

AGENCY AGREEMENT

THIS AGREEMENT dated for reference September 20, 2017 is made

BETWEEN:

SHERPA HOLDINGS CORP., of Suite 918 – 1030 West
Hastings Street, Vancouver, British Columbia, V6E 2Y3

(the “**Corporation**”)

AND:

PI FINANCIAL CORP., of 1900-666 Burrard Street, Vancouver,
British Columbia, V6C 3N1

(the “**Agent**”)

WHEREAS:

- A. The Corporation wishes to raise funds for the purposes described in the Prospectus, by offering for sale the Offered Common Shares to the Purchasers;
- B. The Corporation has agreed to file a Prospectus in accordance with the Securities Legislation in the Provinces of British Columbia, Alberta and Ontario in order to qualify for distribution the Offered Common Shares and the Compensation Options; and
- C. The Corporation has agreed to retain the Agent as its exclusive agent to solicit subscriptions for the Offered Common Shares offered pursuant to the Prospectus using commercially reasonable efforts and the Agent has agreed to act as trustee of all Subscription Funds on behalf of the Corporation subject to the terms and conditions hereof;

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

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 Subsection 3.1(b);
 - (b) “**Agreement**” means this agreement;
 - (c) “**Agreement in Principle**” has the meaning given in the Policy;

- (d) **“Closing”** means the completion of the transactions herein contemplated on the Closing Date as herein provided;
- (e) **“Closing Date”** means a date that is 90 days from the date of issuance of a receipt for the Prospectus by the Principal Regulator or such earlier date as may be determined by the Corporation and the Agent or such other date as may be permitted by Securities Legislation and as may be agreed to by the Corporation and the Agent;
- (f) **“Commissions”** means, collectively, the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission;
- (g) **“Common Shares”** means the common shares in the capital of the Corporation;
- (h) **“Compensation Options”** means the irrevocable and non-transferable options to purchase that number of Common Shares representing 10% of the number of Offered Common Shares, exercisable at a price of \$0.10 per Common Share, for a period of 24 months from the date of listing the Common Shares on the Exchange, to be granted by the Corporation to the Agent in accordance with Section 3.3;
- (i) **“Corporate Finance Fee”** has the meaning ascribed thereto in Subsection 3.1(a);
- (j) **“Dealer”** has the meaning ascribed thereto in Subsection 13.1(a);
- (k) **“Exchange”** means the TSX Venture Exchange;
- (l) **“Expiration Date”** has the meaning ascribed thereto in Subsection 13.1;
- (m) **“Financial Statements”** has the meaning ascribed thereto in Subsection 6.1(m);
- (n) **“IFRS”** means the International Financial Reporting Standards as issued by the International Accounting Standards Board;
- (o) **“Indemnitor”** has the meaning ascribed thereto in Section 7.7;
- (p) **“Notice Period”** has the meaning ascribed thereto in Subsection 13.1(c);
- (q) **“Offered Common Shares”** means the 2,500,000 Common Shares offered for sale by the Corporation at a price of \$0.10 per Common Share for a minimum aggregate gross proceeds of \$250,000;
- (r) **“Offering”** means the offer by the Corporation to sell 2,500,000 Common Shares as contemplated by the Prospectus and this Agreement;
- (s) **“Option Certificates”** has the meaning ascribed thereto in Section 3.3;

- (t) **“Personnel”** has the meaning ascribed thereto in Section 7.7;
- (u) **“Policy”** means Policy 2.4 of the Exchange entitled “Capital Pool Companies” and shall include all orders, policies, rules, regulations, by-laws and procedures of the Commissions and the Exchange pertaining to capital pool companies as may be authorized by the Commissions;
- (v) **“Preliminary Prospectus”** means the preliminary prospectus of the Corporation dated June 15, 2017, duly approved, signed, certified and filed with the Commissions and the Exchange and any amendments thereto approved, signed and certified in accordance with the Securities Legislation, relating to the Offering and the qualification for distribution of the Offered Common Shares and Compensation Options in the Qualifying Jurisdictions;
- (w) **“Principal Regulator”** means the British Columbia Securities Commission, pursuant to Multilateral Instrument 11-102 *Passport System*;
- (x) **“Prospectus”** means the final prospectus of the Corporation and any amendment thereto, duly approved, signed, certified and filed with the Commissions and the Exchange in accordance with the Securities Legislation and relating to the Offering and the qualification for distribution of the Offered Common Shares and Compensation Options in the Qualifying Jurisdictions;
- (y) **“Purchasers”** means those subscribers whose offers to purchase Offered Common Shares are accepted by the Agent and the Corporation;
- (z) **“Qualifying Jurisdictions”** means the Provinces of British Columbia, Alberta and Ontario;
- (aa) **“Qualifying Transaction”** has the meaning given in the Policy;
- (bb) **“ROFR”** has the meaning ascribed thereto in Section 13.1;
- (cc) **“Securities Legislation”** means the applicable securities legislation, policies, notices and orders of the Qualifying Jurisdictions including the national policy statements applied therein, and the policies and by-laws of the Exchange;
- (dd) **“Sponsor”** has the meaning set out in Exchange Policy 1.1;
- (ee) **“Subscription Funds”** means the funds received in respect of subscriptions for Offered Common Shares pursuant to and in accordance with the terms of the Prospectus and this Agreement; and
- (ff) **“Time of Closing”** means 9:00 a.m. (Vancouver time) on the Closing Date or such other time on the Closing Date as the Corporation and the Agent may agree.

