, statute, rule or regulation applicable to the Corporation or any of its Subsidiaries which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation or its Subsidiaries (taken as a whole) or their properties or assets.

(v) the Corporation has full corporate power and authority to execute and deliver the Prospectuses and any Supplementary Material and all necessary action has been taken by the Corporation to authorize the execution and delivery by it of the Prospectuses and any Supplementary Material and the filing thereof, as the case may be, in each of the Qualifying Provinces in accordance with Applicable Securities Laws;

(vi) the Unit Shares and the Warrants have been duly and validly created and issued; the Agents' Options have been duly and validly created and issued; the Warrant Shares, the Agents' Option Unit Shares, the Agents' Option Unit Warrants and the Agents' Option Unit Warrant Shares will be duly and validly authorized and reserved for issuance; in the case of the Warrant Shares, upon issuance in accordance with the due and proper exercise of the Warrants, the Warrant Shares will be issued as fully paid and non-assessable Common Shares in the capital of the Corporation; in the case of the Agents' Option Unit Shares, upon issuance in accordance with the due and proper exercise of any Agents' Option Agreements, the Agents' Option Unit Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation; in the case of the Agents' Option Unit Warrants, upon issuance in accordance with the due and proper exercise of any Agents' Option Agreements, the Agents' Option Unit Warrants will be issued as fully paid and non-assessable; and, in the case of the Agents' Option Unit Warrant Shares, upon issuance in accordance with the due and proper exercise of any Agents' Option Unit Warrants, the Agents' Option Unit Warrant Shares will be issued as fully paid and non-assessable shares in the capital of the Corporation;

(vii) the form of definitive certificate representing the Common Shares, the Unit Shares, the Warrants and the Agents' Option Agreements have been approved and adopted by the board of directors of the Corporation and form of definitive certificate of the Common Shares, the Unit Shares and the Warrants comply with all legal requirements relating thereto including the TSXV;

(viii) the attributes and characteristics of the Units and the Agents' Options conform in all material respects to the attributes and characteristics thereof described in the Prospectuses and any Supplementary Materials, if applicable;

(ix) all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under the Applicable Securities Laws of each of the Qualifying Provinces in order to qualify the Units for distribution to the public in each of such Qualifying Provinces by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of such Applicable Securities Laws and to qualify the distribution of the Agents' Options;

(x) the issue by the Corporation of the Warrant Shares to be issued upon exercise of the Warrants, the Agents Option Unit Shares and the Agents' Option Unit Warrants to be issued upon exercise of the Agents' Options and the Agents' Option Unit Warrant Shares to be issued upon exercise of the Agents' Option Unit Warrants are exempt from, or are not subject to, the prospectus requirements of Applicable Securities Laws of the Qualifying Provinces and no prospectus or other documents are required to be filed, proceedings taken, or approvals, permits, consents or authorizations obtained by the Corporation under Applicable Securities Laws of the Qualifying Provinces in respect of such distribution;

(xi) subject to the qualifications set out therein, based on Applicable Securities Laws in effect as of the Closing Date, the first trade of the Warrant Shares, the Agents' Option Unit Shares and the Agents' Option Unit Warrant Shares will not be subject to the prospectus requirements of Applicable Securities Laws, and no other filing, proceeding, approval, consent or authorization will be required to be made, taken or obtained pursuant to Applicable Securities Laws in connection with such trade;

(xii) the Corporation is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan and Ontario and is not in default under the applicable securities laws of those provinces and is eligible to participate in NI 44-101 in each Qualifying Province;

(xiii) the Unit Shares, the Warrants, the Warrant Shares, the Agents' Option Unit Shares and the Agents' Option Unit Warrant Shares are conditionally accepted for listing on the TSXV and upon notification to the TSXV of the issuance of such securities and fulfillment of the conditions of the TSXV such securities will be listed and posted for trading on the TSXV;

(xiv) the authorized and issued capital of the Corporation and the issued capital having been validly issued as fully paid and non-assessable;

(xv) Valiant Trust Company, at its principal office in Calgary, has been duly appointed the transfer agent and registrar for the Common Shares (including the Unit Shares, Warrant Shares, Agents' Option Unit Shares and Agents' Option Unit Warrant Shares) and Warrant agent under the Warrant Indenture;

(xvi) the Units are eligible investments as set out under the heading “Eligibility for Investment” in the Prospectus.

and as to all other legal matters, including compliance with Applicable Securities Laws in any way connected with the issuance, sale and delivery of the Units and Agents Options, as the Agents may reasonably request.

