

AGENCY AGREEMENT

(Capital Pool Company)

MEMORANDUM OF AGREEMENT dated the 19th day of October, 2021.

AMONG:

PC 1 CORP., a corporation incorporated under the laws of the Province of Ontario, with its head office in the City of Toronto, in the Province of Ontario (the “**Corporation**”)

- and -

RESEARCH CAPITAL CORPORATION, a corporation with an office in the City of Toronto, in the Province of Ontario (the “**Agent**”)

WHEREAS:

- A. The Corporation wishes to raise funds for the purposes described in the Prospectus (as defined herein) by offering for sale a minimum (the “**Minimum Offering**”) of 2,000,000 Offered Shares (as defined herein) and a maximum (the “**Maximum Offering**”) of 5,000,000 Offered Shares (as defined herein) at the Share Price (as defined herein) for gross proceeds of a minimum of \$200,000 and a maximum of \$500,000 respectively.
- B. The Corporation has agreed to file the Prospectus (as defined herein) in accordance with the Applicable Securities Laws (as defined herein) in order to qualify the distribution of the Offered Shares (as defined herein), the Agent’s Option (as defined herein) and the Directors’ and Officers’ Options (as defined herein) in the Offering Jurisdictions (as defined herein); and
- C. The Corporation wishes to retain the Agent, and the Agent is willing to act as agent of the Corporation to solicit subscriptions for the Offered Shares on a commercially reasonable best efforts agency basis, subject to the terms and conditions hereof.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. DEFINITIONS

- 1.1 For the purposes of this Agreement and any amendments hereto the following words and phrases shall have the following meanings:
 - (a) “**Agent’s Counsel**” means DLA Piper (Canada) LLP, Calgary, Alberta;
 - (b) “**Agent’s Option**” means the non-transferable compensation option to be granted to the Agent pursuant to section 2.6 hereof;
 - (c) “**Agent’s Option Agreement**” has the meaning ascribed thereto in section 2.6 hereof;
 - (d) “**Agreement**” means this agreement, the recitals, the schedules attached hereto and any amendments;

- (e) “**Applicable Securities Laws**” means the *Securities Act* (British Columbia), *Securities Act* (Alberta), *The Securities Act, 1988* (Saskatchewan), the *Securities Act* (Manitoba), the *Securities Act* (Ontario), the *Securities Act* (New Brunswick), the *Securities Act* (Nova Scotia) and the *Securities Act* (Prince Edward Island) the respective rules and regulations thereto, and the policy statements, rules, notices and blanket orders of the Commissions, the national instruments, the multilateral instruments, the national policy statements and uniform act policies applied by the Commissions, and the policies and by-laws of the Exchange, as amended from time to time;
- (f) “**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in Toronto are not generally open for business;
- (g) “**Closing**” means the completion of the transactions contemplated by this Agreement on the Closing Date as herein provided;
- (h) “**Closing Date**” means the date upon which the Closing occurs, which date shall be agreed to between the Corporation and the Agent and shall not be more than ninety (90) days from the date of the issuance of a receipt for the Prospectus by the Commissions or if the Prospectus is amended, then ninety (90) days from the date of issuance of a receipt for the amended Prospectus and in any event no later than 180 days from the date of the issuance of a receipt for the Prospectus (the “**Termination Date**”), or such other date as the parties hereto may agree and Applicable Securities Laws may allow;
- (i) “**Commissions**” means the British Columbia Securities Commission, the Alberta Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Manitoba Securities Commission, the Ontario Securities Commission, the New Brunswick Financial and Consumer Services Commission, the Nova Scotia Securities Commission, the Securities NL, Government of Prince Edward Island;
- (j) “**Common Share**” or “**Common Shares**” means a common share or the common shares in the capital of the Corporation;
- (k) “**Corporation’s Counsel**” means Garfinkle Biderman LLP, Toronto, Ontario;
- (l) “**CPC Policy**” means Policy 2.4 of the Exchange’s Corporate Finance Manual and shall include all orders, policies, rules, instruments, regulations, by-laws and procedures of the Commissions and the Exchange which govern offerings by capital pool companies, as amended from time to time;
- (m) “**Directors’ and Officers’ Options**” means the options to be granted to directors and officers of the Corporation entitling the holders to purchase up to 510,000 Common Shares in the event the Minimum Offering is completed and up to 760,000 Common Shares in the event the Maximum Offering is completed at a prices ranging from \$0.05 to \$0.10 per share for a period ranging from 5 years from the date of grant and 5 years from the Closing Date;
- (n) “**Exchange**” means the TSX Venture Exchange Inc.;
- (o) “**IFRS**” means the International Financial Reporting Standards as issued by the International Accounting Standards Board;
- (p) “**Maximum Offering**” has the meaning ascribed thereto in the recitals;

- (q) “**Minimum Offering**” has the meaning ascribed thereto in the recitals;
- (r) “**Minimum Subscription**” means the subscriptions for the Minimum Offering on or before the Closing Date as more fully described in the Prospectus;
- (s) “**Misrepresentation**” has the meaning ascribed thereto by the Applicable Securities Laws;
- (t) “**Offering**” means the offer by the Corporation to sell the Offered Shares as contemplated by the Prospectus and this Agreement;
- (u) “**Offered Shares**” means Common Shares offered at the Share Price pursuant to the Prospectus;
- (v) “**Offering Jurisdictions**” means the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Prince Edward Island;
- (w) “**Preliminary Prospectus**” means the preliminary prospectus of the Corporation dated June 17, 2021 and any amendments thereto, approved, signed and certified in accordance with the Applicable Securities Laws, relating to the distribution of the Offered Shares, the Agent’s Option and the Directors’ and Officers’ Options, and filed with the Commissions;
- (x) “**Prospectus**” means the (final) prospectus of the Corporation dated October 19, 2021 and any amendments thereto, approved, signed and certified in accordance with the Applicable Securities Laws, relating to the distribution of the Offered Shares, the Agent’s Option and the Directors’ and Officers’ Options, and filed with the Commissions;
- (y) “**Share Price**” means \$0.10 per Offered Share;
- (z) “**Subscriber**” or “**Subscribers**” means a person or those persons who subscribe for the Offered Shares through the Agent or such other registrants retained by the Agent as sub-agents to sell subscriptions in conjunction with the Agent;
- (aa) “**Subscription Funds**” means all funds received with respect to all Successful Subscriptions in accordance with the terms and provisions of this Agreement;
- (bb) “**Successful Subscriptions**” means a subscription for Offered Shares by a Subscriber which subscription has been accepted by the Agent;
- (cc) “**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 Applicable Securities Laws;
- (dd) “**Time of Closing**” means 8:00 a.m. (Toronto time) on the Closing Date, or such other time on the Closing Date as the Corporation and the Agent may agree;
- (ee) “**Transfer Agent**” means Marelli Trust Company Limited, 82 Richmond St E 1st Floor, Toronto, ON M5C 1P1;

