

AGENCY AGREEMENT

THIS AGREEMENT dated effective the 8th day of May, 2012.

BETWEEN:

CREST PETROLEUM CORP., a corporation incorporated under the laws of the Province of British Columbia, with an office in the City of Vancouver, in the Province of British Columbia

(the "**Corporation**")

AND

HAYWOOD SECURITIES INC., a corporation with an office in the City of Calgary, in the Province of Alberta

(the "**Agent**")

WHEREAS:

- A. the Corporation wishes to raise funds by the sale of the Offered Common Shares (as defined herein) in the Offering Jurisdictions (as defined herein);
- B. the Corporation has agreed to file the Prospectus (as defined herein) in accordance with the Securities Legislation (as defined herein) in order to qualify the distribution of the Offered Common Shares, the Agent's Warrant (as defined herein), and the Directors' and Officers' Options (as defined herein); and
- C. the Corporation has agreed to retain the Agent as its exclusive agent to solicit subscriptions for the Offered Common Shares on a commercially reasonable efforts agency basis, and the Agent has agreed to act in such capacity upon the terms and conditions hereinafter set out.

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

- 1.1 For the purposes of this Agreement, including the recitals and any amendment hereto, the following words and phrases shall have the following meanings:
 - (a) "**Agent's Commission**" has the meaning ascribed thereto in Section 3.1;
 - (b) "**Agent's Warrants**" means the irrevocable and non-transferable option to purchase 160,000 Common Shares, exercisable at a price of \$0.10 per Common Share for a period of 24 months from the date the Offered Common Shares are listed and posted for trading on the Exchange, to be granted by the Corporation to the Agent or to such

officers and employees of the Agent as the Agent may direct in writing or its designated sub-agents, all in accordance with Section 3.4;

- (c) **“Agent’s Warrant Agreement”** has the meaning ascribed thereto in Section 3.4;
- (d) **“Agent’s Warrant Shares”** means the Common Shares to be issued upon the exercise of the Agent’s Warrants;
- (e) **“Agreement”** means this agreement, the recitals and the schedules hereto and any amendments;
- (f) **“Agreement in Principle”** has the meaning ascribed thereto in the Policy;
- (g) **“Business Day”** means a day other than a Saturday, Sunday or other than a day when banks in the cities of Calgary, Alberta and Vancouver, British Columbia are not generally open for business;
- (h) **“Closing”** means the completion and closing of the issue and sale of the Offered Common Shares as herein contemplated;
- (i) **“Closing Date”** means the date upon which the Closing occurs, which date shall be determined by agreement between the Corporation and the Agent and shall not be later than the last day of the Offering Period;
- (j) **“Commissions”** means collectively, the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission;
- (k) **“Common Shares”** means common shares in the capital of the Corporation;
- (l) **“Corporate Finance Fee”** has the meaning ascribed thereto in Section 3.2 hereof;
- (m) **“Directors’ and Officers’ Options”** means stock options to be granted to directors and officers of the Corporation in accordance with the Policy, under which directors and officers of the Corporation, in accordance with the Policy, will have the option to purchase up to 500,000 Common Shares at a purchase price of \$0.10 per share for 5 years from the date the options are granted;
- (n) **“distribution”** means “distribution” or “distribution to the public”, as defined under the Securities Legislation;
- (o) **“Engagement Letter”** means the engagement letter dated March 6, 2012;
- (p) **“Exchange”** means the TSX Venture Exchange Inc.;
- (q) **“material change”, “material fact” and “Misrepresentation”** shall have the meanings ascribed thereto by the Securities Legislation;
- (r) **“Non Arm’s Length Parties”** has the meaning ascribed thereto in Policy 1.1 of the Exchange;

- (s) **“Offered Common Shares”** means the 2,000,000 Common Shares offered for sale by the Corporation at a price of \$0.10 per Offered Common Share for aggregate gross proceeds of \$200,000 as contemplated by the Preliminary Prospectus, the Prospectus and this Agreement;
- (t) **“Offering”** means the offer by the Corporation to sell the Offered Common Shares as contemplated by the Preliminary Prospectus, Prospectus and this Agreement;
- (u) **“Offering Jurisdictions”** means the Provinces of British Columbia, Alberta and Ontario;
- (v) **“Offering Period”** means a period of ninety (90) days commencing on the date of the receipt for the Prospectus issued by the Commissions or, subject to the Securities Legislation, such other longer period as may be agreed to by the Corporation and the Agent;
- (w) **“Policy”** means Policy 2.4 of the Exchange entitled “Capital Pool Companies” and all orders, policies, rules, regulations and by-laws of the Commissions and the Exchange which govern offerings by capital pool companies, as amended from time to time;
- (x) **“Preliminary Prospectus”** means the preliminary prospectus of the Corporation dated April 10, 2012 and any amendment thereof, duly approved, signed, certified and filed in accordance with the Securities Legislation qualifying the Offered Common Shares, the Agent’s Warrant, and the Directors’ and Officers’ Options for distribution in the Offering Jurisdictions;
- (y) **“Prospectus”** means the final prospectus of the Corporation dated May 8, 2012 and any amendment thereof, duly approved, signed, certified and filed in accordance with the Securities Legislation qualifying the Offered Common Shares, the Agent’s Warrant, and the Directors’ and Officers’ Options for distribution in the Offering Jurisdictions;
- (z) **“Public Record”** means all information filed by or on behalf of the Corporation and its predecessor entities, if any, including, without limitation, the Preliminary Prospectus, the Prospectus, any Supplementary Material and any other information filed with any of the Commissions in compliance, or intended compliance, with any Securities Legislation;
- (aa) **“Qualifying Transaction”** has the meaning ascribed thereto in the Policy;
- (bb) **“Resale Restrictions”** has the meaning ascribed thereto in Policy 1.1 of the Exchange;
- (cc) **“ROFR Notice”** has the meaning ascribed thereto in section 13.1;
- (dd) **“ROFR Termination Date”** has the meaning ascribed thereto in section 13.1;
- (ee) **“Securities Legislation”** means the *Securities Act* (British Columbia), *Securities Act* (Alberta) and *Securities Act* (Ontario) and the respective regulations and rules thereto and the policy statements, notices and blanket orders of the Commissions, the national policy statements and national instruments applied by the Commissions, and the policies, by-laws and rules of the Exchange, as amended from time to time;

- (ff) **“Subscribers”** means subscribers for Offered Common Shares;
 - (gg) **“Subscription Funds”** means the funds received in respect of subscriptions for the Offered Common Shares pursuant to and in accordance with the terms of the Prospectus and this Agreement;
 - (hh) **“Supplementary Material”** means, collectively, any amendment to the Preliminary Prospectus or Prospectus, any amended or supplemented Preliminary Prospectus or Prospectus or any ancillary material, information, evidence, return, report, application, statement or document which may be filed by or on behalf of the Corporation under the Securities Legislation;
 - (ii) **“Time of Closing”** means 10:00 a.m. (Vancouver time) on the Closing Date or such other time on the Closing Date as the Corporation and the Agent may agree;
 - (jj) **“Total Subscription”** means subscriptions received and accepted for the Offered Common Shares, having an aggregate acquisition cost of \$200,000, in accordance with the Policy on or before the Closing Date; and
 - (kk) **“Transfer Agent”** means Equity Financial Trust Company at its principal office in the City of Vancouver, in the Province of British Columbia.
- 1.2 For the purposes of this Agreement, all references to “Dollars” or “\$” shall mean Canadian funds, unless otherwise specified.
- 1.3 The headings of the Articles of this Agreement are inserted for convenience of reference only and shall not in any manner affect the construction or meaning of anything herein contained or govern the rights or liabilities of the parties hereto.
- 1.4 Words importing the singular number only shall include the plural and vice versa and words of gender shall entail all genders, including the neuter gender and words importing persons shall include companies, corporations, partnerships, syndicates, trusts and any number or aggregate of persons.