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 Sections 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.

2. APPOINTMENT OF AGENT

2.1 Subject to the terms hereof, the Agent is hereby appointed by the Corporation as, and the Agent hereby agrees to act as, the exclusive agent of the Corporation to solicit subscriptions from Purchasers on a commercially reasonable efforts basis to purchase Offered Common Shares pursuant to the Offering. The Agent may retain as sub-agents other registered securities dealers in the Qualifying Jurisdictions and may receive subscriptions from such securities dealers, provided however, that the Corporation will not be liable for payment of any compensation or fees to the sub-agents or other registered securities dealers. The Agent shall act as agent only and shall be under no obligation to purchase any of the Offered Common Shares. The Agent shall be under no liability for any failure to sell any or all of the Offered Common Shares offered hereunder or to engage sub-agents, provided however that the Agent uses commercially reasonable efforts to obtain subscriptions to purchase all of the Offered Common Shares.

2.2 The Agent shall secure from each proposed Purchaser hereunder such certificates, documents and forms as may be required by the Securities Legislation and such questionnaires, undertakings and other material as may, in the opinion of the Agent or its counsel, be required by the Exchange.

2.3 The Agent shall receive, tabulate, hold and account for all Subscription Funds received by it.

2.4 The Agent may accept Subscription Funds in the form of cash, certified cheque, wire transfer or bank draft.

2.5 The Agent shall hold Subscription Funds on behalf of the Purchasers until the Time of Closing at which time such funds shall be released in accordance with the provisions of Section 5 hereof.

3. AGENT'S COMMISSION AND FEES

3.1 In consideration of the Agent agreeing to act as agent for the Offering, the Corporation agrees to pay to the Agent:

- (a) a non-refundable corporate finance fee (the "**Corporate Finance Fee**") in the amount of \$10,000 plus GST (\$10,500), which has been fully paid to the Agent as

of the date hereof and acknowledged pursuant to Section 12.2 of this Agreement; and

- (b) at the Time of Closing, upon due completion of the sale of the Offered Common Shares, a commission equal to 10% of the Subscription Funds (the “**Agent’s Commission**”), provided that no such commission shall be payable unless the Closing occurs. The Agent’s Commission shall be paid by the Corporation to the Agent by the Agent deducting such amount from the Subscription Funds on the Closing, or in such other manner as is satisfactory to the Agent.
- 3.2 If the Agent retains sub-agents or receives subscriptions from sub-agents, the Agent, in its sole discretion, shall pay them a fee as may be agreed among the Agent and such sub-agents. The fee payable to such sub-agents shall be for the account of the Agent and in no event shall the Corporation be required to pay a fee in excess of the Agent’s Commission.
- 3.3 On the express condition precedent that Closing occurs, the Corporation hereby agrees to grant to the Agent and its sub-agents, if any, at the Closing, the Compensation Options, and to execute and deliver a certificate or certificates setting forth the terms and conditions of the Compensation Options (the “**Option Certificates**”) registered in such name or names as the Agent, on its own behalf and on behalf of its sub-agents, if any, shall direct. The Compensation Options as issuable to such sub-agents shall be for the account of the Agent and shall not exceed the Compensation Options issuable to the Agent hereunder. The Corporation and the Agent intend that the Compensation Options be qualified under and be distributed pursuant to the Prospectus.
- 4. SUBSCRIPTIONS**
- 4.1 Residents of the Qualifying Jurisdictions may subscribe for the Offered Common Shares by delivering to the Agent on or prior to the Closing Date:
 - (a) payment of the aggregate subscription price in respect of the Offered Common Shares subscribed for;
 - (b) the appropriate offer to purchase Offered Common Shares together with such certificates, documents and forms as, in the opinion of the Agent or the Agent’s counsel, may be required; and
 - (c) appropriate delivery and registration instructions 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 Purchasers pursuant to the terms of this Agreement, and shall be dealt with by the Agent as provided in Section 5 hereof.

5. RELEASE OF SUBSCRIPTION FUNDS

- 5.1 The Agent shall not deliver any Subscription Funds received by it to the Corporation until it shall have received minimum aggregate subscriptions equal to not less than \$250,000.
- 5.2 If subscriptions in the minimum aggregate amount of \$250,000 are not received by the Agent at or prior to the Time of Closing, the Agent shall, promptly thereafter, remit by ordinary mail, or such other means as may be agreed to between the Agent and the Purchasers, and in any case not later than 15 days from the Closing Date, to each Purchaser whose Subscription Funds are held by the Agent, its Subscription Funds, without interest or deduction.
- 5.3 If the subscription of any Purchaser delivered to the Agent is for any reason rejected (in whole or in part) by the Corporation, the Subscription Funds in respect of such rejected subscription shall be forthwith returned to such Purchaser without interest or deduction.

6. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

- 6.1 The Corporation represents and warrants to the Agent, 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 organized and is valid and subsisting and in good standing under the laws of British Columbia 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 the corporate power and authority to enter into this Agreement and to perform its obligations set out herein 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;
 - (c) the Corporation is the beneficial owner of the assets referred to in the Prospectus, and any and all agreements pursuant to which the Corporation holds any interest in such assets are in good standing according to the terms thereof and in full force and effect, and there has not been any default in any obligation to be performed thereunder;
 - (d) all assets of the Corporation are free and clear of any liens, charges or encumbrances;
 - (e) the Corporation is not a party to a material contract which is not disclosed in the Prospectus and the material contracts disclosed in the Prospectus constitute valid and binding obligations of the parties thereto, enforceable against each of such parties in accordance with their respective terms except as enforcement may be limited by general principles of equity, applicable bankruptcy, insolvency,

preference and reorganization laws and other laws generally affecting the enforcement of creditors' rights and the availability of discretionary judicial remedies;

- (f) the Corporation has complied and will comply fully with the requirements of all applicable corporate and securities laws and administrative policies and directions, including, without limitation, the Securities Legislation and its regulations 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;
- (g) the Corporation is in compliance with all applicable laws, regulations and statutes (including all environmental laws and regulations) in the jurisdictions in which it carries on business and which may materially affect the Corporation, has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations and statutes, and is not aware of any pending change or contemplated change to any applicable law or regulation or governmental position that would materially affect the business of the Corporation or the business or legal environment under which the Corporation operates;
- (h) the Corporation has no business operations of any kind other than as permitted by the Policy;
- (i) the authorized capital of the Corporation consists of the share capital 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; and to the best of the knowledge of the Corporation, none of the issued and outstanding securities of the Corporation are owned directly or indirectly by any director, officer, employee or contractor of the Agent or any Affiliates (as defined in Policy 1.1 of the Exchange) of any of the foregoing except as disclosed in the Prospectus; and 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 Common Shares or other securities of the Corporation except as disclosed in the Prospectus;
- (j) there are no other agreements with respect to the securities of the Corporation between shareholders of the Corporation not disclosed in the Prospectus;
- (k) to the knowledge of the management of the Corporation, there is no action, proceeding or investigation pending or 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 business or 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 Preliminary Prospectus or the Prospectus;

- (l) 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 the Common Shares;
- (m) the audited financial statements (the “**Financial Statements**”) of the Corporation included 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 since such date;
- (n) the auditors of the Corporation who audited the Financial Statements and who provided their audit report thereon are independent public accountants as required under Securities Legislation and there has never been a reportable disagreement (within the meaning of National Instrument 51-102 *Continuous Disclosure Requirements*) with the present auditors of the Corporation;
- (o) the Financial Statements have been approved by the Corporation’s directors;
- (p) there has been no material adverse change in the assets, financial position or business of the Corporation and the Corporation has not entered into a transaction of a nature material to the Corporation since the date of the Financial Statements;
- (q) no event has occurred which would require the Prospectus to be amended which has not been so set forth;
- (r) except as disclosed herein or in the Preliminary Prospectus or the Prospectus, there is no person, firm or corporation acting or purporting to act for the Corporation which is entitled to any brokerage or finder’s fee in connection with any of the transactions contemplated hereunder;
- (s) the Corporation has not entered into any transactions other than as disclosed in the Preliminary Prospectus and the Prospectus;
- (t) the Corporation has not identified a proposed Qualifying Transaction or reached an Agreement in Principle with any party;
- (u) the proceeds received by the Corporation from the sale of the Offered Common Shares will be used by the Corporation as described in the Preliminary Prospectus and the Prospectus under the heading “Use of Proceeds” and in compliance with the provisions of the Policy;
- (v) the Corporation is not in any breach or violation of, and the execution and delivery by the Corporation of this Agreement and the performance of its

obligations hereunder will not result in any breach or violation of, or be in conflict with, or constitute a default, to any material extent, under any term or provision of the constating documents of the Corporation or any shareholders' or directors' resolutions of the Corporation, or any agreement, order, decree, statute, by-law, covenant or restriction to which the Corporation is a party or by which the Corporation or any of its property is bound;