- (ff) “**Work Fee**” means the fee of \$25,000 paid by the Corporation to the Agent in partial consideration of the services performed by the Agent under this Agreement; and
- (gg) “**Work Fee Shares**” means the 250,000 Common Shares issuable to the Agent as payment of the Work Fee.
- 1.2 For the purposes of this Agreement, all references to “\$” shall mean Canadian funds, unless otherwise specified.
- 1.3 The headings of the sections and 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 governs 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 and words importing persons shall include companies, corporations, partnerships, syndicates, trusts and any number or aggregate of persons.
- 1.5 For the purposes of this Agreement, the terms “**material change**” and “**material fact**” shall have the meanings ascribed thereto by the Applicable Securities Laws.
- 2. APPOINTMENT AND REMUNERATION OF AGENT**
- 2.1 Subject to the terms and conditions hereof, the Corporation hereby appoints the Agent as the sole and exclusive agent and the Agent hereby agrees to act as the sole and exclusive agent of the Corporation to assist in soliciting subscriptions for the Offered Shares in the Offering Jurisdictions pursuant to the Applicable Securities Laws.
- 2.2 The Agent agrees to use its commercially reasonable best efforts to obtain subscriptions for the Offered Shares, but the Corporation understands and agrees that the Agent is acting as agent only and is under no obligation to purchase any of the Offered Shares. The Agent may retain other registrants to act as sub-agents to solicit subscriptions for the Offered Shares at no additional cost to the Corporation provided any compensation paid or payable to such sub-agents shall be solely for the account of the Agent. The Agent shall be under no liability for any failure to sell any or all of the Offered Shares or to engage sub-agents, provided that the Agent uses commercially reasonable best efforts to obtain subscriptions to purchase the Offered Shares.
- 2.3 The Corporation has paid to the Agent, in consideration for the services to be performed by the Agent hereunder, a deposit in the amount of \$7,500 (the “**Retainer**”) against legal fees, disbursements and other expenses, the receipt of which is acknowledged by the Agent.
- 2.4 If the Corporation elects not to proceed with the Offering or the Agent elects not to be the agent for the Offering as a result of any material deficiencies arising out of its due diligence or otherwise pursuant to this Agreement, the Agent shall apply the Retainer against the Agent’s reasonable expenses and the fees, charges and reasonable expenses of the Agent’s Counsel (plus applicable taxes). If the Agent’s expenses and the fees, charges and expenses of the Agent’s Counsel are less than the Retainer, any amount of the Retainer remaining shall be returned to the Corporation by the Agent’s Counsel, without interest or further deduction. If the Agent’s reasonable expenses and the fees, charges and expenses of the Agent’s Counsel (plus applicable taxes) exceed the Retainer, the Corporation shall within 5 Business Days pay such excess upon invoice by the Agent or Agent’s Counsel, as the case may be.

- 2.5 If the Minimum Subscription is achieved:
- (a) the Agent shall apply the Retainer against the reasonable expenses of the Agent and the fees, charges and expenses of the Agent's Counsel (plus applicable taxes), and the Corporation will pay the reasonable expenses of the Agent and the fees, charges and reasonable expenses of Agent's Counsel (plus applicable taxes) in excess of the Retainer at the Time of Closing by the Agent deducting such amount, from the Subscription Funds; and
 - (b) the Corporation shall further pay to the Agent, in consideration for the services to be performed by it hereunder, a cash commission in the amount of ten percent (10%) of the Subscription Funds and shall issue the Work Fee Shares as directed by the Agent. The commission shall be paid at the Time of Closing by the Agent deducting such amount from the Subscription Funds.
- 2.6 Provided that the Minimum Subscription is achieved, the Corporation will grant to the Agent and its designated sub-agents, if any, at the Time of Closing an irrevocable, non-transferrable option to purchase that number of Common Shares equal to ten percent (10%) of the Offered Shares sold hereunder at the Share Price on the terms and conditions contained in the form of agent's option agreement annexed hereto as Schedule "A" (the "**Agent's Option Agreement**"). The Agent's Option shall be qualified under and be distributed pursuant to the Prospectus.
- 2.7 If the Offering is completed, the Corporation shall grant to the Agent a right of participation (the "**Participation Right**") commencing on the Closing Date and expiring (the "**Expiration Date**") on the date that is the earlier of: (i) 24 months following the Closing Date; and (ii) completion by the Corporation of a Qualifying Transaction (as defined in the Exchange's Corporate Finance Manual Policy 2.4). Pursuant to the Participation Right, the Corporation shall use commercially reasonable efforts to provide the Agent with a right to participate, in an amount of up to 10%, in any equity financing of any securities of the Corporation (including without limitation, securities convertible into equity) being undertaken by the Corporation by way of a brokered private placement or distribution to the public, but, for greater certainty, excluding the issuance of securities by the Corporation in a non-brokered private placement or financing, or in connection with the issuance of options, warrants, debentures, deferred compensation or any similar rights (a "**Proposed Offering**"). The Participation Right is subject to the following terms:
- (a) in the event the Corporation proposes to conduct a Proposed Offering 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 Proposed Offering, the Corporation shall forthwith provide written notice (the "**Notice**") thereof to the Agent;
 - (b) the Notice shall contain the terms and conditions pursuant to which the Corporation proposes to make the Proposed Offering, or for which a proposal for a Proposed Offering has been made, including the consideration proposed to be paid and the consideration to be received by the Corporation for its securities, if known;
 - (c) the Agent shall have a period of two days after receipt of the Notice (the "**Notice Period**") to elect to participate in Proposed Offering on the terms and conditions contained in the Notice; and
 - (d) if the Agent declines or fails to elect within the Notice Period to participate in the Proposed Offering, in the event that such terms and conditions of the Proposed Offering

change in any material respect from those set forth in the Notice, the Corporation shall not be entitled to proceed with the offering without complying with sections 2.7(a) to (c) inclusive.

- 2.8 For greater certainty, the Agent acknowledges and agrees that if the Corporation issues any securities to which the provisions of section 2.7 would apply, but does not retain or utilize a registered dealer as agent or underwriter, the foregoing the provisions of section 2.7 shall not apply to such issuance.
- 2.9 Following the completion of the Proposed Offering and prior to the Expiration Date, the Agent shall have no further rights of participation.

3. SUBSCRIPTIONS

3.1 The Corporation will:

- (a) at such time as Successful Subscriptions for the Offered Shares for the Maximum Offering have been received; or
- (b) at 5:00 p.m. (Toronto Time) on the Termination Date, or such other date as the parties hereto may agree and Applicable Securities Laws may allow;

whichever shall first occur, close the subscription books and thereafter shall not receive any further subscriptions for the Offered Shares.

3.2 Subscribers may subscribe for Offered Shares by delivering to the Agent, or any sub-agent retained pursuant to section 2.2 hereof on or prior to the Closing Date:

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

3.3 The Agent will hold until delivered to the Corporation, the Subscription Funds in trust for the Subscribers pursuant to the terms of this Agreement, and the Subscription Funds shall be dealt with by the Agent as provided in Sections 3 and 4 of this Agreement.

4. RELEASE OF SUBSCRIPTION FUNDS

4.1 The Agent shall not at any time deliver any Subscription Funds received by it to the Corporation until it shall have received a written direction from the Corporation requesting the delivery of Subscription Funds to the Corporation or as directed.

4.2 Upon receiving the documentation referred to in section 4.1 hereof, subject to section 4.4 hereof, the Agent shall forthwith deliver to the Corporation or as directed in section 4.1 hereof, all Subscription Funds resulting from Successful Subscriptions held by it pursuant to this Agreement, less the amounts to be deducted pursuant to section 2.5 hereof.

4.3 If the Minimum Subscription is not received or if the Agent has not received the documentation referred to in section 4.1 hereof prior to the Time of Closing, the Agent shall promptly thereafter return to each Subscriber without interest or deduction the Subscription Funds held for the Subscriber by the Agent, unless such Subscriber has otherwise instructed the Agent.