ARTICLE 2

APPOINTMENT OF AGENT

- 2.1 Subject to the terms hereof, the Agent is hereby appointed by the Corporation, and the Agent hereby agrees to act, as the sole and exclusive agent of the Corporation to solicit subscriptions to purchase the Offered Common Shares from Subscribers in the Offering Jurisdictions.
- 2.2 The Agent agrees to use commercially reasonable efforts to obtain subscriptions to purchase all of the Offered Common Shares. The Agent shall act as agent only and shall be under no obligation to purchase any of the Offered Common Shares. The Agent may retain as sub-agents other registered securities dealers and may receive subscriptions from such securities dealers. The Agent shall be under no liability for any failure to sell any or all of the Offered Common Shares or to engage sub-agents, provided that the Agent uses commercially reasonable efforts to obtain subscriptions to purchase all of the Offered Common Shares (it being understood that this provision shall in no way derogate from the Agent’s rights under Article 9).

- 2.3 The Agent shall obtain from each Subscriber such certificates, documents, questionnaires, undertakings, forms and other materials as may, in the opinion of the Agent, be required pursuant to the Securities Legislation or as may be required by the Exchange.

ARTICLE 3
AGENT'S FEES

- 3.1 In consideration of the Agent agreeing to act as agent for the Offering, the Corporation agrees to pay to the Agent at the Time of Closing a cash commission equal to 8% of the Total Subscription (the "**Agent's Commission**"). The Agent's Commission shall be paid by the Corporation to the Agent by the Agent deducting such amounts from the Subscription Funds or in such other manner as is satisfactory to the Agent.
- 3.2 The Corporation will also pay to the Agent, whether or not the Offering is completed, a non-refundable fee (the "**Corporate Finance Fee**") of \$10,000 plus all applicable taxes. The Agent hereby acknowledges receipt of \$5,000 for the said Corporate Finance Fee from the Corporation.
- 3.3 If the Agent retains sub-agents or receives subscriptions from sub-agents, the Agent, in its sole discretion, may pay them a fee as may be agreed among them, but in no event shall the Corporation be required to pay any fees in excess of the Agent's Commission or the Corporate Finance Fee.
- 3.4 Notwithstanding the fact that the Agent is not obligated to purchase any Offered Common Shares and on the express condition precedent that the Closing occurs, the Corporation agrees to grant the Agent's Warrant to the Agent and to such sub-agents as the Agent may direct, at the Time of Closing, and to execute and deliver an agreement or agreements, as applicable, setting forth the terms and conditions of the Agent's Warrant, which shall be in the form of the option agreement appended hereto as Schedule "A" (the "**Agent's Warrant Agreement**"). The Agent's Warrant shall be qualified under and be distributed pursuant to the Prospectus.

ARTICLE 4
SUBSCRIPTIONS AND SUBSCRIPTION FUNDS

- 4.1 Residents of the Offering Jurisdictions may subscribe to purchase Offered Common Shares by delivering to the Agent on or prior to the Closing Date payment of the aggregate subscription price in respect of the Offered Common Shares subscribed for.
- 4.2 Subscription Funds received by the Agent shall be held by the Agent in trust for the Subscribers pursuant to the terms of this Agreement, and shall be dealt with by the Agent as provided in Article 4 and Article 5 hereof.

ARTICLE 5
RELEASE OF SUBSCRIPTION FUNDS

- 5.1 The Agent shall not at any time deliver any Subscription Funds received by it to the Corporation until it shall have received each of the following:

- (a) a certificate from the Corporation confirming acceptance by the Corporation of the Total Subscription; and
 - (b) written instructions from the Corporation instructing the Agent to deliver the Subscription Funds to the Corporation and any other parties as directed.
- 5.2 Upon receiving the documentation referred to in Section 5.1 hereof and subject to Section 5.4 hereof, the Agent shall deliver to the Corporation at the Time of Closing all Subscription Funds less the Agent's Commission and expenses incurred by it pursuant to this Agreement.
- 5.3 If the Agent has not received the documentation referred to in Section 5.1 hereof by the expiry of the Offering Period, the Agent shall promptly thereafter, and in any case not later than seven (7) days from the expiry of the Offering Period, remit to each Subscriber such Subscriber's Subscription Funds as are held by the Agent, without interest or deduction, unless the Subscribers have otherwise instructed the Agent.
- 5.4 If the subscription of any Subscriber delivered to the Agent is for any reason rejected (in whole or in part) by the Corporation or the Agent, the Subscription Funds in respect of such rejected subscription shall be forthwith returned to such Subscriber without interest or deduction in the manner provided in Section 5.3.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

- 6.1 The Corporation represents and warrants to the Agent and the Subscribers, and hereby acknowledges that the Agent is relying on such representations and warranties in entering into this Agreement as follows:
- (a) the Corporation has been duly incorporated and is valid and subsisting and in good standing under the laws of its jurisdiction of incorporation and has all the requisite corporate power and capacity to carry on its business as now conducted and as presently proposed to be conducted;
 - (b) the Corporation has full corporate power and authority to enter into this Agreement and the Agent's Warrant Agreement and to perform its obligations set out herein and therein and this Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms, subject to the general qualification that:
 - (i) enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally;
 - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (iii) the equitable or statutory powers of the courts in Canada having jurisdiction to stay proceedings before them and the execution of judgments; and

- (iv) rights to indemnity, contribution and waiver hereunder and the ability to sever unenforceable terms may be limited under applicable law;
- (c) the Corporation does not own or have an interest in any assets other than cash;
- (d) the Corporation requires the signatures of two (2) authorized persons on any cheques issued by the Corporation;
- (e) the Corporation has no business operations of any kind other than as permitted by the Policy;
- (f) the authorized capital of the Corporation and the issued capital of the Corporation are as disclosed in the Prospectus and all of the issued and outstanding securities have been duly issued in compliance with all applicable securities laws and are fully paid and non-assessable;
- (g) none of the issued and outstanding securities of the Corporation is owned directly or indirectly by any director, officer, employee or contractor of the Agent or the Corporation or any Affiliates (as defined in the Exchange Corporate Finance Manual) of any of the foregoing except as disclosed in the Prospectus;
- (h) no person, firm or corporation has any agreement or option, or right or privilege, whether pre-emptive or contractual, capable of becoming an agreement, including convertible securities, for the purchase, subscription or issuance of any unissued shares or other securities of the Corporation except as disclosed in the Prospectus and to the knowledge of the Corporation, no person, firm or corporation is acting jointly or in concert (as such terms is defined in the Securities Legislation) with respect to the Common Shares;
- (i) there is no action, proceeding or investigation pending or, to the knowledge of the Corporation, threatened against the Corporation before or by any federal, provincial, state, municipal, county or other governmental department, commission, board or agency, domestic or foreign, which may result in any material adverse change in the condition, financial or otherwise, of the Corporation, or which questions the validity of any action taken or to be taken by the Corporation pursuant to or in connection with this Agreement or as contemplated by the Prospectus;
- (j) there is not, in the constating documents 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 or payment of dividends by the directors of the Corporation or the payment of dividends by the Corporation to the holders of its Common Shares;
- (k) the books of account of the Corporation, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;
- (l) the audited financial statements of the Corporation, including the notes thereto, contained in the Prospectus present fairly, in all material respects, the financial position and condition of the Corporation as at the date thereof, reflect all liabilities (absolute,

accrued, contingent or otherwise) of the Corporation as at the date thereof, have been prepared in accordance with Canadian generally accepted accounting standards applied on a consistent basis and there has not been any material change in such position or condition since the date of such audited financial statements;