- (w) no approval, authorization, consent or other order of any governmental authority is required in connection with the execution and delivery or with the performance by the Corporation of this Agreement except requisite filings with the Commissions and the Exchange;
- (x) to the best of the knowledge of the management of the Corporation, 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 or companies 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 will materially affect the Corporation, except as stated in the Preliminary Prospectus and the Prospectus;
- (y) no securities commission or other governmental authority has issued any order preventing or suspending the use of the Preliminary Prospectus or the Prospectus and, to the knowledge of the management of the Corporation, the Corporation is not in default of any requirement of the Securities Legislation;
- (z) except as disclosed in the Preliminary Prospectus and the Prospectus, no order ceasing or suspending trading in securities of the Corporation, or its directors, officers or promoters or against any other companies that have common directors, officers or promoters and, to the best of the Corporation's knowledge after due inquiry, no proceedings for this purpose have been instituted, are pending, contemplated or threatened;
- (aa) all statements, facts, data, information and material made, furnished or provided from time to time by the Corporation in writing to the Agent relating to the Corporation and the Purchasers are true and correct, 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 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;
- (bb) the directors and senior officers of the Corporation have reviewed the Preliminary Prospectus and will have reviewed the Prospectus and the directors have duly approved the Preliminary Prospectus and the Prospectus and the filing of the Prospectus and will have authorized its distribution by the Agent to the Purchasers

hereunder at the respective times they are filed with the Commissions and the Exchange;

- (cc) except statements of fact relating solely to the Agent, for which the Corporation makes no representation or warranty, the Preliminary Prospectus and the Prospectus contain full, true and plain disclosure of all material facts in relation to the Offered Common Shares and the Compensation Options as required by the Securities Legislation;
- (dd) none of the statements or facts contained in the Preliminary Prospectus or the Prospectus are false or misleading in any way and there has been no omission to state any material fact therein necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made;
- (ee) upon payment of the proceeds for the Offered Common Shares, the Offered Common Shares will be validly authorized and issued, the Compensation Options will be validly created, authorized and delivered and the Common Shares issued upon the exercise of the Compensation Options will be validly authorized, allotted and reserved for issuance upon the exercise of the Compensation Options and the Offered Common Shares and the Common Shares issued upon the exercise of the Compensation Options will, when issued, be issued as fully paid and non-assessable Common Shares and will be issued free and clear of all liens, charges or encumbrances of any kind whatsoever;
- (ff) the Corporation's directors and officers, as disclosed in the Prospectus, have been duly elected or appointed and hold the offices indicated in the Prospectus;
- (gg) as at the date hereof, the minute book of the Corporation is true, complete and correct and contains the minutes of all meetings and all resolutions of the directors and shareholders thereof; and
- (hh) at or prior to the time of filing the Prospectus with the Commissions, the Exchange will have granted conditional acceptance to list the Offered Common Shares to be issued pursuant to the Offering and the Common Shares issuable upon the exercise of the Compensation Options.

7. COVENANTS OF THE CORPORATION

- 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 a final receipt pursuant to Multilateral Instrument 11-102 *Passport System* therefor from the Principal Regulator, to qualify the Offered Common Shares for distribution to the public resident in the Qualifying Jurisdictions through the Agent and sub-agents, if any, or other registered securities dealers and to qualify for distribution the Compensation Options.

- 7.2 The Corporation shall promptly notify the Agent in writing of full particulars of any material change, actual, anticipated or threatened, during the period of distribution to the public of the Offered Common Shares pursuant to the Offering:
- (a) in the business or affairs of the Corporation of which the Corporation is aware;
 - (b) in the directors or officers of the Corporation of which the Corporation is aware;
 - (c) in any material fact contained or referred to or omitted in the Preliminary Prospectus or the Prospectus or in any material supplemental thereto supplied by the Corporation, which is of such a nature as to render the Preliminary Prospectus or the Prospectus or material supplemental thereto, misleading or untrue;
 - (d) in any statements, facts, data, personal information form or materials provided to the Agent with respect to the directors, officers and insiders of the Corporation, of which the Corporation is aware, which is of such a nature as to render the Preliminary Prospectus or the Prospectus misleading or untrue; or
 - (e) in any of the representations and warranties contained in Section 6 herein,
- and the Corporation shall file under the Securities Legislation, with all possible dispatch, and in any event within any statutory limitation 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 such 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.
- 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 Prospectus or for any additional information and, until the Expiration Date, 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 commercially reasonable 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 Prospectus (and in the event of an amendment, of such amended 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 the Securities Legislation relating thereto.