- 4.4 If the funds of any Subscriber delivered to the Agent are for any reason rejected (in whole or in part) by the Agent, such rejected funds shall be returned to such Subscriber without interest or deduction in the manner provided in section 4.3 hereof.

5. OBLIGATIONS OF THE AGENT

5.1 The Agent shall:

- (a) use its commercially reasonable best efforts to obtain subscriptions for the Offered Shares, and without limiting the generality of the foregoing:
- (i) at least 1,000,000 of the Common Shares (or such lesser number as is acceptable to the Exchange) outstanding on the Closing Date, including the Offered Shares, will be in the Public Float (as “**Public Float**” is defined in the Exchange’s Corporate Finance Manual Policy 1.1);
 - (ii) no more than 20% of the outstanding Common Shares (or such greater amount as is acceptable to the Exchange) on the Closing Date, including the Offered Shares, will be owned directly or indirectly by members of the Aggregate Pro Group (as “**Aggregate Pro Group**” is defined in the Exchange’s Corporate Finance Manual Policy 1.1), excluding the Agent’s Option and any other Common Shares reserved for issuance at a future date; and
 - (iii) there will be at least 150 Subscribers (or such lesser number as is acceptable to the Exchange), each of such Subscribers:
 - (1) purchasing at least 1,000 Offered Shares free of Resale Restrictions (as “**Resale Restrictions**” is defined in the Exchange’s Corporate Finance Manual Policy 1.1);
 - (2) individually purchasing, directly or indirectly, no more than 2% of the Offered Shares, and, in conjunction with such Subscriber’s Associates and Affiliates (as “**Associates**” and “**Affiliates**” are defined in the Exchange’s Corporate Finance Manual Policy 1.1), purchasing no more than 4% of the Offered Shares; and
 - (3) not being a Non Arm’s Length Party to the Corporation (as “**Non Arm’s Length Party**” is defined in the Exchange’s Corporate Finance Manual Policy 1.1);
- (b) only solicit subscriptions for the Offered Shares from subscribers resident in the Offering Jurisdictions in compliance with Applicable Securities Laws, the rules, policies and by-laws of the Exchange (including the CPC Policy) and the terms and conditions set out herein;
- (c) close the subscription books and thereafter not receive any further subscriptions for the Offered Shares at the earlier of such time:
- (i) as subscriptions representing the Maximum Offering for Offered Shares have been received; or
 - (ii) as prescribed by Applicable Securities Laws;

- (d) provide all such notices and documents as may be required by Applicable Securities Laws in connection with the sale of the Offered Shares pursuant to the Prospectus, including without limiting the generality of the foregoing, to deliver to the Exchange (or, at the option of the Agent, to the Corporation for delivery to the Exchange) within the time allowed by the Exchange a Distribution Summary Statement (Exchange Form 2E) or such other document as may be required by the Exchange, if any; and
- (e) notwithstanding the foregoing, the Agent shall be under no obligation pursuant to this Agreement to act as Sponsor or to provide a Sponsor Report for a Qualifying Transaction of the Corporation (as “**Sponsor**” and “**Qualifying Transaction**” are defined in the Exchange’s Corporate Finance Manual Policy 1.1 and the CPC Policy respectively).

6. REPRESENTATIONS AND WARRANTIES OF THE AGENT

The Agent hereby represents and warrants to the Corporation and acknowledges that the Corporation is relying on such representations and warranties in entering into this Agreement, that:

- 6.1 The Agent has been duly incorporated and organized and validly exists 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.
- 6.2 The Agent has complied with and will fully comply with the requirements of all Applicable Securities Laws and the rules of the Exchange, in relation to sale and distribution of the Offered Shares and all matters relating to the Offering, including ensuring that the purchases of Common Shares by or for clients of the Agent are appropriate given the client's investment needs and objectives, including fulfilling any "know-your-client" requirements. .
- 6.3 The Agent is and will be at the Time of Closing, a broker or dealer properly registered in each of the Offering Jurisdictions in Canada as required by Applicable Securities Laws.
- 6.4 The Agent is acquiring the Agent's Options as principal for its own account.

7. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

The Corporation hereby represents and warrants to the Agent and acknowledges that the Agent is relying on such representations and warranties in entering into this Agreement, that:

- 7.1 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 proposed to be conducted as described in the Prospectus.
- 7.2 The Corporation does not own or have any interest in any asset or property of any kind whatsoever, other than cash or deposits with financial institutions, and, without limiting the generality of the foregoing, the Corporation has not entered into an Agreement in Principle (as “**Agreement in Principle**” is defined in the CPC Policy) and the board of directors of the Corporation has not reached a “meeting of minds” with any other parties to a proposed Qualifying Transaction (as defined in the CPC Policy) on fundamental terms in respect of which no material conditions exist the satisfaction of which are beyond the reasonable control of Non-Arm’s Length Parties (as defined in the Exchange’s Corporate Finance Manual) to the Corporation or to the Qualifying Transaction.

- 7.3 The Corporation has undertaken no business since the date of its incorporation, except as permitted by the CPC Policy.
- 7.4 The authorized capital of the Corporation consists of the share capital as disclosed in the Prospectus, and such number of Common Shares is issued and outstanding as is disclosed in the Prospectus and all of the issued and outstanding Common Shares have been duly issued and are fully paid and non-assessable. No person, firm or corporation has any agreement, 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 Common Shares or other securities of the Corporation except as disclosed in the Prospectus.
- 7.5 The financial statements of the Corporation (the “**Financial Statements**”) contained in the Prospectus, including the notes thereto, present fairly, in all material respects, the financial position of the Corporation at the date indicated in the Financial Statements, reflect all liabilities (absolute, accrued, contingent or otherwise) and have been prepared in accordance with IFRS applied on a consistent basis, and there has not been any material adverse change in such position from the date of such Financial Statements.
- 7.6 The Financial Statements have been approved by the Corporation’s directors.
- 7.7 The information and statements contained in the Preliminary Prospectus and the Prospectus (except any such information and statements relating solely to the Agent) constitute full, true and plain disclosure of all material facts relating to the Corporation and each of the Preliminary Prospectus and the Prospectus fully complies with Applicable Securities Laws, including without limitation the CPC Policy.
- 7.8 The Preliminary Prospectus and the Prospectus do not contain a 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 and Prospectus).
- 7.9 There is no action, proceeding or investigation (whether or not purportedly on behalf of the Corporation) currently in existence or, to the knowledge of the Corporation and its directors or officers, threatened against or affecting the Corporation, at law or in equity or before or by any court or federal, provincial, municipal or other government department, board or agency, domestic or foreign, including without limitation the Commissions, the Exchange, or any other securities commission, stock exchange or similar regulatory authority, which in any way materially adversely affects the Corporation, or the condition (financial or other) of the Corporation or which questions the validity of the issuance, as fully paid and non-assessable, of the Offered Shares or any action taken or to be taken by the Corporation pursuant to or in connection with this Agreement.
- 7.10 The Preliminary Prospectus, the Prospectus or any Supplementary Materials, as applicable, comply in all material respects with the Applicable Securities Laws, including without limitation National Instrument 41-101 - *General Prospectus Requirements*.
- 7.11 The Corporation has full corporate capacity, power and authority to execute this Agreement, the escrow agreement referred to in the Prospectus (the “**Escrow Agreement**”), the Agent’s Option Agreement, the agreements governing the Directors’ and Officers’ Options, and all other material contracts (as disclosed in the Prospectus) and to perform its obligations set out herein and therein, including, without limitation, to issue the Offered Shares, the Work Fee Shares and the Agent’s Option, and to carry out the transactions contemplated hereby and by the Prospectus, and this