It is understood that the respective counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than where they are qualified to practice law, and on certificates of officers of the Corporation and the transfer agent as to relevant matters of fact. It is further understood that the Agents’ counsel may rely on the opinion of the Corporation’s counsel as to matters which specifically relate to the Corporation and including the issuance of the Units;

(b) a certificate of the Corporation dated the Closing Date addressed to the Agents and signed on behalf of the Corporation by the Chief Executive Officer and Chief Financial Officer of the Corporation or such other officers or directors of the Corporation satisfactory to the Agents, acting reasonably, certifying that:

(i) the Corporation has complied with and satisfied all terms, covenants and conditions of this Agreement and the Warrant Indenture on its part to be complied with or satisfied at or prior to the Closing Time;

(ii) the representations and warranties of the Corporation set forth in this Agreement and the Warrant Indenture, including those arriving by delivery of documents hereunder, are true and correct at the Closing Time, with the same force and effect as if made at such time;

(iii) since the respective dates as of which information is given in the Prospectus and except as may have been the subject of Supplementary Material filed with the Securities Commissions, there has been no material change (actual, or to the best of the knowledge, information and belief of the declarants, anticipated, contemplated or threatened, whether financial or otherwise), and no change of any material fact or new material fact, in the consolidated business, financial condition, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Corporation from the date hereof to the Closing Date, except as disclosed in the Prospectus or that would require an amendment to the Prospectus to be filed with the Securities Commissions;

(iv) no inquiry, investigation or other proceeding (whether formal or informal) in relation to the Corporation, its Subsidiaries or their respective directors or officers has been commenced, announced or threatened nor has any order been issued under or pursuant to any relevant statute or by any stock exchange or other regulatory authority which operates to materially prevent or restrict the trading in, or which adversely impacts the distribution of, the Units or any other securities of the Corporation;

(v) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Corporation, or prohibiting or restricting the distribution of the Units, has been made, and no proceedings have been announced, commenced or threatened for the making of any such order, ruling or determination by any securities commission or similar regulatory authority or by any other competent authority, that has not been rescinded, revoked or withdrawn, and, to the knowledge of such officers, no proceedings for such purpose are pending, contemplated or threatened;

(vi) no event of a nature referred to in subsections 13(a), 13(b), 13(c) or 13(g) has occurred or to the knowledge of such officer is pending, contemplated or threatened (excluding, in the case of subsections 13(b) or 13(c) any requirements to make any determination as to the Agents' opinion);and

(vii) there has been no material change in the Responses given at the Due Diligence Session;

and the Agents shall have no knowledge to the contrary;

(c) evidence satisfactory to the Agents, that the Unit Shares, the Warrants, the Agents' Option Unit Shares and the Agents' Option Unit Warrant Shares have been conditionally accepted for listing on the TSXV;

(d) comfort letters of the Corporation's auditors, addressed to the Agents and dated the Closing Date, satisfactory in form and substance to the Agents, acting reasonably, bringing the information contained in the comfort letters referred to in subsection 3(c) up to the Closing Time, which comfort letters shall be based on the Corporation's auditor's review having a cut-off date not more than two Business Days prior to the Closing Date, as applicable;

(e) subject to section 9(c), certificates representing the Unit Shares, the Warrants, any Agents' Option Agreements and payment of the compensation and expenses of the Agents as set forth in sections 10 and 11; and

(f) such other certificates and documents as the Agents may request, acting reasonably.

9. Closing

(a) If the Minimum Offering has been obtained, the sale of the Units shall be completed at the Closing Time at the offices of the Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Agents may agree. Subject to the conditions set forth in section 8 and the provisions hereof, the Agents, on the Closing Date, shall deliver to the Corporation a wire transfer or certified cheque payable to the Corporation, in the amount equal to $5,000,000, if the Maximum Offering has been obtained (or effect payment in such other manner as the Corporation and the Agents may agree), or such other amount as is applicable if the Maximum Offering has not been obtained, unless the Agents shall have elected to deliver the funds net of the Agents' Commission, fees and expenses payable at the Closing Time, in which case the amount of the funds shall be $4,600,000, or such other amount as is applicable if the Maximum Offering has not been obtained, less the amount of the Agents' fees (other than the Agents' Commission) payable hereunder pursuant to section 10 and less the Agents' expenses payable at the Closing Time, against delivery by the Corporation of:

(i) the opinions and officers certificates referred to in section 8;

(ii) subject to section 9(b), definitive certificates representing, in the aggregate, all of the Units registered in such name or names as the Agents shall notify the Corporation in writing not less than 48 hours prior to the Closing Time;

(iii) definitive certificates representing the Agents' Options registered in such name or names as the Agents shall notify the Corporation in writing not less than 48 hours prior to the Closing Time;

(iv) if not already deducted from the proceeds of the Offering delivered by the wire transfer or certified cheque referred to above, a certified cheque or bank draft payable to such name or such names as the Agents shall notify the Corporation in writing not less than twenty-four (24) hours prior to the Closing Time representing the Agents' Commission and fees as provided for in section 10 and the expenses provided for in section 11; and

(v) such further documentation as may be contemplated by this Agreement or that may reasonably be requested by Agents' counsel.