- 7.6 Delivery of the Preliminary Prospectus and the Prospectus and any supplementary material shall constitute a representation and warranty by the Corporation to the Agent that all information and statements (except information and statements relating solely to or provided solely by the Agent) contained in the Preliminary Prospectus and the Prospectus and supplementary material are true and correct in all material respects at the time of delivery thereof and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation and that no material fact has been omitted therefrom (except facts relating solely to the Agent) which is required to be stated therein or is necessary to make the statements or information contained therein not misleading in light of the circumstances under which they were made. Such delivery shall also constitute the Corporation's consent to the Agent's use of the Preliminary Prospectus and the Prospectus, any supplementary material and any other public documents supplied to the Agent by the Corporation for the distribution of the Offered Common Shares in the Qualifying Jurisdictions in compliance with the provisions of this Agreement and the Securities Legislation.
- 7.7 The Corporation (the "**Indemnitor**") hereby agrees to indemnify and hold the Agent, and its subsidiaries or affiliates, and each of their directors, officers, employees and agents (hereinafter referred to as the "**Personnel**") harmless from and against any and all expenses, losses (other than loss of profits), fees, claims, actions (including shareholder actions, derivative actions or otherwise), damages, obligations, or liabilities, whether joint or several, and the reasonable fees and expenses of their counsel, that may be incurred in advising with respect to and/or defending any actual or threatened claims, actions, suits, investigations or proceedings to which the Agent and/or its Personnel may become subject or otherwise involved in any capacity under any statute or common law, or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Agent and its Personnel hereunder, or otherwise in connection with the matters referred to in this Agreement (including the aggregate amount paid in reasonable settlement of any such actions, suits, investigations, proceedings or claims that may be made against the Agent and/or its Personnel, provided that the Indemnitor has agreed to such settlement), provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:
- (a) the Agent and/or its Personnel have been negligent or have committed wilful misconduct or any fraudulent act in the course of such performance; and
 - (b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the negligence, wilful misconduct or fraud referred to in 7.7(a).

Without limiting the generality of the foregoing, this indemnity shall apply to all reasonable expenses (including legal expenses), losses, claims and liabilities that the Agent may incur as a result of any action or litigation that may be threatened or brought against the Agent.

If for any reason (other than the occurrence of any of the events itemized in (a) and (b) above), the foregoing indemnification is unavailable to the Agent or any Personnel or insufficient to hold the Agent or any Personnel harmless as a result of such expense, loss, claim, damage or liability, then the Indemnitor and the Agent and such Personnel will contribute to such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Agent or any Personnel on the other hand but also the relative fault of the Indemnitor and the Agent or any Personnel, as well as any relevant equitable considerations; provided that the Indemnitor shall in any event contribute to the amount paid or payable by the Agent or any Personnel as a result of such expense, loss, claim, damage or liability and any excess of such amount over the amount of the fees received by the Agent hereunder.

The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor, the Agent and/or any of their respective personnel by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, or any such entity shall investigate the Indemnitor and/or the Agent, and/or any Personnel shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Agent or any Personnel, then the Agent shall have the right to employ its own counsel in connection therewith provided the Agent acts reasonably in selecting such counsel, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Agent for time spent by the Personnel in connection therewith) and out-of-pocket expenses incurred by their Personnel in connection therewith shall be paid by the Indemnitor as they occur.

Promptly after receipt of notice of the commencement of any legal proceeding against the Agent or any of the Personnel or after receipt of notice of the commencement or any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Agent will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed. However, the failure by the Agent to notify the Indemnitor will not relieve the Indemnitor of its obligations to indemnify the Agent and/or any Personnel. The Indemnitor shall, on behalf of itself and the Agent and/or any Personnel, as applicable, be entitled to (but not required) to assume the defence of any suit brought to enforce such legal proceeding; provided, however, that the defence shall be conducted through legal counsel acceptable to the Agent and/or any Personnel, as applicable, acting reasonably, that no settlement of any such legal proceeding may be made by the Indemnitor without the prior written consent of the Agent and/or any Personnel, as applicable, and none of the Agent and/or any Personnel, as applicable, shall be liable for any settlement of any such legal proceeding unless it has consented in writing to such settlement, such consent not to be unreasonably withheld. The Agent and its Personnel shall have the right to

appoint its or their own separate counsel at the Indemnitor's cost provided the Agent acts reasonably in selecting such counsel.

The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Personnel and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Agent and any of the Personnel. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of this Agreement.

- 7.8 The Corporation will take all necessary action to extra-provincially 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 and make all necessary filings with the Exchange to complete its application for listing the Common Shares on the Exchange in order to effect the listing and posting for trading of the Offered Common Shares on the Closing Date.
- 7.10 The Corporation will not take any action which would be reasonably expected to result in the delisting or suspension of the Common Shares on or from the Exchange or on or from any stock exchange, market or trading or quotation facility on which the Common Shares are listed or quoted and the Corporation will comply, in all material respects, with the rules and regulations thereof.
- 7.11 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 and directors, financial statements, shareholder lists, business plans, etc.
- 7.12 The Agent may, in its sole discretion, 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 2.2, if applicable, 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. The Corporation has provided the Agent with a retainer of \$10,000 in connection with the Agent's anticipated expenses, including legal expenses as referenced in Section 12.2. The Agent and the Corporation agree that the fees of the Agent's Canadian legal counsel in connection with the Offering shall not exceed \$10,000 (exclusive of taxes and disbursements). The retainer shall be applied against expenses claimed in this section.

- 7.13 The Corporation will provide to the Agent in advance any press release relating to the Offering and the Corporation will use its reasonable best efforts to agree to the form and content thereof with the Agent prior to the release thereof. No press release will be issued in the United States by the Corporation concerning the Offering during the Offering and any press release issued by the Corporation concerning the Offering shall include the following:

“This news release does not constitute an offer or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to a U.S. Person unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.”