Agreement, the Escrow Agreement, the Agent's Option Agreement, the agreements governing the Directors' and Officers' Options, and all other material contracts (as disclosed in the Prospectus) will be, on the Closing Date, duly authorized, executed and delivered by the Corporation and this Agreement and the Escrow Agreement are and the Agent's Option Agreement, the agreements governing the Directors' and Officers' Options, and all other material contracts (as disclosed in the Prospectus) will on the Closing Date be legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms subject to laws relating to creditors' rights generally and the general qualification that:

- (a) enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally;
 - (b) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (c) the equitable or statutory powers of the courts in Canada having jurisdiction to stay proceedings before them and the execution of judgments; and
 - (d) rights to indemnity, contribution and waiver hereunder and the ability to sever unenforceable terms may be limited under applicable law.
- 7.12 The Corporation is not in default or breach of, and the execution and delivery of this Agreement, the Escrow Agreement, the Agent's Option Agreement, the agreements governing the Directors' and Officers' Options, and all other material contracts (as disclosed in the Prospectus), and the performance and compliance with the terms of this Agreement, the Escrow Agreement, the Agent's Option Agreement, the agreements governing the Directors' and Officers' Options, all other material contracts (as disclosed in the Prospectus), and the sale of the Offered Shares by the Corporation does not and will not result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, or resolutions of the directors or shareholders of the Corporation, or any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party, any judgment, decree, order, statute, rule or regulation applicable to the Corporation and any term or provision or condition (financial or otherwise) applicable to the Corporation.
- 7.13 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 this Agreement or any of the transactions contemplated hereunder, except as provided herein.
- 7.14 To the knowledge of the Corporation, neither the Corporation nor any of its shareholders is a party to any voting trust, securities pooling agreement or similar type of arrangement or agreement in force in respect of any of the securities of the Corporation, other than the Escrow Agreement.
- 7.15 The Corporation requires the signatures of two (2) authorized persons on any cheques issued by the Corporation.
- 7.16 To the knowledge of management of the Corporation, none of the directors or senior officers of the Corporation, any holder of more than ten (10%) percent of its outstanding Common Shares, any Promoters of the Corporation, or any Associates or Affiliates of any of the foregoing persons or companies (as "**Promoters**", "**Associates**" or "**Affiliates**" are defined in the Applicable Securities Laws) has had any material interest, direct or indirect, in any material transaction

within the three (3) years prior to the date of the Preliminary Prospectus, has any material interest, direct or indirect, in any material transaction which, as the case may be, materially affects, is material to or will materially affect the Corporation, except as stated in the Prospectus or any Supplementary Material, in which are fully set forth all relevant particulars required by the Applicable Securities Laws.

- 7.17 This Agreement has been duly authorized, executed and delivered on behalf of the Corporation and is a valid and binding obligation of the Corporation enforceable in accordance with its terms.
- 7.18 Upon receipt of payment therefor, the Offered Shares issued pursuant to the terms of this Agreement shall have been duly allotted and will be issued and outstanding as fully paid and non-assessable Common Shares.
- 7.19 The Work Fee Shares issued pursuant to the terms of this Agreement shall have been duly allotted and will be issued and outstanding as fully paid and non-assessable Common Shares.
- 7.20 Upon receipt of payment therefor, the Common Shares issued upon the exercise of the Agent's Option in accordance with the terms of this Agreement shall have been duly allotted and will be issued and outstanding as fully paid and non-assessable Common Shares.
- 7.21 The Transfer Agent, at its principal office in the City of Toronto, has been appointed transfer agent and registrar for the Common Shares of the Corporation.
- 7.22 The Corporation has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its Common Shares or any other shares of any class since incorporation.
- 7.23 Application has been made to list the outstanding Common Shares of the Corporation, including without limitation the Offered Shares, the Work Fee Shares, the Common Shares issuable upon exercise of the Agent's Option and the Common Shares issuable upon exercise of the Directors' and Officers' Options on the Exchange and conditional approval of such application has been obtained from the Exchange.
- 7.24 The net proceeds received by the Corporation from the sale of the Offered Shares and any Common Shares sold prior to the date of the Prospectus will be applied for the specific purposes more particularly set forth under "Use of Proceeds" in the Prospectus and the Corporation has advised the Corporation's directors and officers of the requirements and restriction on the use of the net proceeds set out in section 8 of the CPC Policy.
- 7.25 The Corporation has not made and will not make any payments which are prohibited by the CPC Policy (except as may be permitted by the Exchange).
- 7.26 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, the Escrow Agreement, the Agent's Option Agreement, or the agreements governing the Directors' and Officers' Options, except requisite filings with the Commissions (and the issuance by the Commissions of receipts for the Prospectus) and the Exchange and final approval/acceptance of the Offering from the Exchange.
- 7.27 The Corporation has complied with and will comply in material respects with the requirements of all applicable corporate and securities laws and the *Business Corporations Act* (Ontario) in relation to the issue and trading of its securities and in all matters relating to the Offering.

- 7.28 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 against any of its directors, officers and promoters; and no proceedings for this purpose have been instituted or are pending, contemplated or threatened.
- 7.29 All statements, facts, data, information and materials provided from time to time by the Corporation in writing to the Agent relating to the Corporation, the directors and officers of the Corporation or, if applicable, the Corporation's potential Qualifying Transaction (as that term is defined in the CPC Policy) are true and correct and all material facts relating to the subject matter have been fully disclosed to the Agent and such statements, facts, data, information and materials did not and do not contain a Misrepresentation.
- 7.30 The Corporation has advised the directors and officers of the Corporation about:
- (a) 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
 - (b) the obligations of the Corporation to prepare, file, publish and disseminate, as applicable, such information and documentation as may be required by the Applicable Securities Laws, including, without limitation, Policies 3.2 and 3.3 of the Exchange's Corporate Finance Manual.
- 7.31 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 and the financial statements thereto at the respective times they are filed with the Commissions and the Exchange and will have authorized their distribution by the Agent in connection with the Offering.
- 7.32 The stock option plan of the Corporation complies with all of the requirements of the Exchange.

8. COVENANTS OF THE CORPORATION AND CONDITIONS OF CLOSING

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

- 8.1 Prior to the Closing Date, the Corporation shall allow the Agent to conduct all due diligence which the Agent may reasonably require to confirm that the Preliminary Prospectus and Prospectus comply with the requirements of the Applicable Securities Laws and do not contain a Misrepresentation, and to fulfil the Agent's obligations as agent.
- 8.2 Now and at all times subsequent hereto during the distribution of the Offered Shares to the public or such longer period of time, if any, while the Prospectus continues to be current, the Prospectus and any Supplementary Material does and will fully comply with the requirements of the Applicable Securities Laws. The Prospectus together with any Supplementary Material does and will during such period provide full, true and plain disclosure of all material facts relating to the Corporation, to the Offered Shares and to the distribution of the Offered Shares to the public, and does not and will not during such period contain a Misrepresentation; provided that the foregoing covenants of the Corporation do not and shall not apply with respect to statements contained in the Prospectus relating solely to the Agent.