(b) If the Agents request to receive, or the Corporation determines (with the consent of the Agents) to issue, the Units as book-entry only securities in accordance with the rules and procedures of CDS Clearing and Depository Services Inc. ("**CDS**"), then, as an alternative to the Corporation delivering to the Agents definitive certificates representing the Units in the manner and at the times set forth herein:

(i) the Agents will provide a direction to CDS with respect to the crediting of the Units to the accounts of the participants of CDS as shall be designated by the Agents in writing in sufficient time prior to the Closing Date to permit such crediting; and

(ii) the Corporation shall cause the transfer agent of the Corporation to deliver to CDS, on behalf of the Agents, one fully registered global certificate for the Units to be purchased hereunder, registered in the name of "CDS & Co." as the nominee of CDS, to be held by CDS as a book-entry only security in accordance with the rules and procedures of CDS.

10. Fees

In consideration for its services hereunder:

(a) the Corporation agrees to pay to the Agents a fee (the "**Agents' Commission**") equal to the amount of $0.0152 (8.0%) for each Unit sold pursuant to the Offering and accepted by the Corporation, payable in cash at the Closing time;

(b) the Corporation agrees to pay to the Agents a corporate finance fee in the amount of $30,000 plus GST, of which $15,000 plus applicable GST has been paid to the Agents; and

(c) the Corporation agrees to issue to the Agents the Agents' Options to purchase Agents' Option Units in an amount which is equal to 8.0% of the aggregate number of Units sold pursuant to the Offering in the names and denominations as directed by the Lead Agent.

The foregoing Agents' Commission and fees, and the expenses set forth in section 11 below, may, at the sole option of the Agents, be deducted from the aggregate gross proceeds of the Offering and withheld for the account of the Agents.

For greater certainty, other than the corporate finance fee, the service provided by the Agents in connection herewith will not be subject to Goods and Services Tax provided for in the *Excise Tax Act* (Canada) and taxable supplies provided will be incidental to the exempt financial services provided. However, in the event that Canada Revenue Agency determines that Goods and Services Tax is eligible on the fees payable to the Agents hereunder, the Corporation agrees to pay the amount of such tax forthwith upon request of the Agents.

11. Expenses

Whether or not the transactions contemplated herein shall be completed, the Corporation will pay all reasonable expenses and fees in connection with the Offering including, without limitation: (i) expenses of or incidental to the creation, issue, sale or distribution of the Units; (ii) costs incurred in connection with the preparation, filing, reproduction (including the commercial copies thereof) and delivery of all documentation relating to the Offering, including without limitation, the Prospectuses; (iii) fees and expenses of the Corporation's counsel; (iv) the reasonable out-of-pocket expenses incurred by the Agents in connection with the Offering; and (v) the reasonable fees and expenses of the Agents' counsel in Canada and applicable foreign jurisdictions, inclusive of disbursements and applicable taxes. All fees and expenses incurred by the Agents or on their behalf shall be payable by the Corporation immediately upon receiving an invoice therefor from the Agents and shall be payable whether or not the Offering is completed. At the option of the Agents, such fees and expenses may be deducted from any proceeds of the Offering otherwise payable by the Agents to the Corporation on the Closing Date. An expense retainer of $15,000 has been paid to the Agents.

12. Certain Termination Rights and Waiver

All representations, warranties, terms, covenants and conditions of this Agreement to be performed by the Corporation shall be construed as conditions, and any breach of, or default, or failure to comply with any such representation, warranty, term, covenant or condition which are for the benefit of the Agents shall entitle the Agents to terminate their obligations hereunder, by giving written notice to that effect given to the Corporation prior to the Closing Time. The Agents may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term, covenant or condition hereof, or extend the time for compliance therewith, without prejudice to any of their rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on the Agents only if the same is in writing.