- (m) there has not been any material adverse change in the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations or condition (financial or otherwise) of the Corporation, from the position set forth in the audited financial statements included in the Prospectus and since February 29, 2012, there have been no material facts, transactions, events or occurrences which, to the knowledge of the Corporation, could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise) or results of the operations of the Corporation which have not been disclosed in the Prospectus or in writing to the Agent;
- (n) no event of material default under the constating documents or resolutions of the Corporation or under any agreement or instrument to which the Corporation is a party has occurred and no event which with the giving of notice or the passage of time or both would constitute an event of material default under the constating documents or resolutions of the Corporation or under any such agreement or instrument has occurred and is continuing;
- (o) one or more directors or officers of the Corporation has reviewed Sections 2.4 through 2.8, inclusive, of the Policy and, based on such review, the Corporation has not reached an Agreement in Principle, and the board of directors of the Corporation has not reached a "meeting of minds" with the other parties to a proposed Qualifying Transaction on all fundamental terms of a Qualifying Transaction in respect of which no material conditions to closing exist which are beyond the reasonable control of the Non Arm's Length Parties to the Corporation or the Non Arm's Length Parties to the Qualifying Transaction (other than receipt of shareholder approval and Exchange acceptance);
- (p) the Corporation has not made any payment which is prohibited under Section 8 of the Policy, and the Corporation has advised the Corporation's directors and officers of the requirements and restrictions on the use of the net Subscription Funds set out in Section 8 of the Policy;
- (q) except as disclosed herein or in the Prospectus, there is no person, firm or corporation acting or purporting to act for the Corporation entitled to any brokerage or finder's fee in connection with any of the transactions contemplated herein;
- (r) the execution and delivery by the Corporation of this Agreement and the Agent's Warrant Agreement (when entered into by the Corporation) and the performance of its obligations hereunder and thereunder will not result in any breach or violation of, be in conflict with or constitute a default under any term or provision of the constating documents of the Corporation, any shareholders' or directors' resolutions of the Corporation, or any agreement to which the Corporation is a party or by which the Corporation or any of its property is bound, and this Agreement has been duly authorized, executed and delivered by the Corporation;

- (s) application has been made to list the outstanding Common Shares of the Corporation, including without limitation the Offered Common Shares, and the Agent's Warrant Shares on the Exchange and conditional acceptance of such application has been obtained from the Exchange;
- (t) no approval, authorization, consent or other order of any governmental authority is required in connection with the execution, delivery or performance by the Corporation of this Agreement and the Agent's Warrant Agreement except requisite filings with the Commissions and the Exchange and final consent to the Offering from the Exchange;
- (u) the Corporation has complied with and will comply with the requirements of all applicable corporate and securities laws, including, without limitation, the Securities Legislation and the *Business Corporations Act* (British Columbia) in relation to the issue and trading of its securities and in all matters relating to the Offering;
- (v) except as disclosed in the Preliminary Prospectus and the Prospectus, no order ceasing or suspending trading in securities of the Corporation or prohibiting the sale of such securities has been issued against the Corporation or, to the best of the Corporation's knowledge, after due inquiry: (i) any of its directors, officers and promoters; (ii) any other companies that have common directors, officers and promoters; and (iii) no proceedings for this purpose have been instituted or are pending, contemplated or threatened;
- (w) to the best of the Corporation's knowledge, none of the directors or senior officers of the Corporation, or any holder of more than 10% of its outstanding Common Shares, or any Associate or Affiliate (as such terms are defined in the Securities Legislation) of any of the foregoing persons has or has had any material interest, direct or indirect, in any continuing or existing material transaction or has any material interest, direct or indirect, in any proposed material transaction which, as the case may be, is material to or would materially affect the Corporation, except as stated in the Prospectus;
- (x) no securities commission or other governmental authority has issued any order preventing or suspending the use of the Preliminary Prospectus or the Prospectus;
- (y) all statements, facts, data, information and material made, furnished or provided from time to time by the Corporation to the Agent relating to the Corporation were true and correct in all material respects as at the respective dates of said statements, facts, data, information and material and all material facts relating to the Corporation have been fully disclosed to the Agent and such statements, facts, data, information and material did not and do not (except where modified or superseded by subsequently provided statements, facts, data, information and materials) contain an untrue statement of a material fact or omit to state a material fact necessary in order to make any statement or fact contained therein not misleading in light of the circumstances in which it was made;
- (z) the directors and officers of the Corporation have or will have been provided with a copy of the Preliminary Prospectus and the Prospectus for their review, and the directors have or will have duly approved the Preliminary Prospectus and the Prospectus at the respective times they are filed with the Commissions and the

Exchange and will have authorized their delivery by the Agent in connection with the Offering;

- (aa) except statements or facts relating solely to the Agent for which the Corporation makes no representation or warranty, the Prospectus contains full, true and plain disclosure of all material facts in relation to the Offering as required by the Securities Legislation;
- (bb) none of the statements or facts contained in the Prospectus is false or misleading, and there has been no omission to state any material fact in the Prospectus necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made;
- (cc) the Transfer Agent, at its principal office in the City of Vancouver, British Columbia, has been appointed transfer agent and registrar for the Common Shares;
- (dd) upon payment of the proceeds for the Offered Common Shares, the Offered Common Shares will be validly authorized and issued as fully paid and non assessable shares, the Agent's Warrant will be validly created, authorized and delivered and the Agent's Warrant Shares will be validly authorized, allotted and reserved for issuance upon the exercise of the Agent's Warrant in accordance with its terms, and the Offered Common Shares and Agent's Warrant Shares will, when issued, be issued as fully paid and non-assessable securities and will be issued free and clear of all liens, charges and encumbrances of any kind whatsoever;
- (ee) as at the date hereof the minute books of the Corporation are true, complete and correct in all material respects and contain the minutes of all meetings and all resolutions of the directors and shareholders thereof;
- (ff) the Corporation has advised the directors and officers of the Corporation of:
 - (i) the nature and scope of their responsibilities and duties as directors and officers, respectively, of a public corporation listed on the Exchange, including, without limitation, the matters set out in Policy 3.1 of the Exchange's Corporate Finance Manual; and
 - (ii) the obligations of the Corporation to prepare, file, publish and disseminate, as applicable, such information and documentation as may be required by the Securities Legislation, including, without limitation, Policies 3.2 and 3.3 of the Exchange's Corporate Finance Manual;
- (gg) to the knowledge of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation other than as disclosed to the Agent;
- (hh) 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;

- (ii) as at the date hereof, the Corporation is not a party to any contracts of employment for employees of the Corporation; and
- (jj) 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 agreement or other similar type of arrangements in respect of outstanding securities of the Corporation.

ARTICLE 7
COVENANTS OF THE CORPORATION

The Corporation covenants and agrees with the Agent and undertakes that:

- 7.1 Forthwith following execution of this Agreement, the Corporation will use its best efforts to take or cause to be taken all steps and proceedings that may be necessary under the Securities Legislation, including but not limited to, the filing of the Prospectus and the obtaining of final decision document under National Policy 11-202 - "*Process for Prospectus Reviews in Multiple Jurisdictions*" therefor from the Commissions, to qualify the Offered Common Shares for distribution to the public resident in the Offering Jurisdictions through the Agent and its designated sub-agents or other registered securities dealers and to qualify for distribution the Agent's Warrant.
- 7.2 the Corporation shall promptly notify the Agent in writing of full particulars of any material change, actual, anticipated or threatened, during the Offering Period:
 - (a) in the business or affairs of the Corporation of which the Corporation is aware;
 - (b) relating to any director or senior officer of the Corporation of which the Corporation is aware;
 - (c) in any material fact contained in or omitted from the Preliminary Prospectus, the Prospectus or any Supplementary Material which is of such a nature as to render the Preliminary Prospectus, the Prospectus or any Supplementary Material misleading or untrue;
 - (d) in any statements, facts, data, personal information form or materials provided to the Agent with respect to the directors and officers of the Corporation of which the Corporation is aware or any potential Qualifying Transaction; and
 - (e) in any of the representations and warranties contained in Article 6;

and the Corporation shall file under the applicable Securities Legislation with all possible dispatch, and in any event within any statutory limitation period therefor, such new or correcting information, amendments and other documents as the circumstances may require. The Corporation shall further provide the Agent with copies of information, amendments or other documents as the Agent may reasonably require.