- 8.3 The Corporation shall promptly inform the Agent in writing during the period of the distribution of the Offered Shares to the public or such longer period of time, if any, during which the Prospectus or any Supplementary Material continues to be current, of full particulars of any material change (actual, anticipated or threatened):
- (a) in any material fact contained or referred to in the Prospectus, or any Supplementary Material, which is, or may be, of such a nature as to make any such fact untrue, false or misleading at the time and in light of the circumstances under which it was made;
 - (b) in any statements, facts, data, personal information form or materials provided to the Agent with respect to the directors and officers of the Corporation or, if applicable, the Corporation's potential Qualifying Transaction (as that term is defined in the CPC Policy); or
 - (c) in any of the representations and warranties contained in section 6 hereof.

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

- 8.4 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 8.3 hereof.
- 8.5 During the period of distribution to the public of the Offered Shares or such longer period of time, if any, while the Prospectus continues to be current, the Corporation will advise the Agent promptly of any request of the Commissions or Exchange for amendment of the Prospectus or for any additional information, of the issuance by the Commissions, Exchange or any other securities commission, stock exchange or similar regulatory authority, of any cease trading order, halt order or similar order relating to the Common Shares or Offered Shares or the use of the Prospectus, or of the institution or threat of institution of any proceedings for that purpose or of the receipt by the Corporation of any communication from the Commissions, Exchange or any other securities commission, stock exchange or similar regulatory authority relating to the Prospectus or the offering of the Offered Shares. The Corporation will use its best efforts to prevent the issuance of any such cease trading order or halt order and, if issued, to obtain the withdrawal thereof as soon as possible.
- 8.6 The Corporation will deliver, from time to time without charge, to the Agent as many copies of the Prospectus (and in the event of an amendment thereto, of such amended Prospectus) as the Agent may reasonably request for the purposes contemplated hereunder and by the Applicable Securities Laws and such delivery shall constitute the consent of the Corporation to the use thereof in connection with offering the Offered Shares to the public, subject to the provisions of the Applicable Securities Laws relating thereto.
- 8.7 On or before the Closing Date, the Corporation shall take or cause to be taken all steps and proceedings (including but not limited to the filing of the Prospectus and the obtaining of a receipt for the Prospectus from the Commissions under the Applicable Securities Laws), necessary in order to qualify for distribution the Offered Shares for sale to Subscribers resident in Offering Jurisdictions through the Agent and any sub-agents retained pursuant to section 2.2

hereof, and to qualify for distribution the Agent's Option and the Directors' and Officers' Options.

- 8.8 The Corporation shall deliver to the Agent at the Closing, an opinion to the Agent from counsel of the Corporation, in form and substance satisfactory to the Agent and the Agent's Counsel, acting reasonably, with respect to such matters as the Agent may reasonably request, provided that in connection with such opinion counsel will be entitled to rely on, an officer's certificate of the Corporation as to certain matters of fact, and a certificate of the Transfer Agent of the Corporation as to the issued and outstanding shares of the Corporation, and on such other certificates of any competent regulatory authorities as is customary in transactions of this nature.

In connection with such opinion, counsel to the Corporation may rely on the opinions of local counsel acceptable to counsel of the Agent, acting reasonably, as to the qualification for distribution of the Offered Shares or opinions may be given directly by local counsel of the Corporation with respect to those items and as to other matters governed by the laws of jurisdictions other than the province in which counsel of the Corporation is qualified to practice.

- 8.9 The Corporation shall deliver to the Agent at the Closing a certificate signed by the Chief Executive Officer of the Corporation, or such other director or officer of the Corporation as the Agent may accept, dated as of such date addressed to the Agent to the effect that:

- (a) the representations and warranties of the Corporation contained in this Agreement are true and correct as at the Closing Date with the same force and effect as if made at and as at the Closing Date after giving effect to the transactions contemplated hereby;
- (b) the Corporation has duly complied with all covenants and satisfied all the conditions herein on its part to be performed or satisfied;
- (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, contemplated or threatened by the Commissions, Exchange, or any other securities commission, stock exchange and similar regulatory authority; and
- (d) such officer has carefully examined the Prospectus, and since the respective dates as of which information is given in the Prospectus, except as set forth in and contemplated thereby, the Corporation has not incurred any material liabilities or obligations (absolute, accrued, contingent or otherwise), or entered into any transaction not in compliance with the CPC Policy; there has been no material change in the assets, financial position, business or results of operations of the Corporation; and, to the best of the knowledge and information of such officer, there has occurred no event and no state or fact exists that, under Applicable Securities Laws, is required to be set forth in an amended Prospectus that has not been so set forth.

- 8.10 At the Time of Closing, the Corporation shall deliver to the Agent the Agent's Option Agreement, the Work Fee Shares and payment of the Agent's commission, and the balance of the Agent's expenses as provided for in sections 2.3, 2.5(a) and 9 hereof.

- 8.11 The Corporation shall deliver to the Agent at Closing such other documents and certificates that the Agent may reasonably request.

- 8.12 The Corporation shall take all necessary steps to complete and file with the Exchange its application for listing with all other documentation required by the Exchange prior to the Closing Date, to allow for the listing of the Common Shares on the Exchange prior to Closing.
- 8.13 The Corporation shall use commercially reasonable efforts to obtain conditional approval from the Exchange for the Offering and the listing of the Common Shares.
- 8.14 The net proceeds received by the Corporation from the sale of the Offered Shares and any Common Shares sold prior to the date of the Prospectus will be applied for the specific purposes more particularly set out under "Use of Proceeds" in the Prospectus and in compliance with the provisions of the CPC Policy.
- 8.15 At the Time of Closing, the Corporation shall use commercially reasonable efforts to ensure that the CUSIP/ISIN of the Offered Shares will have been made "eligible" by CDS Clearing and Depository Services Inc. ("CDS") and counsel to the Corporation shall have provided written confirmation from CDS of such eligibility to Agent's Counsel.
- 8.16 It is understood that the Agent may waive, in whole or in part, non-compliance with any of the conditions or other matters contained herein or extend the time for compliance therewith without prejudice to its rights in respect of any other condition or conditions or any other subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon the Agent only if it is in writing.
- 8.17 Until the Corporation completes a Qualifying Transaction, the Corporation will comply in all material respects with all applicable provisions of the CPC Policy.
- 8.18 The Corporation will use its commercially reasonable best efforts to maintain its status as a reporting issuer not in default of any Applicable Securities Laws in the Offering Jurisdictions for a period of 24 months following the date that its Common Shares are listed 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 within 24 months of the date the Offered Shares are listed on the Exchange.
- 8.19 During the period commencing from the date hereof and ending on the Closing Date (unless otherwise specified), it will promptly provide to the Agent and the Agent's counsel, for review, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any press release (including any press release issued after the Closing Date related to this Agreement and the Offering) or material change report and Corporation will use its commercially reasonable best efforts to agree with the Agent as to the form and substance of such document and an appropriate legend regarding US distribution shall be included on any press release substantially as follows: "Not for distribution to United States newswire services or for dissemination in the United States" and "This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state in the United States in which such offer, solicitation or sale would be unlawful. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements."
- 8.20 The Closing shall occur at the Time of Closing on the Closing Date at the offices of the Corporation's counsel, or such other location as may be agreed to between the Corporation and the Agent.