13. Termination Events

In addition to any other rights or remedies available to the Agents, the Agents may, without liability, terminate their obligations hereunder, by written notice to the Corporation, in the event that after the date hereof and at or prior to the Closing Time:

(a) any order to cease or suspend trading in any securities of the Corporation, or prohibiting or restricting the distribution of the Units is made, or any proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory or judicial authority or the TSXV (other than as a result of any act or omission of the Agents contrary to the terms of this Agreement), and the same has not been rescinded, revoked or withdrawn;

(b) any inquiry, investigation or other proceeding (whether formal or informal) in relation to the Corporation or any of its Subsidiaries or their respective directors or officers is commenced, announced or threatened or any order is issued under or pursuant to any relevant statute or by any stock exchange or other regulatory authority (unless based upon the activities or alleged activities of the Agents) or there is any change of law, regulation or policy or the interpretation or administration thereof, which, in the reasonable opinion of the Agents operates to materially prevent or restrict the trading in, or which adversely impacts the distribution or the marketability of, the Units or any other securities of the Corporation;

(c) there occurs or shall have been discovered any material change (actual, contemplated or threatened) in the business, business properties, affairs, operations, assets, properties liabilities (contingent or otherwise), capital or ownership of the Corporation or any of its Subsidiaries which, in the reasonable opinion of the Agents, could reasonably be expected to result in purchasers of Units exercising their right under Applicable Securities Laws to withdraw from or rescind their purchase thereof or sue for damages in respect thereof or which has or would reasonably be expected to have a significant adverse effect on the market price or value of the Units or any of them;

(d) there should develop, occur or come into effect or existence or be announced any event, action, state, condition or major financial occurrence of national or international consequence, or any law or regulation or any other occurrence of any nature whatsoever which in the opinion of the Agents seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets in Canada, or the business, operations or affairs of the Corporation and its Subsidiaries taken as a whole;

(e) the state of the financial markets in Canada or elsewhere is such that in the reasonable opinion of the Agents, the Units cannot be profitably marketed, it would be impracticable to offer or continue to offer the Units for sale or there has developed, occurred or come into effect any catastrophe of national or international consequence, any accident, governmental law or regulation, or any other occurrence of any nature whatsoever which, in the reasonable opinion of the Agents, seriously affects or may seriously affect the financial markets, the Corporation’s business or the profitable distribution of the Units;

(f) the Agents shall become aware, through the Agents’ due diligence investigations or otherwise, of any material information with respect to the Corporation or any of its Subsidiaries which had not been publicly disclosed or disclosed in writing to the Agents at or prior to the date hereof and which in the sole opinion of the Agents, acting reasonably, could be expected to have a significant adverse effect on the market price or value of the Units or which adversely impacts the distribution or the marketability of the Units;

(g) the Corporation shall be in breach or default under or non-compliance with any representation, warranty, term or condition of this Agreement or the Warrant Indenture in any material respect; and

(h) there is announced any change or proposed change in the income tax laws of Canada or the interpretation or administration thereof and such change, which in the sole opinion of the Agents, acting reasonably, could be expected to have a significant adverse effect on the market price or value of the Units or any other securities of the Corporation.

14. Continuation of Termination Right

The Agents may exercise any or all of the rights provided for in sections 8, 12, 13, 22 or 25 notwithstanding any material change, event or state of facts and notwithstanding any act or thing taken or done by any Agent or any inaction by any Agent, whether before or after the occurrence of any material change, event or state of facts including, without limitation, any act of any Agent related to the Offering or continued offering of the Units for sale and any act taken by the Agents in connection with any amendment to the Prospectus (including the execution of any amendment or any other Supplementary Material). The Agents shall only be considered to have waived or be estopped from exercising or relying upon any of their rights under or pursuant to sections 8, 12, 13, 22 or 25 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

15. Exercise of Termination Right

Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation, provided that no termination shall discharge or otherwise affect any obligation of the Corporation under sections 10, 11, 16, 17, 18, 19, 22 or 24 as applicable. The rights of the Agents to terminate obligations hereunder are in addition to, and without prejudice to, any other remedies they may have.

16. Survival

All representations, warranties, covenants, indemnities, terms and conditions herein or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the termination of this Agreement and Closing of the Offering and shall continue in full force and effect for the benefit of the Agents and the proposed purchasers regardless of any investigation by or on behalf of the Agents with respect thereto.