- 7.14 Until the Corporation completes a Qualifying Transaction, the Corporation will comply with all applicable provisions of the Policy. The Corporation will use its commercially reasonable efforts to maintain its status as a reporting issuer not in default of any Securities Legislation in the Qualifying Jurisdictions for a period of 24 months following the date that the Common Shares are listed and posted for trading on the Exchange and will use its commercially reasonable efforts to maintain its listing on the Exchange during such 24 months and to complete a Qualifying Transaction within such 24 months.

8. REPRESENTATIONS AND WARRANTIES OF THE AGENT

- 8.1 The Agent represents and warrants to the Corporation that:
- (a) it is a valid and subsisting corporation duly incorporated, continued or amalgamated and in good standing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated;
 - (b) it is duly registered under the Securities Legislation to sell the Offered Common Shares in the Qualifying Jurisdictions;
 - (c) it is a member in good standing of the Exchange; and
 - (d) 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 in accordance with its terms.

9. COVENANTS OF THE AGENT

- 9.1 The Agent hereby covenants, subject to the conditions contained in Section 10 hereof, to use commercially reasonable efforts to solicit subscriptions for the Offered Common

Shares in the Qualifying Jurisdictions and, without limiting the generality of the foregoing, to obtain subscriptions from at least 200 Purchasers, each of such Purchasers:

- (a) purchasing beneficially at least 1,000 Offered Common Shares free of Resale Restrictions exclusive of any Offered Common Shares being purchased by Non-Arm's Length Parties to the Corporation (as such terms are defined in Exchange Policy 1.1);
- (b) individually purchasing, directly or indirectly, no more than 2% of the Offered Common Shares, and in the aggregate, with such Purchaser's Associates and Affiliates (as such terms are defined in Exchange Policy 1.1), purchasing, directly or indirectly, 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 Exchange Policy 1.1) to the Corporation, provided, however, that any Purchaser in excess of the 200 minimum Purchasers may be a Non-Arm's Length Party if that Purchaser complies with the requirements of the Policy.

9.2 The Agent hereby covenants and agrees, subject to the conditions contained in Section 10 hereof, that it will not solicit subscriptions for the Offered Common Shares except in compliance with the Securities Legislation, and only in the Qualifying Jurisdictions, the rules, policies and by-laws of the Exchange and the terms and conditions set forth in the Prospectus and this Agreement.

9.3 The Agent will deliver to each Purchaser a copy of the Prospectus sufficiently in advance of the Time of Closing such that all withdrawal rights under the Securities Legislation will have expired on or before the Time of Closing.

9.4 The obligation of the Agent to execute any certificate or deliver any documents pertaining to the Preliminary Prospectus and the Prospectus shall be conditional upon 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.

9.5 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 and the Exchange which govern capital pool company offerings, as amended from time to time; and
- (b) deliver to the Exchange as soon as reasonably possible after the Closing Date, a Distribution Summary Statement as required by Section 3.2 of Policy 2.3 of the Exchange.

10. CONDITIONS OF THE AGENT'S OBLIGATIONS

10.1 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) there is, in the opinion of the Agent, a material change or a change in any material fact or a new material fact shall arise which would be expected to have an adverse change or effect on the business, affairs, prospects or financial condition of the Corporation or on the market price or the value of the Offered Common Shares;
- (b) the Corporation is in breach of any material term, condition or covenant of this Agreement;
- (c) the Agent determines that any of the representations or warranties made by the Corporation in this Agreement are false or have become false;
- (d) the state of the financial markets, whether national or international, is such that in the sole opinion of the Agent, it would be impractical or unprofitable to offer or continue to offer the Offered Common Shares for sale;
- (e) any inquiry, investigation or other proceeding (whether formal or informal) in relation to the Corporation, its affairs, records or accounts or any of its directors or officers is commenced, announced or threatened, or any order is issued by a 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) 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, including without limitation, accident, act of terrorism, public protest, which, in the sole opinion of the Agent, adversely affects or involves, the financial markets generally or the business, operations, affairs or financial condition of the Corporation, and the Agent determines, in its sole discretion, that it is not in the interest of Purchasers to complete the purchase and sale of the Offered Common Shares;
- (g) the Agent is not satisfied, in its sole discretion, with the results of its due diligence investigations,
- (h) the Agent is advised that the Exchange will not approve the listing of the Common Shares; or
- (i) any condition of this Agreement shall remain outstanding and uncompleted prior to the Time of Closing.

- 10.2 Unless otherwise agreed by the parties, this Agreement will terminate if a receipt for the Prospectus is not issued by the Principal Regulator within 120 days of the date of this Agreement.
- 10.3 Any termination of any of the obligations of the Agent hereunder pursuant to the provisions hereof shall be effected by notice to the Corporation. Notwithstanding the giving of any notice of termination hereunder, the provisions of Section 7.7 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 Section 12, 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.