- 7.3 The Corporation shall in good faith discuss with the Agent any change in circumstances which is of a nature that there is reasonable doubt as to whether notice in writing need be given to the Agent pursuant to Section 7.2 hereof.
- 7.4 The Corporation covenants with the Agent that it will advise the Agent promptly of any request of the Commissions, the Exchange or other regulatory body for any amendment to the Preliminary Prospectus or the Prospectus or for any additional information, or the issuance by the Commissions, the Exchange or any other regulatory body of any cease trading order or suspension order relating to the Common Shares or of the institution of any such proceedings. The Corporation covenants to use its best efforts to prevent the issuance of any such cease trading order or suspension order and, if issued, to obtain the withdrawal thereof as soon as possible.
- 7.5 The Corporation, from time to time at its expense, shall deliver to the Agent, at the direction of the Agent, as many commercial copies of the Preliminary Prospectus and the Prospectus (and in the event of an amendment, of such amended Preliminary Prospectus or Prospectus) as the Agent may reasonably request, and any such delivery shall constitute the consent of the Corporation to the use thereof in connection with the Offering subject to the provisions of Securities Legislation relating thereto.
- 7.6 Delivery of the Preliminary Prospectus and the Prospectus shall constitute the Corporation's consent to the Agent's use of the Preliminary Prospectus and the Prospectus for the distribution of the Offered Common Shares in the Offering Jurisdictions in compliance with the provisions of this Agreement and applicable Securities Legislation.
- 7.7 The proceeds received by the Corporation from the sale of the Offered Common Shares will be used by the Corporation solely for the purposes as described in the Prospectus under the heading "Use of Proceeds" and in compliance with the provisions of the Policy.
- 7.8 The Corporation will take all necessary action to register the Corporation in a timely manner, whenever the business or property of the Corporation makes such registration necessary.
- 7.9 The Corporation will take all necessary action to complete its application for listing of the Common Shares on the Exchange with all reasonable diligence after the Closing but, in any event, the Corporation shall submit all required documents for listing on the Exchange within two (2) Business Days of the Closing Date unless otherwise agreed to in writing by the Agent, acting reasonably.
- 7.10 The Corporation will promptly deliver to the Agent all documents or information reasonably requested by the Agent in relation to the transactions contemplated in this Agreement and in relation to the performance by the Agent of its due diligence investigations in respect of the Preliminary Prospectus and the Prospectus and the listing of the Common Shares on the Exchange, including, without limitation, personal information forms for all insiders, financial statements, consent of insiders to background, credit, educational and other checks, shareholders lists and business plans.
- 7.11 The Agent may, in its sole discretion acting reasonably, retain at the Corporation's expense, any agents, experts, professionals or others which it reasonably deems necessary or advisable in order to perform its obligations and due diligence procedures under this Agreement and in

accordance with the Policy and Exchange Policy 2.3, and the Corporation covenants that it will comply with all reasonable requests by such agents, experts or professionals in respect of their investigations into the business and affairs of the Corporation, including any requests for access to the Corporation's operations, property and facilities.

- 7.12 Until the Corporation completes a Qualifying Transaction, the Corporation will comply, in all material respects with all applicable provisions of the Policy. The Corporation will use its best efforts to maintain its status as a reporting issuer not in default of any Securities Legislation in the Offering Jurisdictions for a period of 24 months following the date that its Common Shares are listed and posted for trading on the Exchange and will use its best efforts to maintain its listing on the Exchange during such 24 months and to complete a Qualifying Transaction which is approved by the Exchange within such 24 months.
- 7.13 The Corporation will at all times maintain its corporate existence, will carry on its business in a prudent manner in accordance with the Policy and good business practice and will keep or cause to be kept proper books of accounts in accordance with applicable laws.

ARTICLE 8 **COVENANTS OF THE AGENT**

- 8.1 The Agent hereby covenants, subject to the conditions contained in Article 9 hereof to use its commercially reasonable efforts to solicit subscriptions for the Offered Common Shares in the Offering Jurisdictions and, without limiting the generality of the foregoing, to obtain subscriptions from at least 200 Subscribers, subject to the Exchange's discretion, each of such Subscribers:
- (a) purchasing at least 1,000 Offered Common Shares free of Resale Restrictions;
 - (b) individually purchasing, directly or indirectly, no more than 2% of the Offered Common Shares and, in conjunction with such Subscriber's Associates and Affiliates (as those terms are defined in the Exchange Policy 1.1), purchasing no more than 4% of the Offered Common Shares; and
 - (c) not being a Non-Arm's Length Party (as that term is defined in the Exchange Policy 1.1) to the Corporation (provided, however, that any Subscriber in excess of the 200 minimum Subscribers may be a Non-Arm's Length Party if that party complies with the requirements of the Policy).
- 8.2 The Agent hereby covenants, subject to the conditions contained in Article 9 hereof, to solicit subscriptions for the Offered Common Shares only from subscribers resident in the Offering Jurisdictions.
- 8.3 The Agent hereby covenants, subject to the conditions contained in Article 9 hereof, to close the subscription books and thereafter not receive any further subscriptions for the Offered Common Shares at the earlier of such time:
- (a) as orders for all of the Offered Common Shares have been received; or
 - (b) as prescribed by Securities Legislation.

- 8.4 The Agent hereby covenants and agrees that it will not solicit subscriptions for Offered Common Shares except in compliance with applicable Canadian law (including the Securities Legislation), the rules, policies and by-laws of the Exchange (including the Policy) and the terms and conditions set forth in the Prospectus and this Agreement.
- 8.5 The obligation of the Agent to execute any certificate or deliver any documents pertaining to the Preliminary Prospectus and the Prospectus shall be subject to the provisions hereof and compliance by the Corporation to the date of such execution and delivery with each of its covenants contained in this Agreement to be complied with prior to the filing of either the Preliminary Prospectus or the Prospectus, as the case may be.
- 8.6 The Agent covenants and agrees that it shall:
- (a) provide all such notices and documents as may be required in connection with the Offering, including those required for the Prospectus by the orders, policies, rules, regulations, by-laws and procedures of the Commissions (including the Securities Legislation) and the Exchange which govern capital pool company offerings (including the Policy), as amended from time to time;
 - (b) deliver to the Exchange as soon as reasonably possible after the Closing Date, a Distribution Summary Statement as required by Policy 2.3 of the Exchange; and
 - (c) if required pursuant to Securities Legislation, deliver to each Subscriber a copy of the Prospectus and any Supplementary Material, if applicable.
- 8.7 The Agent represents and warrants to the Corporation that:
- (a) it is a member of the Exchange in good standing;
 - (b) it is registered in the Offering Jurisdictions; and
 - (c) this Agreement has been authorized by all necessary corporate action on the part of the Agent and is a valid and binding obligation of the Agent enforceable against the Agent in accordance with its terms.