17. Indemnity

(a) The Corporation (the "**Indemnitor**") shall indemnify and save harmless each of the Agents and each of the directors, officers, shareholders and employees of the Agents and affiliates of the Agents (collectively, the "**Indemnified Parties**") from and against all actual or threatened claims, actions, suits, investigations and proceedings (collectively "**Proceedings**") and all liabilities, claims, demands, losses (other than loss of profit in connection with the distribution of the Units), costs, expenses, fees, damages, obligations, payments and reasonable expenses to which the Indemnified Persons may be subject (including, without limitation, all statutory duties and obligations, all amounts paid to settle any action or to satisfy any judgment or award and all reasonable legal fees and disbursements on a full indemnity basis) (collectively "**Liabilities**") which now or any time hereafter are suffered or incurred in any way caused by or connected, directly or indirectly, with or in consequence of:

(i) any information or statement contained in the Preliminary Prospectus, the Prospectus, any Supplementary Material or in any other document or material filed by or on behalf of the Corporation or delivered by or on behalf of the Corporation pursuant hereto or other part of the Public Record (other than any information or statement relating solely to the Agents and furnished in writing to the Corporation by the Agents expressly for inclusion in the Preliminary Prospectus, Prospectus, Supplementary Material or such other part of the Public Record) which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact other than any information or fact relating solely to the Agent the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made;

(ii) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to the Agents and furnished in writing to the Corporation by the Agents expressly for inclusion in the Preliminary Prospectus, Prospectus, Supplementary Material or such other part of the Public Record) contained in the Preliminary Prospectus, the Prospectus, any Supplementary Materials, this Agreement or in any other document or any other part of the Public Record filed by or on behalf of the Corporation;

(iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Units imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subsection 17(a)(ii);

(iv) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities (not based solely upon the activities or the alleged activities of the Agents or their banking or Selling Dealer Group members, if any) prohibiting, restricting, relating to or materially affecting the trading or distribution of the Units;

(v) any breach of, default under or non-compliance by the Corporation with any requirements of the Applicable Securities Laws, the policies of the TSXV or of any representation, warranty, covenant, term or condition of this Agreement or in any certificate or other document delivered by or on behalf of the Corporation hereunder or pursuant hereto; or

(vi) the exercise by any purchaser of any Units of any right of rescission or action for damages in any way connected with the offering and sale of the Units,

provided that in the event and to the extent that a court of competent jurisdiction in a final judgment from which no appeal can be made shall determine that such Proceedings or Liabilities resulted from the gross negligence, fraud or wilful misconduct of the Indemnified Party claiming indemnity, this indemnity shall not apply.

(b) The Corporation hereby waives its right to recover contribution from the Agents with respect to any liability of the Corporation by reason of or arising out of any misrepresentation in the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of (i) any misrepresentation which is based upon information relating solely to the Agents contained in such document and furnished in writing to the Corporation by the Agents expressly for inclusion in such document; or (ii) any failure by the Agents to provide to prospective purchasers of Units any document which the Corporation is required to provide to such prospective purchasers and which the Corporation has provided to the Agents to forward to such prospective purchasers provided that the Corporation shall have complied with section 5.

18. Notice of Indemnity Claim

(a) If any Proceeding is brought, instituted or threatened in respect of any Indemnified Party which may result in a claim for indemnification under this Agreement, such Indemnified Party shall promptly after receiving notice thereof notify the Corporation, in writing, and the Corporation shall be entitled (but not required) to assume conduct of the defence thereof and retain counsel on behalf of the Indemnified Party who is satisfactory to the Indemnified Party, acting reasonably, to represent the Indemnified Party in such Proceeding and the Corporation shall pay the fees and disbursements of such counsel and all other expenses of the Indemnified Party relating to such Proceeding as incurred. Failure to so notify the Corporation shall not relieve the Corporation from liability except and only to the extent that the failure materially prejudices the defence of such Proceeding or results in any increase in the Liability of the Corporation under this section. If the Corporation assumes conduct of the defence for an Indemnified Party, the Indemnified Party shall, except when a conflict of interest as described in subsection 18(b)(i) exists and counsel to the Indemnified Party advises the Indemnified Party that such action would be prejudicial to the interest of the Indemnified Party, fully cooperate in the defence including without limitation the provision of documents, appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet with counsel, testify and divulge all information reasonably required to defend or prosecute the Proceedings.

(b) In any such Proceeding the Indemnified Party shall have the right to employ separate counsel and to participate in the defence thereof if:

(i) the Indemnified Party has been advised in writing by counsel that there may be a reasonable legal defence available to the Indemnified Party that is different from or in addition to those available to the Corporation or that a conflict of interest exists which makes representation by counsel chosen by the Corporation not advisable;

(ii) the Indemnitor has not assumed the defence of the Proceeding and employed counsel therefor reasonably satisfactory to the Indemnified Party within ten (10) days after receiving notice thereof; or

(iii) employment of such other counsel has been authorized by the Corporation;

in which event the reasonable fees and disbursements of such counsel (on a solicitor and his client basis) shall be paid by the Corporation.