11. THE CLOSING

- 11.1 The obligations of the Agent to complete the transactions contemplated in this Agreement are subject to the following conditions precedent, and the Agent shall have the right on the Closing Date to not conclude the Offering if such conditions are not satisfied or waived on or before the Closing, which conditions the Corporation covenants to use its commercially reasonable efforts to fulfill or satisfy on or before the Closing Date:
- (a) all actions required to be taken by or on behalf of the Corporation, including the passing of all requisite resolutions of directors of the Corporation approving this Agreement, the Offering, the Prospectus, the issuance of the Offered Common Shares, the Compensation Options and the Common Shares issuable upon exercise of the Compensation Options, and all other matters relating to the foregoing, will have been taken so as to validly offer, sell and deliver the Offered Common Shares in the Qualifying Jurisdictions and to grant the Compensation Options;
 - (b) the Corporation will have made all necessary filings and obtained all necessary approvals, consents and acceptances of appropriate regulatory authorities, including without limitation, receipts for the Prospectus from each Commission and the listing of the Common Shares on the Exchange;
 - (c) the Corporation shall deliver to the Agent on the Closing Date a legal opinion of the Corporation's legal counsel addressed to the Agent, in form and substance satisfactory to the Agent and the Agent's legal counsel, with respect to such matters as the Agent and the Agent's legal counsel may reasonably request relating to the distribution under the Prospectus;
 - (d) the Corporation shall deliver to the Agent at the Time of Closing a certificate, in form and substance satisfactory to counsel for the Agent, signed by the Chief Executive Officer and Chief Financial Officer of the Corporation and addressed to the Agent, dated the Closing Date, to the effect that:

- (i) the representations and warranties contained in Section 6 hereof are true and correct at and as at the Time of Closing after giving effect to the transactions contemplated by the Prospectus and this Agreement;
 - (ii) the Corporation has complied 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;
 - (iii) 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, the Exchange, or any other securities commission, stock exchange or regulatory authority; and
 - (iv) such officer has examined the Prospectus and since the respective dates as of which information is given in the Prospectus, except as set forth in and contemplated by the Prospectus, the Corporation has not incurred any material liabilities or obligations, direct or contingent, or entered into any transactions not in compliance with the Policy, and 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, no event has occurred and no state or fact exists that, under Securities Legislation, is required to be set forth in an amended Prospectus that has not been so set forth; and
- (e) the Corporation has paid the Agent's fees, expenses and other compensation as contemplated in this Agreement.

11.2 The Closing shall occur at the Time of Closing at such location as may be agreed to between the Corporation and the Agent. Subject to the conditions set forth in Section 11.1, at the Time of Closing, the Agent shall deliver to the Corporation:

- (a) the Subscription Funds after deducting the Agent's Commission and the Agent's expenses as contemplated in Section 12 of this Agreement, after taking into account amounts received by the Agent from the Corporation prior to the Closing Date; and
- (b) such further and other documentation that may be contemplated by this Agreement,

against delivery by the Corporation at the Time of Closing of:

- (a) definitive certificates (or confirmation of issuance on a non-certificated basis) representing the number of Offered Common Shares sold registered in such name or names and numbers as the Agent shall notify the Corporation in writing prior to the Time of Closing;

- (b) the Option Certificates; and
- (c) such other documents and certificates as may be contemplated by this Agreement or as the Agent and the Agent's counsel may reasonably require or the Commissions, Securities Legislation or the Exchange may require or dictate.

12. EXPENSES OF THE AGENT

- 12.1 Notwithstanding any termination of this Agreement or the cancellation of its obligations by the Agent pursuant to Section 10 hereof and, except as otherwise indicated herein, the costs and expenses of or incidental to the creation, issue and offering of the Offered Common Shares including, without limitation, the fees and expenses of counsel for the Corporation, the fees and expenses of counsel for the Agent, all other reasonable expenses incurred by the Agent in connection with the Offering, the fees of the auditor of the Corporation, the cost of printing and delivering the definitive certificates for the Offered Common Shares, if applicable, the fees and disbursements of the transfer agent, the cost of preparing, printing and delivering the Prospectuses to the Agent, the associated fees prescribed by the Securities Legislation in connection with the Offering and the fees of the Exchange shall be borne and paid by the Corporation whether or not the Offering is completed as contemplated. The Corporation will pay the fees and expenses of counsel for the Agent at the Time of Closing or forthwith upon request of the Agent if the Offering does not close, 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 or counsel to the Agent.
- 12.2 The Agent hereby acknowledges receipt of the sum of \$10,000 to be used towards its expenses, including the fees and expenses of Agent's legal counsel, and an additional \$10,000 plus GST (\$10,500) in full satisfaction of the Corporate Finance Fee.
- 12.3 The Agent hereby acknowledges that the fees of its legal counsel shall be a maximum of \$10,000 plus taxes and disbursements.

13. RIGHT OF FIRST REFUSAL

- 13.1 If the Offering is completed, the Corporation shall grant to the Agent a right of first refusal (the "**ROFR**") commencing on the Closing Date and expiring (the "**Expiration Date**") 24 months following the listing of the Common Shares on the Exchange, to:
 - (i) act as its sole and exclusive Sponsor for the Corporation's Qualifying Transaction on terms which are customary for such engagements; and
 - (ii) to participate as its sole and exclusive lead agent (in respect of an agency offering) or lead underwriter (in respect of an underwritten or bought deal offering), as the case may be, with respect to any equity financing of any securities of the Corporation (including without limitation, securities convertible into equity) being undertaken by the Corporation in connection with its Qualifying Transaction. The ROFR is subject to the following terms:
 - (a) in the event the Corporation receives a proposal that contains terms acceptable to the Corporation and which would be binding and enforceable if it were executed

and delivered by the parties thereto from an investment dealer or dealers, other than the Agent (collectively the “**Dealer**”), pursuant to which the Dealer agrees or offers to act as the Corporation’s Sponsor for a Qualifying Transaction, or the Corporation’s agent or underwriter to conduct a distribution of any of the Corporation’s securities, whether on an agency, underwritten or bought deal basis, 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 Dealer has proposed to act as the Corporation’s Sponsor for a Qualifying Transaction and/or the Corporation’s agent or underwriter, including the consideration to be received by such Dealer for its services and the consideration to be received by the Corporation for its securities, if known;
- (c) the Agent shall have a period of 5 days after receipt of the Notice (the “**Notice Period**”) to elect to act as Sponsor, and/or the agent or underwriter, as the case may be, on behalf of the Corporation on the terms and conditions contained in the Notice and, if the Agent so elects, the Corporation hereby agrees to engage the Agent to act as Sponsor and/or conduct the said distribution to the public as its lead agent or lead underwriter, as the case may be; and
- (d) if the Agent declines or fails to elect within the Notice Period to act as Sponsor and/or conduct the distribution of the Corporation’s securities, the Corporation shall be entitled to engage the Dealer on the same terms and conditions set forth in the Notice. In the event that such terms and conditions of the said engagement with the Dealer change from those set forth in the Notice, the Corporation shall not be entitled to enter an engagement or agreement with the Dealer or any other Dealer without complying with sections 13.1(a) to (d) inclusive.

For greater certainty, the Agent acknowledges and agrees that if the Corporation issues any securities to which the provisions of Section 13 would apply, but does not retain or utilize a registered dealer as agent or underwriter, the foregoing the provisions of section 13.1 shall not apply to such issuance.

- 13.2 The ROFR granted by Section 13.1 will not terminate upon failure of the Agent to exercise such right.

14. NOTICES

- 14.1 Any notice to be given hereunder shall be in writing and may be given by facsimile or by hand delivery and shall, in the case of notice to the Corporation and the Agent, be addressed and facsimiled or delivered:

- (a) to the Corporation at:

Sherpa Holdings Corp.

Suite 918 – 1030 West Hastings Street
Vancouver, British Columbia V6E 2Y3
(Fax No.: 604-662-7950)

Attention: Thomas O'Neill

with a copy to:

Cassels Brock & Blackwell LLP
2200 HSBC Building, 885 West Georgia Street
Vancouver, British Columbia V6C 3E8
(Fax No.: 604-691-6120)

Attention: Jennifer Traub

(b) to the Agent at:

PI Financial Corp.
1900- 666 Burrard Street
Vancouver, British Columbia V6C 3N1
(Fax No.: 604-664-2666)

Attention: Jim Locke

with a copy to:

McMillan LLP
1500 - 1055 West Georgia Street
Vancouver, British Columbia V6E 4N7
(Fax No.: 604-685-7084)

Attention: Cory Kent

15. MISCELLANEOUS

- 15.1 Time shall be of the essence with respect to the terms and conditions of this Agreement.
- 15.2 The covenants in Sections 7.6 and 7.7, as well as all warranties, representations, indemnifications and agreements herein contained or contained in certificates or documents submitted pursuant to or in connection with the transactions herein along with all rights of action in connection therewith shall survive the Closing and shall continue in full force and effect following the Closing Date for the benefit of the Agent and for the benefit of the Corporation. The covenants in Sections 7.4, 7.8, 7.10, 7.14 and in Section 13 shall survive the Closing and shall continue in full force and effect following the Closing Date until the Expiration Date for the benefit of the Agent and for the benefit of the Corporation.
- 15.3 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and

discussions, whether written or oral, and there are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

- 15.4 All the terms and provisions of this Agreement shall be binding upon, shall enure to the benefit of, and shall 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.
- 15.5 This Agreement may be executed in several counterparts and may be represented by facsimile or other electronic format, each of which 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 hereof.
- 15.6 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.
- 15.7 This Agreement shall be construed and interpreted, and the rights and obligations of the parties arising hereunder governed, by the laws of the Province of British Columbia. The parties agree that the courts of British Columbia 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.

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

SHERPA HOLDINGS CORP.

Per:

 //Emily Davis//
Authorized Signatory

PI FINANCIAL CORP.

Per:

 //Jim Locke//
Authorized Signatory