9. EXPENSES

- 9.1 All reasonable costs and expenses of or incidental to the transaction herein contemplated and the issue and sale of the Offered Shares hereunder, including the expenses of the Agent and the reasonable fees, charges and expenses of the Agent's counsel pursuant to sections 2.3 hereof, the fees and expenses payable to the Exchange and the Commissions, the fees and disbursements of qualifying the offering of the Offered Shares for sale to the public under the Applicable Securities Laws, the preparation of the Preliminary Prospectus and the Prospectus and the printing of the Prospectus, and the fees, charges and expenses of the counsel and auditors of the Corporation are to be assumed and paid by the Corporation, whether or not the offering of the Offered Shares is completed. Such expenses, costs and disbursements of the Agent and Agent's counsel (not to exceed \$25,000, excluding disbursements and taxes), shall be payable on Closing.

10. INDEMNIFICATION OF AGENT

- 10.1 The Corporation hereby covenants and agrees to protect and indemnify and save harmless the Agent and each of its subsidiaries and affiliates, and each of their respective directors, officers, partners, employees, agents, each shareholder of the Agent any of their respective subsidiaries or affiliates, and the successors and assigns of all the foregoing persons and any other registrants retained by the Agent as sub-agents pursuant to section 2.2 hereof (collectively the "**Indemnified Persons**"), from and against all actual or threatened claims, actions, suits, investigations and proceedings (collectively the "**Proceedings**") and all losses, claims, damages, liabilities, costs or expenses (except loss of profits) (collectively "**Liabilities**") caused or incurred by reason of or resulting directly or indirectly from:

- (a) any Misrepresentation or alleged Misrepresentation contained in the Preliminary Prospectus or in the Prospectus, or in any Supplemental Material or other document that may be filed by or on behalf of the Corporation under the Applicable Securities Laws, or in any written or oral representation made by the Corporation to a Subscriber, 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 Preliminary Prospectus or the Prospectus or any Supplementary Material;
- (b) any order, inquiry or investigation related to the Offering arising out of any statement contained in the Prospectus (except any statement 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 in any written or oral representation made by the Corporation to a Subscriber, and brought by the Commissions, the Exchange or any other securities commission, stock exchange or similar regulatory authority, except such orders, inquiries and investigations relating solely to the Indemnified Persons or any one of them;
- (c) any breach of the representations, warranties and covenants of the Corporation contained herein;
- (d) any prohibition or restriction of trading in the Offered Shares or the Common Shares received upon exercise of the Agent's Option, or any prohibition affecting the distribution of the Offered Shares or the Common Shares received upon exercise of the Agent's Option which may be ordered by any one or more competent authorities if such prohibition or restriction of trading is based on any Misrepresentation in the Preliminary Prospectus, Prospectus or any Supplementary Material, or in any written or oral representations made by the Corporation to a Subscriber, 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 Preliminary Prospectus or the Prospectus or any Supplementary Material;

- (e) any Subscriber effectively rescinding its subscription for the Offered Shares pursuant to a right of rescission under which a Subscriber may rescind a contract on the grounds that the Prospectus contains a Misrepresentation, or in the event a determination is made by any competent authority setting aside the sale of the Offered Shares, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Prospectus or any determination that arises out of any act or omission of the Agent; and
- (f) the Prospectus or any Supplementary Material failing to comply with the requirements of the Applicable Securities Laws so as to permit the lawful sale of Offered Shares or by reason of the Corporation having failed to take or cause to be taken such steps or proceedings as were necessary to permit the lawful sale of Offered Shares as contemplated by the Prospectus and this Agreement;

provided that if 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 solely from the fraud, gross negligence or wilful misconduct of the Indemnified Person, this indemnity shall cease to apply to such Indemnified Person with respect to such Proceedings or Liabilities.

10.2 If any matter or thing contemplated by this section 10 shall be asserted against any Indemnified Persons, the Agent shall notify the Corporation as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit or proceeding brought to enforce such claim; provided however, that the defence shall be through legal counsel acceptable to the Indemnified Person, acting reasonably and that no settlement may be made by the Corporation or the Indemnified Person without the prior written consent of the other, acting reasonably. If the Corporation assumes the defence of any such suit, each of the Indemnified Persons shall continue to have the right to employ their own counsel, who shall be acceptable to the Corporation, in any proceeding relating to the claim contemplated by this section 10 and the fees and expenses of a reasonable number of such counsel shall be recoverable by the Indemnified Persons from the Corporation to the extent that the same shall be covered by the indemnity in this section 10 if:

- (a) the Indemnified Persons have been advised by such counsel that there may be legal defences available to them which are different from or additional to defences available to the Corporation (in which case the Corporation shall not have the right to assume the defence of such proceedings on their behalf);
- (b) the Corporation shall not have undertaken the defence of such proceedings and employed counsel within fifteen (15) days after receiving written notice of commencement of such proceedings; or
- (c) the employment of such counsel has been authorized by the Corporation in connection with the defence of such proceeding.

10.3 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 policy grounds or otherwise, each of the Corporation and the Indemnified Persons 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 the Indemnified Persons on the other hand from the offering contemplated herein; or
- (b) if the allocation provided by subsection (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 (a) above, but also to reflect the relative fault of the Indemnified Persons, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing 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 Indemnified Persons, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the offering contemplated herein received by the Corporation (net of fees but before deducting expenses) and the fees received by the Agent. In the case of liability arising out of the Prospectus, the relative fault of the Corporation, on the one hand, and of the Indemnified Persons, on the other hand, shall be determined by reference, among other things, to whether the statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing referred to in section 10.1 which resulted in such Liabilities 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, the Corporation or the Indemnified Persons, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing referred to in section 10.1.

The amount paid or payable to an Indemnified Person as a result of any Proceedings or Liabilities shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such Proceedings or Liabilities, whether or not resulting in any formal action, suit, proceeding or claim.

The Corporation agrees 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. Any liability of the Indemnified Persons under this section 10.3 shall be limited to the amount of the fees payable to the Agent pursuant to section 2.5 hereof.

- 10.4 The rights to indemnify and right of contribution provided in the foregoing sections shall be in addition to and not in derogation of any other right to contribution which the Indemnified Persons may have by any statute or otherwise at law or in equity. The Corporation waives all rights of contribution that it may have against any Indemnified Persons relating to any Liability or Proceeding in respect of which the Corporation has agreed to indemnify the Indemnified Persons hereunder.
- 10.5 It is the intention of the Corporation to constitute the Agent as trustee for the Indemnified Persons for the purposes of section 10.1 to 10.4, inclusive, and the Agent shall be entitled, as trustee to enforce such covenants on behalf of any other Indemnified Persons.

- 10.6 If any Proceeding is brought in connection with the transactions contemplated by this Agreement and the Agent is required to testify in connection therewith or is required to respond to procedures designed to discover information relating thereto, it will have the right to employ its own counsel in connection therewith, and the fees and disbursements of such counsel in connection therewith and any other reasonable costs and out-of-pocket expenses incurred by them in connection therewith as well as its reasonable fees at the normal per diem rate for the Agent's directors, officers, employees and agents involved in preparation for and attendance at such Proceedings or in so responding will be paid by the Corporation as they are incurred, provided that the Corporation shall not be liable to pay any such fees, costs or expenses if the Proceedings is brought solely in relation to activities or alleged activities of the Agent or its sub-agents retained pursuant to section 2.2 hereof.
- 10.7 The obligations under the indemnity and right of contribution provided for 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.