(c) No admission of liability and no settlement of any Proceeding shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made by an Indemnified Party without the consent of the Indemnitor, such consent not to be unreasonably withheld, and the Indemnitor shall not be liable for any settlement of any Proceeding made without its consent, such consent no to be unreasonably withheld.

(d) If any Proceedings shall be instituted against or involving any Indemnified Party or the Corporation in respect of the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record, the Units or if any regulatory authority or stock exchange shall carry out an investigation of the Corporation or any director or officer of the Corporation or in any matter related to the foregoing or to the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record or the Units and, in either case, any Indemnified Party is required to testify, or respond to procedures designed to discover information, in connection with or by reason of the services performed by the Agents hereunder, any such Indemnified Party may employ their own legal counsel and the Corporation shall pay and reimburse the Indemnified Parties for the reasonable fees and disbursements (on a full indemnity basis) of such legal counsel, the other expenses reasonably incurred by the Indemnified Parties in connection with such proceedings or investigation and a fee at the normal per diem rate for any director, officer or employee of the Agents involved in the preparation for or attendance at such proceedings or investigation.

(e) The rights and remedies of the Indemnified Party set forth in sections 17, 18 and 19 are to the fullest extent possible in law cumulative and not alternative and the election by the Agents or other Indemnified Party to exercise any such right or remedy shall not be, and shall not be deemed to be, a waiver of any other rights and remedies.

(f) It is the intention of the Corporation to, and it hereby constitutes the Agents as trustees for the Indemnified Parties for the purposes of sections 17, 18 and 19 and the Agents shall be entitled, as trustee, to enforce such covenants on behalf of any other Indemnified Parties.

(g) The Indemnitor waives any right it may have of first requiring an Indemnified Person to proceed against or enforce any other right, power, remedy or security or claim or to claim payment from any other Person before claiming under this indemnity. It is not necessary for an Indemnified Person to incur expense or make payment before enforcing such indemnity.

(h) If the Corporation has assumed the defense of any suit brought to enforce a claim hereunder, the Indemnified Person shall provide the Corporation copies of all documents and information in its possession pertaining to the claim, take all reasonable actions necessary to preserve its rights to object to or defend against the claim, consult and reasonably cooperate with the Corporation in determining whether the claim and any legal proceeding resulting therefrom should be resisted, compromised or settled and reasonably cooperate and assist in any negotiations to compromise or settle, or in any defense of, a claim undertaken by the Corporation.

19. Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is (in whole or in part), for any reason, held by a court to be unavailable from the Indemnitor on grounds of policy or otherwise, the Indemnitor and the party or parties seeking indemnification shall contribute to the aggregate Liabilities to which they may be subject or which they may suffer or incur:

(a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand, and by the Agents on the other hand, from the offering of the Units; or

(b) if the allocation provided by subsection 19(a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection 19(a) above but also to reflect the relative fault of the Agents on the one hand, and the Corporation, on the other hand, in connection with the statements, commissions or other matters which resulted in such Liabilities, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Agents, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the Offering received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Agents. In the case of liability arising out of the Preliminary Prospectus, the Prospectus, any Supplementary Material or any other part of the Public Record, the relative fault of the Corporation, on the one hand, and of the Agents, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in section 17 relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of, one or more of the Indemnitor or the Agents and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in section 17.

The amount paid or payable by an Indemnified Party as a result of any Proceedings or Liabilities shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Party in connection with investigating or defending such Liabilities (or Proceedings in respect thereof) whether or not resulting in any Proceeding.

The Corporation and each of the Indemnified Parties and the Agents agree that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraphs. The rights to contribution provided in this section 19 shall be in addition to, and without prejudice to, any other right to contribution which the Agents or other Indemnified Persons may have.

Any liability of the Agents under this section 19 shall be limited to the amount of the fees actually received by the Agents under section 10.

The obligations under the indemnity and right of contribution provided in sections 17, 18 and 19 herein 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.

20. Restrictions on Offerings

The Corporation agrees that the Corporation shall not sell or issue, or agree to sell or issue or enter into any arrangement to sell or issue, without the prior consent of the Agents, such consent not to be unreasonably withheld or delayed, any of the Corporation's equity securities or any securities convertible into or exchangeable for the Corporation's equity securities for a period of 60 days following the final Closing Date, except in conjunction with: (i) the grant or exercise of stock options or similar issuances pursuant to an existing equity compensation plan of the Corporation; (ii) the exercise of convertible securities or options outstanding as at the date hereof; or (iii) the exercise of Agents Options.

21. Future Financings

Provided the Minimum Offering is completed, the Corporation hereby grants to the Lead Agent the right of first refusal ("ROFR") to either lead or participate, in any offering of equity securities of the Corporation to be issued and sold to the public in Canada by brokered private placement or public offering for a period of 12 months from the final Closing Date, subject to the Corporation and the Lead Agent, both acting reasonably, agreeing to the terms and conditions thereof. For the purpose of clarity, equity securities shall encompass Common Shares, convertible debentures, warrants or combinations thereof. The right of first refusal shall be subject to the following terms:

(a) in the event the Corporation proposes to conduct a brokered private placement or a distribution to the public of any of the Corporation's securities or in the event the Corporation receives a binding proposal (or a proposal which would be binding and enforceable if it were executed and delivered by the parties thereto) for a brokered private placement or a distribution to the public of the Corporation's securities in Canada, the Corporation shall forthwith provide written notice (the "**Notice**") thereof to the Lead Agent;

(b) the Notice shall contain the terms and conditions pursuant to which the Corporation proposes to make the brokered offering, including the consideration proposed to be paid and the consideration to be received by the Corporation for its securities, if known;

(c) the Lead Agent shall have a period of ten (10) business days after receipt of the Notice (the "**Notice Period**") from the Corporation to agree in writing to act as agent, underwriter or participant, as the case may be, on behalf of the Corporation on the terms and conditions contained in the Notice and, if the Lead Agent so agrees, the Corporation hereby agrees to engage the Lead Agent to undertake the said brokered private placement or distribution to the public as its agent, underwriter or participant, as the case may be;

(d) if the Lead Agents declines or fails to agree within the Notice Period to conduct the brokered private placement or distribution to the public as agent, underwriter or participant on behalf of the Corporation on the terms and conditions set out in the Notice, the Corporation shall be entitled for a period of 45 days beginning upon the expiry of the Notice Period, to engage a registered Canadian investment dealer ("**Dealer**") on substantially the same terms and conditions as set forth in the Notice. Upon expiry of such 45 day period, or in the event that such terms and conditions of the proposed offering change materially, the Corporation shall not be entitled to enter an engagement or agreement with another dealer, or the Dealer, as the case may be, without again complying with section 21(a) to (d) inclusive *mutatis mutandis*;

(e) in the event that the Corporation does not engage the Lead Agent in connection with the proposed brokered private placement or distribution to the public in accordance with the foregoing, the provisions of this section shall apply to the next proposal *mutatis mutandis*, provided that nothing in this section 21(e) shall extend this ROFR beyond 12 months from the final Closing Date;

(f) in the event the Lead Agent elects in writing to act as agent, underwriter, or participant to the Corporation pursuant to this section 21, the Lead Agent may enter into arrangements with other investment dealers registered to sell securities in the jurisdictions in which said private placement or distribution to the public is to be conducted, at no additional cost to the Corporation, whereby such other investment dealers will be permitted to solicit subscriptions with respect to the said private placement or distribution. The arrangement between the Lead Agent and such investment dealers shall be on such terms and subject to such conditions as the Lead Agent may deem appropriate; and

(g) if the Corporation issues any securities pursuant to a non-brokered private placement, the foregoing shall not apply, unless any of the subscribers to the issuance of the equity securities is a subscriber or beneficial purchaser of the Units in this Offering, in which case this section 21 will apply to such subscribers.

22. Alternative Business Transactions

(a) If the Corporation chooses not to complete the Offering and thereafter the Corporation completes or enters into a binding agreement with respect to an Alternative Business Transaction (as defined below) on or before the date that is six months following the date of this Agreement, the Corporation will pay to the Agent an amount equal to the Agents' Commission and Agents' Options as set forth in section 10, with effect as if the Maximum Offering had been completed, and any outstanding expenses of the Agent in relation to the Offering (collectively, the "**Alternative Transaction Fee**").

(b) Any Alternative Transaction Fee payable to the Agent pursuant to this section 22 will be paid by certified cheque to the Agent at the closing of the Alternative Business Transaction. For greater certainty, any amounts payable pursuant to this section 22 shall be in addition to any amounts paid by the Corporation pursuant to section 11 or pursuant to the indemnity and contribution contemplated by sections 17, 18 and 19.

(c) For the purposes of this section 22:

(i) "**Alternative Business Transaction**" means: (i) the issuance of securities in excess of 5% of the total value or number of securities of the Corporation issued and outstanding as at the date of this Agreement; (ii) a transaction that results in a change in control of the Corporation or any material subsidiary of the Corporation; or (iii) the sale by the Corporation, or any material subsidiary of the Corporation, of greater than 20% of its assets;

(ii) "**change in control**" means, in respect of the Corporation or a material subsidiary of the Corporation, the acquisition by any Person, corporation or entity, or combination of the foregoing acting jointly and in concert (as determined in the manner prescribed by the *Securities Act* (Alberta)), by any means (including merger, amalgamation, arrangement, take-over bid, insider bid or reorganization), whether directly or indirectly, of voting securities of the Corporation or a material subsidiary, which, together with all other voting securities held by such Person, corporation or entity, constitutes in the aggregate more than 20% of all outstanding voting securities of the Corporation or a material subsidiary of the Corporation; and

(iii) "**material subsidiary**" is a subsidiary of the Corporation that represents in excess of 50% of the assets, business and undertaking of the Corporation at the relevant time.

23. Notices

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation, be addressed to:

Algae Biosciences
Suite 1900, 520 - 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Robert Thompson, Chief Financial Officer
Facsimile No.: 877-730-1128

and a copy to:

Borden Ladner Gervais LLP
1900, 520 - 3rd Avenue S.W.
Calgary Alberta, T2P 0R3

Attention: Joel Jones
Facsimile No.: 403-266-1395

and, in the case of notice to be given to the Agents, be addressed to:

Macquarie Private Wealth Inc.
181 Bay St, Suite 3200,
Toronto, ON M5J 2T3

Attention: Brent Larken, Head of Syndication and Public Venture Capital
Facsimile No.: 416-864-3615

and:

Beacon Securities Limited
11 King St West
Suite 1550
Toronto, Ontario M5H 4C7

Attention: David Tomljenovic
Facsimile No.: 416-868-6285

and a copy to:

Davis LLP
Livingston Place
1000 - 250 2nd Street SW
Calgary, Alberta T2P 0C1

Attention: Derrick K. Auch
Facsimile No.: 403-213-4465

or to such other address as any party may designate by notice given to the other parties. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

(a) a communication which is personally delivered shall, if delivered before 4:00 p.m. (local time at the place of delivery) on a Business Day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first Business Day following the day on which it is delivered; and

(b) a communication which is sent by facsimile transmission shall, if sent on a Business Day before 4:00 p.m. (local time at the place of receipt), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is sent.

24. Relationship Between the Corporation and the Agents

The Corporation: (i) acknowledges and agrees that the Agents have certain statutory obligations as registrants under the Applicable Securities Laws and has fiduciary relationships with their clients; (ii) acknowledges and agrees that the Agents are not fiduciaries of the Corporation; and (iii) consents to the Agents acting hereunder while continuing to act for their clients. To the extent that the Agents' statutory obligations as registrants under the Applicable Securities Laws or fiduciary relationships with their clients conflicts with their obligations hereunder the Agents shall be entitled to fulfil their statutory obligations as registrants under the Applicable Securities Laws and their duties to their clients. Nothing in this Agreement shall be interpreted to prevent the Agents from fulfilling their statutory obligations as a registrant under the Applicable Securities Laws or to act as a fiduciary of their clients.

25. Severance

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

26. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The Corporation and each Agent hereby attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

27. Time of the Essence

Time shall be of the essence of this Agreement.

28. Counterpart Execution

This Agreement may be executed in one or more counterparts and by facsimile and other electronic means each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

29. Further Assurances

Each party to this Agreement covenants agrees that, from time to time, it will, at the request of the requesting party, execute and deliver all such documents and do all such other acts and things as any party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

30. Entire Agreement

It is understood that the terms and conditions of this Agreement supersede any previous verbal or written agreement between the Agents and the Corporation with respect to the Offering and including, without limitation, the letter agreement dated April 12, 2012 between the Corporation and the Lead Agent.

If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and by returning the same to Macquarie Private Wealth Inc.

MACQUARIE PRIVATE WEALTH INC.

Per: (signed) "*Brent Larkan*"
Authorized Signatory

Per: (signed) "*James Price*"
Authorized Signatory

BEACON SECURITIES LIMITED

Per: (signed) "*Bruce Weatherly*"
Authorized Signatory

ACCEPTED AND AGREED to as of
the 28th day of August, 2012

ALGAE BIOSCIENCES CORPORATION

Per: (signed) "*Andrew D. Ayers*"
Authorized Signatory