ARTICLE 9
CONDITIONS OF THE AGENT'S OBLIGATIONS

- 9.1 The obligations of the Agent contained in this Agreement may be terminated by the Agent in the event that prior to the Time of Closing:
- (a) all regulatory approvals are not obtained on a timely basis;
 - (b) any order operating to restrict, prevent or cease trading in the Common Shares is made pursuant to the Securities Legislation;
 - (c) there is any material breach or material non-performance of any of the covenants of the Corporation herein contained which has not been rectified, remedied or waived by the Agent forthwith;

- (d) any authority having jurisdiction over the Corporation, including any stock exchange, commences or gives notice that it intends to commence any formal inquiry or investigation in relation to the Corporation, its affairs, records or accounts or any of the directors or officers of the Corporation, or into any holdings or transactions in the securities of the Corporation;
- (e) any inquiry, investigation or other proceeding (whether formal or informal) in relation to the Corporation or any of its directors or officers is commenced, announced or threatened, or any order is issued by any federal, provincial or other government authority or by any stock exchange, or there is any change of law which, in the sole opinion of the Agent, operates or will operate to prevent or to restrict the trading of the Common Shares or the distribution of any Common Shares or materially adversely affects or may materially adversely affect the marketability of the Offered Common Shares;
- (f) there shall occur any material change (actual, anticipated, contemplated or threatened) in the assets, liabilities, business or operations of the Corporation which, in the sole opinion of the Agent, could reasonably be expected to have a material adverse effect on the market price or value of the Common Shares or materially adversely affects or may materially adversely affect the marketability of the Offered Common Shares;
- (g) if there should develop, occur or come into effect or existence any event, action, state, condition or financial occurrence of consequence or any governmental action, law, regulation, inquiry or other occurrence of any nature whatsoever which, in the sole opinion of the Agent, acting reasonably, materially adversely affects or involves, the financial markets generally or the business, operations, affairs or financial condition of the Corporation, or the marketability of the Offered Common Shares;
- (h) any new or amended Prospectus discloses information which, in the sole opinion of the Agent, acting reasonably, may result in the Subscribers of a material number of the Offered Common Shares exercising their rights under Securities Legislation to withdraw from or rescind their purchase thereof at any time prior to the Closing;
- (i) there is any amendment to Securities Legislation which, in the sole opinion of the Agent, acting reasonably, will impose any limitations or restrictions on the exercise of the Agent's Warrant or on the subsequent trading of Common Shares which are acquired, or which may be acquired, by the Agent under the Agent's Warrant; or
- (j) the Agent is not satisfied, acting reasonably, with the results of its due diligence investigations.

9.2 The Agent may exercise any or all of the rights provided for in Section 9.1 (except where the Agent is in breach of its obligations under this Agreement) notwithstanding any act or thing taken or done by the Agent or any inaction by the Agent, whether before or after the occurrence of any material change, change, event or state of facts including, without limitation, any act of the Agent related to the Offering or continued offering of the Offered Common Shares for sale and any act taken by the Agent in connection with any amendment to the Prospectus (including the execution of any amendment or any other Supplementary Material) and the Agent shall only be considered to have waived or be estopped from exercising or relying

upon any of its rights under or pursuant to Section 9.1 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

- 9.3 Any termination of any of the obligations of the Agent hereunder pursuant to the provisions hereof shall be effected by written notice to the Corporation. Notwithstanding the giving of any notice of termination hereunder, the provisions of Article 12 and all rights of action in connection therewith shall survive following such termination and the fees and expenses agreed to be paid by the Corporation, referred to in Article 3.2 and Article 11, incurred up to the time of the giving of such notice shall be paid by the Corporation. The rights of the Agent to terminate this Agreement are in addition to such remedies as it may have in respect of any default, misrepresentation, act or failure to act of the Corporation in respect of any of the transactions contemplated in this Agreement.

ARTICLE 10
THE CLOSING

- 10.1 Subject to the terms and conditions hereof, the Closing shall take place at the Time of Closing at the offices of counsel to the Corporation, or such other location in the City of Vancouver, in the Province of British Columbia, as the Agent and the Corporation may agree.
- 10.2 At the Time of Closing, the Corporation shall deliver to the Agent a certificate, in form and substance satisfactory to counsel for the Agent, signed by the Chief Executive Officer and President of the Corporation and any one other director or officer of the Corporation in their capacities as such, and not in their personal capacities, dated the Closing Date, addressed to the Agent to the effect that after a reasonable investigation:
- (a) the representations and warranties contained in Article 6 hereof are true and correct in all material respects at and as at the Time of Closing after giving effect to the transactions contemplated by the Prospectus and this Agreement;
 - (b) the Corporation has complied in all respects with all covenants and satisfied all the conditions contained herein on its part to be performed or satisfied (except those waived in writing by the Agent) at or prior to the Closing Date;
 - (c) no order suspending the sale or ceasing the trading of the Common Shares or any other securities of the Corporation has been issued and no proceedings for that purpose have been instituted or are pending or are, to the knowledge of such officer or director, contemplated or threatened by the Commissions, Exchange, or any other securities commission or stock exchange;
 - (d) such officer and director have carefully examined the Prospectus and since the respective dates as of which information is given in the Prospectus, except as set forth in and contemplated thereby, the Corporation has not incurred any material amount of liabilities or obligations (absolute, accrued, contingent or otherwise) and there has been no material adverse change in the assets or financial position of the Corporation; and there has occurred no event required to be set forth in an amended Prospectus which has not so been set forth, including any transaction or intended transaction not in compliance with the Policy;

- (e) no event of material default under any agreement or instrument to which the Corporation is a party has occurred and no event which with the giving of notice or the passage of time or both would constitute an event of material default under any such agreement or instrument has occurred and is continuing; and
- (f) no event of a nature referred to in Section 9.1 has occurred or to the knowledge of such officers is pending, contemplated or threatened (excluding any obligation to make a determination as to the Agent's opinion).

10.3 At the Time of Closing, the Agent shall receive a favourable legal opinion addressed to the Agent, from counsel to the Corporation, to the effect that:

- (a) the Corporation has been duly incorporated and organized and is valid and subsisting under the *Business Corporations Act* (British Columbia), and has all requisite corporate power and capacity to carry on its business as now conducted and as proposed in the Prospectus to be conducted;
- (b) the Corporation is a "reporting issuer" in Alberta, British Columbia and Ontario, as such terms are defined in the Securities Legislation, and that the Corporation is not listed by the Commissions as being in default of such legislation;
- (c) the authorized and issued capital of the Corporation is as disclosed in the Prospectus; other than as disclosed in the Prospectus, there are no rights, options or warrants for the purchase of any unissued securities of the Corporation;
- (d) the issued capital of the Corporation has been validly issued in accordance with applicable corporate and securities laws and is fully paid and non-assessable;
- (e) the Offered Common Shares have been duly and validly authorized, created and allotted, and when issued, assuming the full payment of the purchase price therefor, the Offered Common Shares will be issued as fully paid and non-assessable securities of the Corporation;
- (f) the form of the definitive certificate representing the Common Shares has been approved and adopted by the directors of the Corporation and conforms to the requirements of applicable law;
- (g) the Exchange has granted conditional approval of the application for the listing of 5,660,000 Common Shares including the 3,000,000 Common Shares issued and outstanding, the Offered Common Shares, the Agent's Warrant Shares, the 500,000 Common Shares issuable upon exercise of the Directors' and Officers' Options, subject to the filing of all necessary documentation;
- (h) this Agreement, the escrow agreement referred to in the Prospectus (the "**Escrow Agreement**"), the transfer agent, registrar and dividend disbursing agent agreement referred to in the Prospectus (the "**Transfer Agency Agreement**") and the Agent's Warrant Agreement have been duly authorized by all necessary corporate action by the Corporation and have been duly executed and delivered by the Corporation and constitute valid and binding obligations of the Corporation and each is enforceable

against the Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

- (i) the execution and delivery by the Corporation of this Agreement, the Escrow Agreement, the Transfer Agency Agreement and the Agent's Warrant Agreement and the performance by the Corporation of its obligations hereunder and thereunder will not result in any material breach or violation of, or be in conflict with, or constitute a material default under: (i) any term or provision of the constating documents; or (ii) any shareholders' or directors' resolutions of the Corporation of which counsel is aware, (iii) any agreement of which counsel is aware and to which the Corporation is a party or by which the Corporation is bound, or (iv) any applicable laws of the Province of British Columbia and the federal laws of Canada applicable therein;
- (j) the Transfer Agent at its principal offices in the City of Vancouver, British Columbia has been duly appointed the transfer agent and registrar for the Common Shares;
- (k) all necessary documents have been filed and proceedings taken under the Securities Legislation to qualify the distribution of the Offered Common Shares to the public and the Agent's Warrant to the Agent in the Offering Jurisdictions;
- (l) the issuance of Agent's Warrant Shares by the Corporation upon exercise of the Agent's Warrant in accordance with the terms and conditions of the Agent's Warrant Agreement to the holders of the Agent's Warrant, where all such holders are resident in the Offering Jurisdictions, is exempt from the prospectus and registration requirements of the Securities Legislation of the Offering Jurisdictions, and no filing, proceeding, permit, approval, consent, authorization or order of any court or public, governmental or regulatory agency or body is required to be made, taken or obtained under the laws of Canada and the Securities Legislation of each of the Offering Jurisdictions to permit the issuance by the Corporation of Agent's Warrant Shares to the holders of the Agent's Warrant on exercise of the Agent's Warrant in accordance with the terms and conditions of the Agent's Warrant Agreement;
- (m) all necessary corporate action has been taken by the Corporation to authorize the grant of the Agent's Warrant and issuance of the Agent's Warrant Shares on exercise of the Agent's Warrant and the Agent's Warrant Shares, when issued and sold in accordance with the terms of the Agent's Warrant Agreement, including receipt of the exercise price therefor, will be validly issued as fully paid and non-assessable, and the first trade in the Offering Jurisdictions of the Agent's Warrant Shares will be exempt from the prospectus requirements of the Securities Legislation and no other documents are or will be required to be filed, proceedings taken or approvals, permits, consents, orders or authorizations of regulatory authorities required to be obtained by the Corporation under the Securities Legislation in connection with any such trade made through a registrant properly registered under the Securities Legislation who has complied with the requirements thereof, provided that: (A) the trade is not a "control distribution" (as

defined in *National Instrument 45-102 – Resale of Securities*) and; (B) the Corporation is a “reporting issuer” in the applicable Offering Jurisdiction at the time of the trade;

- (n) the Offered Common Shares, if, as and when listed on a designated stock exchange (which includes Tiers 1 and 2 of the Exchange), will be qualified investments for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account or a deferred profit sharing plan under the *Income Tax Act* (Canada) (the “**Act**”) and the regulations made under the Act; and
- (o) such other matters as the Agent may reasonably request in connection with the Offering.

In giving the foregoing opinions counsel for the Corporation may rely upon opinions of local counsel, acceptable to the Agent, as to the laws of an Offering Jurisdiction other than the Offering Jurisdictions in which such counsel is licensed to practise law, if any, and as to matters of fact not within their knowledge, upon certificates as to such facts, signed, in the case of the Corporation, by the President or a director of the Corporation.

10.4 At the Time of Closing, the Corporation shall deliver to the Agent or the Agent’s carrying broker:

- (a) the Offered Common Shares subscribed for; and
- (b) definitive agreements representing the Agent’s Warrants,

issued on the Closing Date or such other date as the Agent may advise in writing and registered in such name or names as the Agent shall notify the Corporation in writing not less than 24 hours prior to the Closing Time.

10.5 At the Closing, the Agent shall deduct the Agent’s Commission as provided for in Article 3 hereof and payment of the balance owed in respect of the reasonable fees and expenses of the Agent’s legal counsel.

ARTICLE 11 **EXPENSES OF THE ISSUE**

11.1 Notwithstanding any termination of this Agreement or the cancellation of its obligations by the Agent pursuant to Article 9 hereof and, except as otherwise indicated herein, the Corporate Finance Fee and the costs and expenses of or incidental to the creation, issue and offering of the Offered Common Shares including, without limitation, the reasonable fees and expenses of counsel for the Corporation and counsel for the Agent, all other expenses incurred by the Agent in connection with the Offering, the cost of delivering the definitive certificates for the Offered Common Shares, the fees and disbursements of the Transfer Agent, the cost of preparing, printing and delivering the Prospectus to the Agent and the associated fees prescribed by the Securities Legislation in connection with the Offering, shall be paid by the Corporation whether or not the Offering is completed as contemplated. The Corporation will pay the Corporate Finance Fee, the expenses incurred by the Agent and the fees and expenses of counsel for the Agent from time to time as requested by the Agent by bank draft or certified cheque payable to the Agent or counsel to the Agent or in such other manner as is acceptable to the Agent.

ARTICLE 12
INDEMNITY AND CONTRIBUTION

- 12.1 The Corporation (the “**Indemnitor**”) hereby covenants and agrees to indemnify and save harmless the Agent and its affiliates, shareholders, directors, officers, partners, employees, agents, and any other registrants retained by the Agent as sub-agents and their respective directors, officers, consultants and employees (collectively, the “**Indemnified Parties**”) from and against all actual or threatened claims, actions, suits, investigations and proceedings (collectively “**Proceedings**”) and all losses (other than loss of profit in connection with the distribution of the Offered Common Shares), costs, expenses, fees, damages, obligations, payments and liabilities (collectively “**Liabilities**”) (including without limitation all statutory duties and obligations, all amounts paid to settle any action or to satisfy any judgment or award and all legal fees and disbursements actually incurred) which now or any time hereafter are suffered or incurred by reason of any event, act or omission in any way connected, directly or indirectly, with:
- (a) any information or statement contained in the Preliminary Prospectus, the Prospectus, any Supplementary Material, the Public Record or in any other document or material filed or delivered pursuant hereto (other than any information or statement relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Preliminary Prospectus or Prospectus 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;
 - (b) any Misrepresentation or alleged Misrepresentation (except a Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Preliminary Prospectus or Prospectus or such other part of the Public Record) contained in the Preliminary Prospectus, the Prospectus, any Supplementary Materials or in any other document or any other part of the Public Record filed by or on behalf of the Corporation;
 - (c) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Common Shares 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 12.1(b);
 - (d) 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 Agent) prohibiting, restricting, relating to or materially affecting the Offering or the trading or distribution of the Offered Common Shares or any other securities of the Corporation;
 - (e) any Subscriber effectively rescinding its subscription for the Offered Common Shares pursuant to a right of rescission under which a Subscriber may rescind a contract on the grounds that the Prospectus contains a Misrepresentation, or in the event a determination is made by any competent authority setting aside the sale of the Offered

Common Shares, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Prospectus or any determination that arises out of any act or omission of the Agent; or

- (f) any breach of, default under or non-compliance by the Corporation with any requirements of the Securities Legislation, the by-laws, rules or regulations of the Exchange or breach of any representation, warranty, 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;

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 or a regulatory authority in a final ruling from which no appeal can be made shall determine that such Proceedings or Liabilities resulted solely from the gross negligence, fraudulent act or wilful misconduct of the Indemnified Party claiming indemnity, this indemnity shall not apply.

12.2 The Corporation hereby waives its right to recover contribution from the Agent 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 Agent contained in such document and furnished to the Corporation by the Agent expressly for inclusion in such document; or (ii) any failure by the Agent to provide to prospective purchasers of Offered Common Shares any document which the Corporation is required to provide to such prospective purchasers and which the Corporation has provided to the Agent to forward to such prospective purchasers provided that the Corporation shall have complied with Section 7.2 hereof.

12.3 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 Corporation. If the Corporation assumes conduct of the defence for an Indemnified Party, the Indemnified Party shall, subject to a situation involving a conflict of interest as described in Section 12.4 wherein counsel to the Indemnified Party advises that such action would be prejudicial to the interests 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.

- 12.4 In any such Proceeding the Indemnified Party shall have the right to employ separate or additional counsel and to participate in the defence thereof, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party, unless
- (a) 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;
 - (b) 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
 - (c) employment of such other counsel has been authorized by the Corporation;

in which event the fees and disbursements of such counsel (on a solicitor and his client basis) shall be paid by the Corporation. It being understood, however, that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate law firm in each jurisdiction for all such Indemnified Parties.

- 12.5 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 not to be unreasonably withheld.
- 12.6 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 Offered Common Shares 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 Offered Common Shares 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 Agent 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, charges and disbursements (on a full indemnity basis) of such legal counsel (provided that in no event shall the Corporation be responsible for fees and expenses of more than one such counsel in any one jurisdiction for the Indemnified Party), 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, employee or agent of the Agent involved in the preparation for or attendance at such Proceedings or in so responding. If the foregoing is payable, any other reasonable costs and out-of-pocket expenses incurred by the Agent in connection therewith will also be paid by the Corporation as they are incurred.

- 12.7 The rights and remedies of the Indemnified Parties set forth in this Article 12 are to the fullest extent possible in law cumulative and not alternative and the election by the Agent or other Indemnified Parties 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. The rights to indemnity and right of contribution provided in this Article 12 shall be in addition to and not in derogation of any other right to indemnity and contribution which the Indemnified Parties may have by statute or otherwise at law or in equity.
- 12.8 It is the intention of the Corporation to constitute the Agent as trustee for the Indemnified Parties for the purposes of this Article 12 and the Agent shall be entitled, as trustee, to enforce such covenants on behalf of any other Indemnified Parties.
- 12.9 The Indemnitor waives any right it may have of first requiring an Indemnified Party 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 Party to incur expense or make payment before enforcing such indemnity.
- 12.10 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 Corporation on grounds of policy or otherwise, each of the Corporation and Indemnified Parties shall contribute to the aggregate Liabilities (or Proceedings in respect thereof) 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 Indemnified Parties, on the other hand, from the offering of the Offered Common Shares; or
 - (b) if the allocation provided by Subsection 12.10(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 12.10(a) above, but also to reflect the relative fault of the Indemnified Parties, on the one hand, and the Corporation, on the other hand, in connection with the statements, commission, omissions, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing which resulted in such Liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Agent, 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 actually received by the Agent. 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 Agent, 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 this Article 12 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 Corporation or the Agent 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 this Article 12.

- 12.11 The amount paid or payable by the Indemnitor 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 action, suit, Proceeding or claim.
- 12.12 The Corporation and the Agent 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 this Article 12. The rights to contribution provided in this Article 12 shall be in addition to, and without prejudice to, any other right to contribution which the Agent or other Indemnified Parties may have.
- 12.13 Any liability of the Agent under this Article 12 shall be limited to the amount of the fees actually received by the Agent under Article 3 hereof.
- 12.14 The obligations under the indemnity and right of contribution provided 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.

ARTICLE 13
RIGHT OF FIRST REFUSAL

- 13.1 During the period of time commencing on the date hereof and ending on the date that is eighteen (18) months following the Closing Date (the "**ROFR Termination Date**"), the Corporation (and any successor to the Corporation) will notify the Agent (the "**ROFR Notice**") of:
 - (a) the terms of any further equity or debt financing that it requires or proposes to obtain (a "**Future Financing**"); and
 - (b) any merger, amalgamation, business combination, divestiture, reorganization, Qualifying Transaction or other similar transaction leading to a liquidity transaction (a "**Liquidity Transaction**")

and the Agent will have the right of first refusal to (i) act as the sole and exclusive agent or underwriter in connection with any Future Financing for which an agent or underwriter is engaged; and (ii) to act as primary financial advisor in respect of any Liquidity Transaction for which a financial advisor is engaged.

- 13.2 The right of first refusal must be exercised by the Agent within fifteen (15) Business Days following the receipt of the ROFR Notice by notifying the Corporation that it will act as sole and exclusive agent or underwriter or as primary financial advisor, as applicable, on the terms and conditions set out in the ROFR Notice or subject to agreeing to the terms and conditions, as the case may be.

- 13.3 If the Agent fails to give the applicable notice within fifteen (15) Business Days, the Corporation will then be free to make other arrangements to obtain financing or sponsorship from another source on the same terms or on terms no less favourable to the Corporation, subject to obtaining the acceptance of the Commissions and the Exchange.
- 13.4 In the event that the Agent, on receipt of a ROFR Notice, shall decline to act as sole and exclusive agent or underwriter with respect to a Future Financing or as primary financial advisor with respect to a Liquidity Transaction, the right of first refusal provided hereunder shall be deemed to have expired and shall not be applicable to any subsequent Future Financing or Liquidity Transaction, as applicable.

ARTICLE 14
SURVIVAL

- 14.1 The representations, warranties, obligations and agreements contained in this Agreement and in any certificate delivered pursuant to this Agreement or in connection with the Offering shall survive the Offering and shall continue in full force and effect unaffected by any subsequent disposition of the Offered Common Shares by a Subscriber or the termination of the Agent's obligations and shall not be limited or prejudiced by any investigation made by or on behalf of the Agent in connection with the distribution of the Offered Common Shares.

ARTICLE 15
NOTICES

- 15.1 Any notice required or permitted to be given hereunder shall be in writing and shall be deemed to have been given or made when delivered at the addresses of the relevant party set forth below or such other address as a party may stipulate in writing:

- (a) to the Corporation at:

Crest Petroleum Corp.
c/o 6028 Glenwynd Place
West Vancouver, British Columbia V7W 2W5

Attention: Adam Cegielski
Facsimile: (604) 913-2433

with a copy to:

Boughton Law Corporation
Suite 700, 595 Burrard Street
P.O. Box 49290
Vancouver, British Columbia V7X 1S8

Attention: Candice Peskett
Facsimile: (604) 683-5317

- (b) to the Agent at:

Haywood Securities Inc.
Suite 301, 808 – 1st Street S.W.
Calgary, Alberta T2P 1M9

Attention: Mark Reynolds
Facsimile: (403) 509-1991

with a copy to:

Fraser Milner Casgrain LLP
15th Floor, Bankers Court
850 – 2nd Street S.W.
Calgary, Alberta T2P 0R8

Attention: Keith Inman
Facsimile: (403) 268-3100

ARTICLE 16
MISCELLANEOUS

- 16.1 Time shall be of the essence with respect to the terms and conditions of this Agreement.
- 16.2 This Agreement may be executed in several counterparts and may be represented by facsimile, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.
- 16.3 This Agreement supersedes all other agreements, documents, writings and verbal understandings among the parties relating to the subject matter hereof including without limitation the Engagement Letter and represents the entire agreement between the parties relating to the subject matter hereof.
- 16.4 This Agreement shall be construed and interpreted, and the rights and obligations of the parties arising hereunder shall be governed, by the laws of the Province of British Columbia. The parties agree that the courts of British Columbia shall have non-exclusive jurisdiction over any dispute, termination or breach of any kind or nature whatsoever arising out of or in connection with this Agreement.
- 16.5 All the terms and provisions of this Agreement shall be binding upon, enure to the benefit of and be enforceable by and against the parties hereto and their respective successors and assigns, but shall not be assignable, before or after the Time of Closing, without the written consent of the other parties hereto.
- 16.6 The Agent may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith.
- 16.7 It is the intention of the Corporation to constitute the Agent as trustees for the Subscribers in respect of the benefit of the representations, warranties, covenants and undertakings of the

Corporation set forth in this Agreement and the Agent shall be entitled, as trustees, in addition to any rights of the Subscribers, to enforce such representations, warranties, covenants and undertakings on behalf of the Subscribers.

- 16.8 The Corporation: (i) acknowledges and agrees that the Agent and each member of any sub-agent group has certain statutory obligations as a registrant under the Securities Legislation and has fiduciary relationships with its respective clients; and (ii) consents to each of the Agent and each member of any sub-agent group acting hereunder while continuing to act for its respective clients. To the extent that the Agent's (or any member of any selling dealer group) statutory obligations as a registrant under securities Legislation or fiduciary relationship with its clients conflicts with its obligations hereunder, the Agent and each member of any selling dealer group shall be entitled to fulfil its statutory obligations as a registrant under Securities Legislation and its duties to its clients. Nothing in this Agreement shall be interpreted to prevent the Agent and each member of any sub-agent group from fulfilling its statutory obligations as a registrant under Securities Legislation or to act as a fiduciary of its clients.

IN WITNESS WHEREOF the parties hereto have executed this Agreement effective the day and year first above written.

CREST PETROLEUM CORP.

Per: “Adam Cegielski” (Signed)
Adam Cegielski
President and Chief Executive Officer

HAYWOOD SECURITIES INC.

Per: “Mark Reynolds” (Signed)
Mark Reynolds
Managing Director

SCHEDULE "A"

AGENT'S WARRANT AGREEMENT

THIS AGREEMENT is made as of the • day of •, 2012

BETWEEN:

CREST PETROLEUM CORP., a corporation incorporated under the *Business Corporations Act* (British Columbia), with an office in the City of Vancouver, in the Province of British Columbia

(the "**Corporation**")

AND

•, a corporation with an office in the City of •, in the Province of •

(the "**Optionee**")

WHEREAS the Corporation has agreed pursuant to an agency agreement (the "**Agency Agreement**") dated the 8th day of May, 2012, between the Corporation and Haywood Securities Inc. ("**Haywood**") to grant to Haywood or its designated sub-agents, options to purchase the Optioned Shares, as defined below, in consideration of Haywood's services performed under the Agency Agreement;

NOW THEREFORE in consideration of the premises, mutual covenants and agreements herein and therein contained, this agreement witnesses that and it is understood and agreed by and between the parties hereto as follows:

1. Grant of Option

Subject to the provisions hereinafter contained, the Corporation hereby grants to the Optionee an irrevocable, non-transferable option (the "**Option**") to purchase up to but not exceeding • common shares (the "**Optioned Shares**") in the capital of the Corporation, as presently constituted, at a price of \$0.10 per Optioned Share.

2. Term of Option

The Agent may exercise the Option on or before 5:00 p.m., Vancouver time, on the date that is 24 months from the date the issued and outstanding common shares in the capital of the Corporation are listed and posted for trading on the TSX Venture Exchange Inc. (the "**Exchange**") (the "**Expiry Time**"), after which time all rights granted hereunder shall terminate.

3. Manner of Exercise

The Optionee may exercise the Option in whole or in part, at any time and from time to time, on or prior to the Expiry Time, by notice in writing given by the Optionee to the Corporation at its address for notice set out in the Agency Agreement, specifying the number of Optioned Shares in respect of which it is

exercised and accompanied by payment in cash or certified cheque for the purchase price of all of the Optioned Shares specified in such notice.

The Optionee agrees that, unless varied by the Exchange, a maximum of one-half (1/2) of the Optioned Shares obtained by the Optionee pursuant to the exercise of this Option may be sold prior to the completion of a Qualifying Transaction (as defined by Policy 2.4 of the Exchange) by the Corporation.

The remaining one-half (1/2) of the Optioned Shares may only be sold after the completion of a Qualifying Transaction (as defined in Policy 2.4 of the Exchange) by the Corporation. The Exchange may vary these requirements in exceptional circumstances upon application by Haywood.

4. Share Certificates

Upon exercise of the Option, the Corporation shall cause the transfer agent and registrar of the Corporation to deliver to the Optionee, or as the Optionee may otherwise in writing direct in the notice of exercise of option, within three (3) business days following the receipt by the Corporation of payment for the number of Optioned Shares so exercised, a certificate or certificates representing in the aggregate the number of Optioned Shares for which payment has been received by the Corporation.

5. No Rights as a Shareholder Until Exercise

The Optionee shall have no rights whatsoever as a shareholder (including any rights to receive dividends or any other distribution to shareholders or to vote at a general meeting of shareholders of the Corporation) other than in respect to shares in respect of which the Optionee shall have exercised its right to purchase hereunder and which the Agent shall have actually taken up and paid for.

6. Non-Transferable

The rights conferred upon the Optionee hereunder shall be non-transferable and non-tradable.

7. No Fractional Common Shares

No fractional Optioned Shares will be issued on exercise of this Option or any compensation made for such fractional Optioned Shares, if any.

8. Adjustments in Event of Change in Common Shares

In the event, at any time or from time to time, of a subdivision, consolidation or reclassification of the share capital of the Corporation, the payment of stock dividends by the Corporation or other relevant changes in the capital of the Corporation prior to the exercise by the Optionee, in full, of the Option in respect of all of the shares granted herein, the Option with respect to any Optioned Shares which have not been purchased hereunder at the time of any such change to the capital of the Corporation shall be proportionately adjusted so that the Optionee shall from time to time, upon the exercise of the Option, be entitled to receive the number of shares of the Corporation it would have held following such change in the capital of the Corporation if the Optionee had purchased the shares and had held such shares immediately prior to such change in the capital of the Corporation.

9. Merger, Amalgamation or Sale

If, during the term of the Option, the Corporation shall become merged or amalgamated into or with any other corporation or shall sell the whole or substantially the whole of its assets and undertaking for shares or securities of another corporation, the Corporation will make provision that, upon the exercise of the Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee shall receive such number of shares of the continuing or successor corporation in such merger or amalgamation or of the securities or shares of the purchasing corporation as it would have received as a result of such merger, amalgamation or sale if the Optionee had purchased shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale. Upon such provision being made, the obligation of the Corporation to the Agent in respect of its shares then remaining subject to the Option shall terminate and be at an end.

10. Reservation of Common Shares

The Corporation shall at all times during the term of this Agreement reserve and keep available a sufficient number of unissued common shares to satisfy the requirements hereof.

11. Further Assurances

The parties hereto covenant that they shall and will from time to time and at all times hereafter do and perform all such acts and things and execute all such additional documents as may be required to give effect to the terms and intention of this Agreement.

12. Entire Agreement

This Agreement supersedes all other agreements, documents, writings and verbal understandings among the parties relating to the subject matter hereof and represents the entire agreement between the parties relating to the subject matter hereof.

13. Definitions

Capitalized terms used herein that are not otherwise defined shall have the same meaning as provided in the Agency Agreement.

14. Enurement

Except as otherwise set forth herein, this Agreement shall be binding upon and enure to the benefit of the respective successors and assigns of the Optionee and of the Corporation.

15. Time

Time shall be of the essence of this Agreement.

16. Law Jurisdiction

This Agreement shall be constituted and integrated and the rights and obligations of the parties arising hereunder shall be governed by the laws of the Province of British Columbia. These parties agree that

the courts of Alberta shall have exclusive jurisdiction over any dispute, termination or breach of any kind or nature whatsoever arising out of or in connection with this Agreement.

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

CREST PETROLEUM CORP.

Per: _____

•

Per: _____