11. TERMINATION AND ADDITIONAL CONDITIONS TO THE AGENT'S OBLIGATIONS

- 11.1 If at any time prior to the Time of Closing:
- (a) in the opinion of the Agent, acting reasonably, there shall have occurred any material change or change in material fact in relation to the Corporation or there shall be discovered any previously undisclosed material fact in each case which would be expected to result in a material adverse change in relation to the Corporation or have a material adverse effect on the market price or value of the Common Shares;
 - (b) any inquiry, action, investigation or other proceeding (whether formal or informal) is made, announced or threatened or any order is issued by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, regulatory authority or other instrumentality including, without limitation, the Exchange or any other stock exchange or quotation or any securities regulatory authority involving the Corporation's securities, directors or officers (except for any inquiry, action, investigation or other proceeding based upon activities of the Agent and not upon activities of the Corporation) or any law or regulation is enacted or changed, which, in the opinion of the Agent, acting reasonably, prevents or restricts trading in or the distribution of the securities of the Corporation or the Offered Shares or materially and adversely affects or might reasonably be expected to materially and adversely affect the market price or value of the securities of the Corporation or the Offered Shares;
 - (c) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including terrorism), any escalation in the severity of the COVID-19 pandemic from the date of this Agreement or any law or regulation which, in the opinion of any of the Agent, acting reasonably, materially adversely affects or involves, the Canadian financial markets or the business, operations or affairs of the Corporation;
 - (d) the Agent becomes aware of, as a result of its due diligence review or otherwise, of any material adverse change, or a change in any material fact or any material fact with respect to the Corporation (in the sole opinion of the Agent, acting reasonably) which has not been disclosed to the Agent prior to the date hereof; or the Agent is not satisfied, acting

reasonably, with the results of its due diligence review in respect of the Corporation, its directors and officers, its securities, assets or operations, the tax attributes of the Offered Securities or otherwise;

- (e) any new or amended Prospectus discloses information which, in the Agent's opinion, acting reasonably, results at any time prior to the Time of Closing in the Subscribers of a material amount of the Offered Shares exercising their rights under the Applicable Securities Laws to withdraw from or rescind their purchase thereof;
- (f) an order to cease or halt trading in the Offered Shares or any other securities of the Corporation has been made by the Commissions, the Exchange or any other securities commission, stock exchange or other regulatory authority having jurisdiction over the Corporation and has not been rescinded, revoked or withdrawn;
- (g) there is any material breach or non-performance of any of the covenants, representations and warranties of the Corporation contained in this Agreement that has not been rectified or remedied to the satisfaction of the Agent, acting reasonably;
- (h) there is any amendment to Applicable Securities Laws which will, in the Agent's opinion, acting reasonably, increase the costs and expenses incurred or to be incurred by the Agent in connection with the offering of Offered Shares, or impose any limitations or restrictions on the exercise of the Agent's Option or on the subsequent trading of the Common Shares acquired, or which may be acquired, by the Agent pursuant to the exercise of the Agent's Option; or
- (i) the state of financial markets is such that, in the reasonable opinion of the Agent, the Offered Shares cannot be marketed profitably or successfully.

The Agent shall be entitled, at its option, acting reasonably, to terminate and cancel its obligations under this Agreement with no liability on the Agent's part, by written notice to that effect given to the Corporation not later than the Time of Closing. In the event of any such termination pursuant to the provisions of this section 11, the Corporation's obligations under this Agreement shall be at an end save and except that the Corporation shall be liable to make payment of such of the costs and expenses provided for in sections 2 and 9 to be payable by the Corporation, as shall previously have been incurred by the Agent and the indemnities contained in section 10 shall remain in full force and effect.

12. NOTICE

12.1 Any notice under this Agreement shall be given in writing and either sent by facsimile, e-mail, delivered or mailed by prepaid post to the party to receive such notice at the address indicated below, or at such other address as any party may hereafter designate by notice in writing to each of the others:

- (a) to the Corporation at: PC 1 Corp.
Suite 201, 10 Wanless Avenue,
Toronto, Ontario, M4N 1V6, Canada

Attention: Aaron Eisenberg, Chief Executive Officer
Email: aeisenberg@plazacapital.ca

with a copy to: Garfinkle Biderman LLP
1 Adelaide Street East, Suite 801
Toronto ON M5C 2V9

Attention: Shimmy Posen
Email: sposen@garfinkle.com

(b) to the Agent at: Research Capital Corporation
199 Bay Street, Commerce Court West, Suite 4500
Toronto ON M5L 1G2

Attention: Howard Katz
Email: HKatz@researchcapital.com

with a copy to: DLA Piper (Canada) LLP
1000, 250 – 2nd Street S.W.
Calgary, Alberta T2P 0C1

Attention: Catherine Kay
Email: Catherine.kay@dlapiper.com

If such notice is sent by facsimile or is delivered, it shall be deemed to have been given at the time of receipt of the facsimile or delivery; if such notice is sent by mail, it shall be deemed to have been received five (5) business days following the date of mailing thereof. In the event of a strike or other disruption in postal service at or prior to the time a notice is deemed to have been received, such notice shall be delivered or sent by facsimile.

13. MISCELLANEOUS

- 13.1 Time shall be of the essence of this Agreement.
- 13.2 All warranties, representations, covenants and agreements of the Corporation herein contained or contained in certificates or documents submitted pursuant to or in connection with the transaction provided for herein shall continue in full force and effect for the benefit of the Agent regardless of any investigation by or on behalf of the Agent with respect thereto.
- 13.3 This Agreement shall be construed and enforced in accordance with and the rights of the parties hereto shall be governed by the laws of the Province of Ontario. Each of the parties hereto irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario.
- 13.4 This Agreement supersedes all other agreements, documents, letters, writings and oral understandings among the parties relating to the subject matter hereof, including without limitation the engagement letter dated February 3, 2021 and represents the entire agreement between the parties with respect to the subject matter hereof.
- 13.5 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.
- 13.6 The Corporation: (i) acknowledges and agrees that the Agent has certain statutory obligations as a registrant under the Applicable Securities Laws and has fiduciary relationships with its clients;

(ii) acknowledges and agrees that the Agent is not a fiduciary of the Corporation; and (iii) consents to the Agent acting hereunder while continuing to act for their clients. To the extent that the Agent's statutory obligations as a registrant under the Applicable Securities Laws or fiduciary relationships with its clients conflicts with its obligations hereunder the Agent shall be entitled to fulfil its statutory obligations as a registrant under the Applicable Securities Laws and its duties to its clients. Nothing in this Agreement shall be interpreted to prevent the Agent from fulfilling its statutory obligations as a registrant under the Applicable Securities Laws or to act as a fiduciary of its clients.

- 13.7 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and all such counterparts together shall constitute one and the same agreement. The parties hereto shall be entitled to rely on delivery of a facsimile or other electronic copy of the executed counterpart.
- 13.8 All the terms and provisions of this Agreement shall be binding upon and enure to the benefit of and be enforceable by the parties hereto, their respective successors and assigns, but shall not be assignable without the prior written consent of the other parties hereto.

[The remainder of this page intentionally left blank]

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

PC 1 CORP.

Per: signed "Aaron Eisenberg"
Aaron Eisenberg
Chief Executive Officer and Director

RESEARCH CAPITAL CORPORATION

Per: signed "Howard Katz"
Howard Katz
Managing Director, Investment Banking

SCHEDULE "A"

AGENT'S OPTION AGREEMENT

MEMORANDUM OF AGREEMENT dated the ____ day of _____, 2021.

BETWEEN:

RESEARCH CAPITAL CORPORATION., a corporation with an office in the City of Toronto, in the Province of Ontario (the "**Agent**")

- and -

PC 1 CORP., a corporation incorporated under the laws of the Province of Ontario, with its head office in the City of Toronto, in the Province of Ontario (the "**Corporation**")

WHEREAS the Corporation has agreed pursuant to an agreement dated the 19th day of October, 2021 (the "**Agency Agreement**") to grant the Agent an option to purchase ♦ common shares in the capital of the Corporation ("**Common Shares**") in consideration of the Agent's services performed under the Agency Agreement;

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises, mutual covenants and agreements herein contained, it is hereby agreed by and between the parties hereto as follows:

1. OPTION

The Corporation hereby grants to the Agent, subject to the terms and conditions hereinafter set out, an irrevocable option to purchase ♦ Common Shares in the capital of the Corporation (the "**Agent's Option**").

2. EXERCISE DATE

The option granted hereunder shall be exercised on or before the expiration of 24 months from the date of the listing and posting of the Common Shares on the Exchange (the "**Expiry Date**"), after which all rights granted hereunder shall terminate. Pursuant to the TSX Venture Policy 2.4 (the "**CPC Policy**"), the Agent agrees that only up to a total of ♦ Common Shares obtained by the Agent pursuant to the exercise of the Agent's Option may be sold prior to the Completion of a Qualifying Transaction (as that term is defined in the CPC Policy) by the Corporation. The remaining ♦ Common Shares may only be sold after Completion of a Qualifying Transaction. The Exchange may vary these requirements in exceptional circumstances upon the application by the Agent.

3. EXERCISE PRICE

The exercise price shall be the sum of \$0.10 per Common Share, subject to adjustment pursuant to section 9.

4. EXERCISE OF OPTION

The Agent's Option granted hereunder may be exercised in whole or in part, at any time and from time to time, on or prior to 4:30 p.m. (Toronto time) on the Expiry Date, by the Agent giving a notice to the Corporation in writing at the address specified in the Agency Agreement, specifying therein the number of optioned shares in respect of which the Agent's Option is being exercised, accompanied by payment in cash, certified cheque or bankers' draft payable to the Corporation in full payment of the purchase price for such number of optioned shares so specified therein.

5. SHARE CERTIFICATES

Upon exercise of the Agent's Option, the Corporation shall forthwith cause the Transfer Agent to deliver to the Agent or as the Agent 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 such number of optioned shares as the Agent may have paid for.

6. NO RIGHTS OF SHAREHOLDER UNTIL EXERCISE

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

7. NON-TRANSFERABLE

The rights conferred hereunder shall be non-transferable.

8. NO FRACTIONAL COMMON SHARES

No fractional Common Shares will be issued on exercise of the Agent's Option, or any compensation made for such fractional Common Shares, if any.

9. DILUTION

In the event of any reclassification, subdivision or redivision of the issued Common Shares of the Corporation at any time prior to the Expiry Date into a greater number of Common Shares (including the declaration or payment of any stock dividend), the Corporation shall deliver at the time of any exercise thereafter of the Agent's Option hereby granted, at no additional cost to the Agent, but only as to the Common Shares in respect of which the Agent's Option is then exercised, the number of Common Shares which the Agent would have been entitled to if it had exercised the Agent's Option and held the Common Shares immediately prior to the date of reclassification, subdivision or redivision. The Agent shall pay for the number of Common Shares delivered upon exercise as aforesaid an amount calculated by multiplying the exercise price by the number of Common Shares over which the right would have been exercised if such exercise had been made prior to the date of such reclassification, subdivision or redivision.

In the event of any consolidation or change in the Common Shares of the Corporation at any time prior to the Expiry Date into a lesser number of Common Shares, the Corporation shall deliver at the time of any exercise thereafter of the Agent's Option hereby granted, but only as to the Common Shares in respect of which the Agent's Option is then exercised, the number of Common Shares which the Agent would have been entitled to if it had exercised the Agent's Option and held the Common Shares

immediately prior to the date of such consolidation or change. The Agent shall pay for the number of Common Shares delivered upon exercise as aforesaid, an amount calculated by multiplying the exercise price by the number of Common Shares over which the right would have been exercised if such exercise had been made prior to the date of such consolidation or change.

In the event that the Corporation shall at any time prior to the Expiry Date, amalgamate, consolidate with or merge into another corporation, the Agent shall thereafter receive, upon the exercise of the Agent's Option, but only as to the Common Shares in respect of which the Agent's Option is then exercised, the securities or property which the Agent would have been entitled to if it had exercised the Agent's Option and held the Common Shares immediately prior to the amalgamation, consolidation or merger, and the Corporation will take steps in connection with such amalgamation, consolidation or merger as may be necessary to ensure that the provisions hereof shall thereafter be applicable, as near as reasonably may be possible in relation to any securities or properties thereafter delivered upon the exercise of the Agent's Option hereby granted. A sale of all or substantially all of the assets of the Corporation for a consideration (apart from the assumption of obligations) consisting primarily of securities, shall be deemed a consolidation, amalgamation or merger for the foregoing purposes.

Adjustments shall be made successively whenever any event referred to in this paragraph shall occur. Upon any adjustment of the number of Common Shares which may be purchased hereunder, the Corporation shall give written notice to the Agent, giving particulars of such adjustment. In the event the Corporation agrees to sell all or substantially all of the assets of the Corporation for cash, it shall give the Agent at least thirty (30) days' notice prior to the date of finalization of such proposed sale, determined as of the date of notice. In the event of the liquidation, dissolution or winding-up of the affairs of the Corporation, the right to exercise the Agent's Option shall terminate ten (10) days before the earliest day fixed for the payment of any distribution amount on the Common Shares of the Corporation, provided at least thirty (30) days' notice of such payment date shall be given to the Agent, determined as of the date of notice.

10. RESERVATION OF TREASURY 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. TIME IS OF THE ESSENCE

Time shall be of the essence of this Agreement.

13. 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.

14. DEFINITIONS

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

15. ENUREMENT

Subject to the other provisions hereof, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

16. COUNTERPART

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and all such counterparts together shall constitute one and the same agreement. The parties hereto shall be entitled to rely on delivery of a facsimile or other electronic copy of the executed counterpart.

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

PC 1 CORP.

Per: _____

RESEARCH CAPITAL CORPORATION

Per: _____

EXHIBIT 1

Election to Exercise

TO: PC 1 Corp.

The undersigned hereby irrevocably elects to exercise the Agent's Option to acquire the number of Common Shares set out below (or other property or securities subject thereto) as set forth below:

- (a) Number of Common Shares to be acquired: _____
- (b) Exercise Price: _____
- (c) Aggregate Purchase Price [(a) multiplied by (b)]: \$ _____

and hereby tenders a certified cheque, bank draft or cash for such aggregate purchase price, and directs such Common Shares to be registered and certificates therefor to be issued as directed below.

DATED this _____ day of _____, 202__.

RESEARCH CAPITAL CORPORATION

Per: _____

Direction as to Registration

Name of Registered Holder:

Address of Registered Holder:
