

Date: September 5, 2022

Bragg Gaming Group, Inc.

as Company

Lind Global Fund II LP

as Investor

Convertible Security Funding Agreement

Agreement for a private placement of US\$8,700,000 by way of a convertible security

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This Agreement is made the 5th day of September, 2022

Parties

- 1 **Bragg Gaming Group, Inc.**, with registered office located at 130 King Street West, Suite 1955, Toronto, Ontario M5X 1E3 (the **Company**)
- 2 **Lind Global Fund II LP**, with its head office located at 444 Madison Ave, Fl. 41, New York, NY 10022 (the **Investor**)

Recital

The Investor has agreed to invest US\$8,700,000 in the Company, and the Company has agreed to issue the Convertible Security to the Investor in accordance with the terms of this Agreement.

It is agreed as follows:

1 Definitions and Interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

1933 Act means the United States Securities Act of 1933, as amended.

Affiliate has the meaning ascribed to the terms "affiliate" and "affiliated" under the *Securities Act* (Ontario).

Agreement means this agreement.

Amount Outstanding means the then-outstanding Face Value of the Convertible Security, after:

- (a) Conversion of the Convertible Security of any Conversion Amounts into Conversion Shares under clause 5.2 (if any); and
- (b) any other amounts have been repaid by the Company to the Investor in respect of the Face Value of the Convertible Security.

Anti-Corruption Laws means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and the Corruption of Foreign Public Officials Act (Canada).

Anti-Money Laundering Laws means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

Blocked Person means (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (ii) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (iii) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (i) or (ii).

Bought Deal means a fully underwritten offering on a bought deal basis pursuant to which an underwriter has committed to purchase securities of the Company pursuant to a "bought deal" letter prior to the filing of a prospectus or prospectus supplement or a distribution pursuant to an overnight marketed offering on an underwritten or agency basis.

Business Day means any day of the year, other than a Saturday, Sunday or a statutory holiday in New York, New York or Toronto, Ontario.

Business Hours means 9:00AM to 5:00PM.

Buy-Back Amount Outstanding means the Amount Outstanding in respect of a Convertible Security, less the Buy-Back Conversion Amount, as described in clause 5.1(b).

Buy-Back Conversion Amount has the meaning given to it in clause 5.1(b).

Buy-Back Conversion Notice has the meaning given to it in clause 5.1(b).

Buy-Back Conversion Option has the meaning given to it in clause 5.1(a).

Buy-Back Conversion Shares has the meaning given to it in clause 5.1(b).

Buy-Back Notice has the meaning given to it in clause 5.1(a).

CDN\$ means Canadian dollars, the legal currency of Canada.

CDN Rate means the immediately prior day's closing mid-point spot CDN\$/US\$ exchange rate (as reported by Bloomberg, LP).

Canadian Securities Laws means all applicable securities laws in each of the Provinces and Territories of Canada emanating from Governmental Authorities including the respective rules and regulations made thereunder together with applicable published national and local instruments, policy statements, notices, blanket rulings and orders of the Securities Commissions, all discretionary rulings and orders, if any, of the Securities Commissions and the TSX Rules, all as the same are in effect at the date hereof.

Cash Conversion Amount has the meaning given to that term in clause 5.4(c)(i).

Cash Conversion Notice has the meaning given to that term in clause 5.4(c)(i).

Change in Law Termination Event means:

- (i) a change in an interpretation or administration of a Law by a Governmental Authority; or
- (ii) a change after the date of this Agreement in a Law or an interpretation or administration of a Law,

which has, directly or indirectly, the effect of:

- (iii) varying the duties, obligations or liabilities of the Company or the Investor in connection with any Transaction Document or Contemplated Transactions such that the Investor's rights, powers, benefits, remedies or economic burden (including any Tax treatment in the hands of the Investor) are materially adversely affected; or
- (iv) otherwise materially adversely affecting rights, powers, benefits, remedies or the economic burden of the Investor (including by way of delay or postponement),

provided that the definition of Change in Law Termination Event excludes for this purpose any applicable Law regarding maximum permitted rates of interest, including the Criminal Code (Canada) regarding a criminal rate of interest.

Change of Control Event means, in respect of the Company:

- (a) a change in the composition of the board of directors of the Company at a single shareholder meeting where 50.0% or more of the individuals that were directors immediately prior to the start of such shareholder meeting are no longer directors at the conclusion of such meeting, whether by shareholder resolution, resignation or otherwise,
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unless the new directors were nominated or endorsed by a majority of the members of the board of directors and provided further that such new directors are appropriately licensed if and as required part of the Company's regulatory requirements;

- (b) a change in composition of the board of directors of the Company over the Term where 50% or more of the individuals that were directors at the Execution Date cease to be directors of the Company at any time during the Term, unless the new directors were nominated or endorsed by a majority of the members of the board of directors and provided further that such new directors are appropriately licensed if and as required as part of the Company's regulatory requirements;
- (c) any two of the three individuals who are the Chief Executive Officer, Chief Financial Officer and Chief Strategy Officer of the Company at the Execution Date cease to hold such position at any time during the Term;
- (d) other than a shareholder that holds such a position at the date of this Agreement, if an individual, person or legal entity comes to have beneficial ownership, control or direction over more than 50% of the voting rights attached to any class of voting securities of the Company; or
- (e) the sale or other disposition by the Company or any of its Subsidiaries in a single transaction, or in a series of transactions, of all or substantially all of the Company's assets on a consolidated basis.

Change of Control Premium has the meaning given to that term in clause 2.1

Closing has the meaning given to that term in clause 2.1.

Closing Date means the date of Closing, as defined in clause 2.1.

Closing Fee means an amount payable by the Company to the Investor on the Closing Date, as consideration for the Investor effecting the Closing, which must be paid in the amount of US\$261,000 in accordance with clause 3.1 and set-off under clause 2.1.

Company Covered Person has the meaning given to it in clause 7.1(dd)(iv).

Contemplated Transactions means the transactions contemplated in this Agreement.

Code means the United States Internal Revenue Code of 1986, as amended.

Conversion means the conversion of the Convertible Security in accordance with clause 5.2, and including, for greater certainty, a conversion of the Convertible Security pursuant to a Buy-Back Conversion Notice.

Conversion Amount means an amount specified in a Conversion Notice in accordance with clause 5.2 or the Buy-Back Conversion Amount, as applicable.

Conversion Date has the meaning given to that term in clause 5.2(c).

Conversion Notice has the meaning given to that term in clause 5.2(a).

Conversion Notice Date means the date of a Conversion Notice or the date of a Buy-Back Conversion Notice.

Conversion Price means, with respect to a Conversion, the price per Share equal to 87.5% of the VWAP per Share (in Canadian dollars) on the TSX for the five (5) consecutive Trading Days immediately prior to the Conversion Notice Date for such Conversion.

Conversion Shares means Shares issuable or issued (as applicable) in accordance with clause 5.2, including, for greater certainty, the Buy-Back Conversion Shares.

Convertible Security has the meaning given to that term in clause 2.1.

Corporations Act means the *Canada Business Corporations Act* and the regulations thereunder.

Designated CAD Equivalent Amount means in relation to a specific US\$ amount, the CDN\$ equivalent of that specified US\$ amount converted using the CDN Rate.

Designated Warrant Holder means:

Lind Global Fund II LP
c/o The Lind Partners, LLC
444 Madison Ave, Fl. 41
New York, NY 10022 USA

or such other Person as Investor designates in writing to Company, provided such Person is entitled to subscribe for such Warrants in compliance with prospectus and registration exemptions of applicable securities laws and TSX Rules.

Disclosure Schedule has the meaning given to that term in clause 7.4(b).

Disqualification Event has the meaning given to it in clause 7.1(dd)(iv).

E-mail Time has the meaning given to that term in clause 17.7(d)(i).

Environmental Laws has the meaning given to that term in clause 7.1(p).

Event of Default means an event of default as set out in clause 12.1.

Exchange Act means the United States Securities Exchange Act of 1934, as amended.

Excluded Taxes means any of the following Taxes imposed on or with respect to the Investor or required to be withheld or deducted from a payment to the Investor, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of the Investor being organized under the laws of, or having its principal office in the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) withholding Taxes imposed on amounts payable to or for the account of the Investor (or any assignee of the Investor in accordance with the terms hereof) with respect to an applicable interest in the Convertible Security pursuant to a law in effect on the date on which (i) an assignee of Investor acquires such interest in the Convertible Security or (ii) the Investor changes its lending office, except in each case to the extent that, pursuant to Section 10.19, amounts with respect to such Taxes were payable to the Investor immediately before such assignee became a party hereto or to the Investor immediately before it changed its lending office, (c) any Canadian withholding Taxes imposed on a payment by or on account of any obligation of the Company hereunder by reason of Investor (i) not dealing at arm's length (for purposes of the Tax Act) with the payer of such amount or (ii) being, or not dealing at arm's length (for purposes of the Tax Act) with, a specified shareholder (as defined in subsection 18(5) of the Tax Act of the payer of such amount (other than where the non-arm's length relationship with a payer of an amount or the dealing at non-arm's length with a specified shareholder arises as a result of the Investor having become a party to, received or perfected a security interest, under, engaged in any other transaction pursuant to or enforced this Agreement or any Security Document) and (d) any U.S. federal withholding Taxes imposed under FATCA.

Execution Date means the date of mutual execution of this Agreement, or where one Party executes this Agreement on a date prior to another Party, means the date upon which the second Party executes this Agreement.

Face Value means the Face Value of the Convertible Security as set out in and varied by clause 2.1.

FATCA means Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and fiscal or regulatory legislation, or

official rules adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

Frustration Termination Event means there comes into force an applicable Law which, or an official or reasonable interpretation of which makes it illegal or impossible for the Investor or the Company to undertake any of the Contemplated Transactions, in accordance with this Agreement, or renders consummation of any of the Contemplated Transactions in accordance with this Agreement unenforceable, void, voidable or unlawful, or contrary to or inconsistent with any Law, provided that the definition of Frustration Termination Event excludes for this purpose any provisions in the *Criminal Code* (Canada) regarding criminal rates of interest.

Funds Flow Request has the meaning given to it in clause 4.1(a)(iv).

Governmental Authority means any United States, Canadian or other (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, bureau or agency, domestic or foreign, (b) any subdivision, agent, commission, board, or authority of any of the foregoing, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Commissions, the TSX, the NASDAQ and the Investment Industry Regulatory Organization of Canada.

Governmental Official means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

IFRS means the International Financial Reporting Standards as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards.

Insolvency Event means the commencement by the Company or any Subsidiary of a voluntary proceeding under applicable bankruptcy or insolvency legislation (**Bankruptcy Laws**) or the commencement by any person of involuntary proceedings under Bankruptcy Laws against the Company or any Subsidiary that are not dismissed within sixty (60) days after commencement thereof, or a receiver or administrator is appointed for or takes charge of all or substantially all of the property of the Company or any Subsidiary, or the Company or any Subsidiary commences any other proceeding under any proposal, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar Law of any jurisdiction whether now or hereafter in effect relating to the Company or any Subsidiary, or the Company or any Subsidiary is adjudicated insolvent or bankrupt, or any order or relief or other order approving any such case or proceeding is entered, or the Company or any Subsidiary makes a general assignment for the benefit of creditors.

Interest Rate upon Default has the meaning given to that term in clause 14(e).

Investor Indemnified Person has the meaning given to that term in clause 16.2(a).

Investor's Shares means the Conversion Shares and the Shares issued or issuable on exercise of the Warrants or otherwise to the Investor under this Agreement.

Law means Canadian Securities Laws, US Securities Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or license, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Authority, and the term **applicable** with respect to such Laws and in the context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property or securities and

emanate from a Governmental Authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities.

Lien means a lien, charge, mortgage, security interest, encumbrance, right of first refusal, or pre-emptive right.

Lock-Up Period has the meaning given to that term in clause 10.20.

Losses has the meaning given to that term in clause 16.2(a).

Market Cap Event means if any of the following occur:

- (a) the Market Capitalization of the Company falls below CDN\$49,303,541; or
- (b) the Market Capitalization of the Company increases above CDN\$197,214,165.

Market Capitalization means the number of Shares outstanding as of the relevant date of determination multiplied by the VWAP per Share (in Canadian dollars) on the TSX for twenty (20) Trading Days calculated as at the then most recent close of trading on the TSX.

Material Adverse Effect means a material adverse effect on:

- (a) the assets, liabilities, results of operations, condition (financial or otherwise), business or prospects of the Company and its Subsidiaries taken as a whole; or
- (b) the ability of the Company to perform its obligations under this Agreement.

Material Subsidiary means Bragg Oryx, Bragg US, Wild Streak, Spin Games and Oryx International, Orxy Gaming Ltd., Oryx Sales Distribution Ltd., Oryx Razvojne-Storitve d.o.o., Oryx Marketing, Poslovne Storitve d.o.o., Oryx Podpora d.o.o..

Materials has the meaning given to that term in clause 7.1(w).

Misrepresentation has the meaning given to that term under Canadian Securities Laws applicable in the Province of Ontario.

NASDAQ means the Nasdaq Global Select Market.

NASDAQ Rules means the rules and regulations of the Nasdaq Stock Market.

New York Business Day means a day, other than a Saturday or Sunday, on which banks in New York, New York are open for the general transaction of business.

NI 45-106 means National Instrument 45-106 - *Prospectus Exemptions*.

OFAC has the meaning given to that term in clause 7.1(r).

Other Connection Taxes means, with respect to the Investor, Taxes imposed as a result of a present or former connection between such Investor and the jurisdiction imposing such Tax (other than connections arising from the Investor having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Security Document, or sold or assigned an interest in the Convertible Security or Security Document).

Party means a party to this Agreement.

Permitted Encumbrances means, with respect to the Company:

- (a) Liens for taxes, rates, assessments or other governmental charges or levies not yet due, or for which instalments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by the Company;
 - (b) Liens created by a judgment of a court of competent jurisdiction, as long as that judgment is being contested diligently and in good faith by appropriate proceedings by the Company and does not result in an Event of Default;
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- (c) Liens granted in connection with equipment leases or purchase money security interests in the ordinary course of business;
- (d) Liens securing credit card obligations of the Company incurred in the ordinary course of business up to a maximum of US\$300,000 in the aggregate; and
- (e) good faith deposits made in the ordinary course of business to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money), leases, surety, customs, performance bonds and other similar obligations,

and in each case, provided that such Liens do not, in effect, provide a general security interest in the assets of the Company.

Proceeding has the meaning given to that term in clause 16.2(a)(vi).

Prohibited Transaction means a transaction with a third party or third parties (other than the Investor and its Affiliates) in which the Company issues or sells (or arranges or agrees to issue or sell):

- (a) any debt, equity or equity-linked securities (including options or warrants) that are convertible into, exchangeable or exercisable for, or include the right to receive Shares:
 - (i) at a conversion, repayment, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or
 - (ii) at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events (other than a Share consolidation, a Share split, or similar event, or rights offering); or
- (b) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions,

and are deemed to include transactions generally referred to as equity lines of credit, "at-the-market" distributions and stand-by equity distribution agreements, and convertible securities and loans having a similar effect. For the avoidance of doubt, rights issuances, shareholder purchase plans, deferred share unit plans, employee share ownership plans, convertible securities, or equity issuances, based on the Company's trading price but each at a fixed price per Share and securities with customary anti-dilution provisions similar to those contained in the Warrants, are not Prohibited Transactions.

Public Record means the documents filed by the Company with the Canadian securities regulatory authorities under the Company's profile on the SEDAR website (www.sedar.com).

Relevant Information has the meaning given to that term in clause 17.14(a).

Restricted Security Agreements means the following agreements made by the Investor in order to induce the Company to issue the Securities to the Investor in electronic or dematerialized form without a 1993 Act restrictive legend:

- (a) such Securities will not be offered, sold, pledged or otherwise transferred by the Investor, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person and will only be offered and sold in "offshore transactions" (as such term is defined in Rule 902(h) of Regulation S under the 1933 Act) pursuant to Rule 904 of Regulation S under the 1933 Act;
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- (b) for so long as the Securities constitute “restricted securities” as defined in Rule 144(a)(3) under the 1933 Act, it will not deposit any of the Securities into the facilities of the Depository Trust Company, or a successor depository within the United States, or arrange for the registration of any of the Investor’s Shares with Cede & Co. or any successor thereto;
- (c) the Investor will cause any CDS Clearing and Depository Services Inc. participant or other nominee holding the Investor’s Shares on its behalf to comply with the foregoing Restricted Security Agreements;
- (d) the Investor is not, at the time of the resale of any of the Securities will not be, an “affiliate” (as such term is defined in Rule 405 under the 1933 Act) of the Company; and
- (e) the Investor has implemented appropriate internal controls and procedures to ensure that it is able to comply with the restrictions set forth herein.

Securities means each of the Investor’s Shares, the Convertible Security, and the Warrants, and all of the Investor’s Shares, the Convertible Security and the Warrants collectively.

Securities Commissions means, collectively, the securities commissions or other securities regulatory authorities in each of the Provinces and Territories of Canada.

Security Documents means all documents contemplated by clause 10.4.

Security Structure Event means any consolidation, subdivision or any payment of a special dividend in Shares of the Company or distribution of Shares of the Company to all or substantially all holders of its outstanding Shares, which for the avoidance of doubt, does not include a rights offering, private placement or public offering of Shares.

Securities Termination Event means any of the following has occurred:

- (a) trading in securities generally in Canada or the United States has been suspended for a consecutive period of greater than three (3) Business Days; or
- (b) a banking moratorium has been declared by Canada, the United States or the New York State authorities and is continuing for a consecutive period of greater than three (3) Business Days.

Share means a fully paid common share in the capital of the Company and includes (where applicable) Investor’s Shares.

Share Custodian means the share custodian notified by the Investor to the Company.

Share Maximum has the meaning given to this term in clause 5.4(a).

State Sanctions List means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

Subsidiary has the meaning given to that term in the Corporations Act.

Tax means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security,

education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other person or as a result of being a transferee or successor in interest to any Party.

Tax Act means the *Income Tax Act* (Canada), as amended.

Term means the period commencing from the Closing Date and ending on the date that is the later of: (i) twenty-four (24) months from the Closing Date; or (ii) thirty (30) calendar days after the date on which there is NIL Amount Outstanding for the Convertible Security due to the Amount Outstanding having been fully converted and/or fully repaid (including with any applicable premium) in accordance with the terms hereof.

Toronto Business Day means a day, other than a Saturday or Sunday, on which banks in Toronto, Ontario are open for the general transaction of business.

Total Interest Amount means US\$1,300,000, being the total interest amount on the Convertible Security.

Trading Day means a day on which the TSX is open for the buying and selling of securities.

Transaction Documents means this Agreement, all Warrant certificates issued under this Agreement and all Security Documents.

TSX means the Toronto Stock Exchange.

TSX Rules means the TSX Company Manual.

US\$ or US dollars means US dollars, the lawful currency of the United States of America.

U.S. Economic Sanctions Laws means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

U.S. Person means a "U.S. person" as defined in Rule 902(k) of Regulation S under the 1933 Act.

US Securities Laws means all applicable U.S. federal and state securities laws including the respective rules and regulations made thereunder together with applicable rules, policies, notices, discretionary rulings and orders issued by applicable securities regulatory authorities having application, and the NASDAQ Rules, all as the same are in effect at the date hereof.

VWAP means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of the Shares traded for the relevant period.

Warrants means 979,048 warrants to purchase Shares, exercisable at the Warrants Exercise Price on or before the date falling sixty (60) months after their issue, granted in accordance with the terms and conditions set out in Annexure A.

Warrants Exercise Price means CDN\$9.28.

1.2 Interpretation

The following rules apply unless the context requires otherwise.

- (a) Headings and sub-headings used in this Agreement are used for convenience only and do not affect interpretation.
 - (b) The singular includes the plural, and the converse also applies.
 - (c) A gender includes all genders.
 - (d) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (e) A reference to a clause is a reference to a clause of this Agreement.
 - (f) Mentioning anything after "includes", "including", "for example", or similar expressions, does not limit what else might be included.
 - (g) A reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, supplemented or novated.
 - (h) Each reference to the word "person" in this Agreement will be deemed to include an individual, corporation, partnership, trust, incorporated or unincorporated association or body, joint venture, limited liability company, joint stock company, government (or any agency or subdivision), and other entity of any kind.
 - (i) As used in this Agreement, references to the Recitals, clauses, Disclosure Schedule and the Annexures are references, respectively, to the Recitals of, clauses of, Disclosure Schedule to, and the Annexures to, this Agreement unless otherwise indicated.
 - (j) The Disclosure Schedule and the Annexures identified in this Agreement are incorporated in this Agreement by reference and made a part of this Agreement.
 - (k) Where the Closing Date falls on a day that is not a New York Business Day or a Toronto Business Day, the Closing will occur on the day that is the next day that is a New York Business Day and Toronto Business Day.
 - (l) Where a Conversion Date falls on a day that is not a New York Business Day or a Toronto Business Day or a day on which the TSX is not open for trading, the relevant Conversion will occur on the day that is the next day that is a New York Business Day and a Toronto Business Day and a day on which the TSX is open for trading.
 - (m) References in this Agreement to volume of trading of Shares and market price of Shares will be determined by reference to the calculations from the trading of such Shares on the TSX (or, if the Shares are not hereafter listed on TSX, such other primary stock exchange or stock market upon which the Shares may be listed from time to time hereafter) as reported by Bloomberg LP.
 - (n) Any reference to time on a given day, excluding in connection with the meaning of Business Hours herein, shall be a reference to the local time in Toronto, Ontario on such day.
 - (o) This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.
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2 Convertible Security

2.1 Convertible Security

On the terms and subject to the conditions of this Agreement, and in reliance on the respective representations and warranties of the Parties set out in this Agreement, within ten (10) Trading Days of the Execution Date or such later date as may be determined in accordance with the provisions of this Agreement (the **Closing Date**), the Investor will advance to the Company US\$8,700,000, which following the set off of the US\$261,000 Closing Fee under clause 3.1 will result in the Investor being required to advance the Company US\$8,439,000 (subject to any additional off set in this Agreement) (**Closing**) in consideration of which the Company shall issue (and at the Closing will be deemed to have issued) to the Investor an uncertificated convertible security with a face value of US\$10,000,000 (**Face Value**) on the terms set out in this Agreement (the **Convertible Security**). Upon the occurrence of the first Change of Control Event, if any, the Amount Outstanding, if any, shall be increased to 105% of the Amount Outstanding immediately prior to the occurrence of such first Change of Control Event (the **Change of Control Premium**).

2.2 Interest

If as a result of a Conversion it is determined by the Investor or a court of competent jurisdiction that the effective rate of interest paid or payable on the Amount Outstanding or Face Value is an effective rate of interest greater than the maximum prescribed in section 347(1)(b) of the *Criminal Code* (Canada), then the Parties shall take such steps, and modify this Agreement in such manner, so that the effective rate of interest paid or payable does not contravene such section, including, if required, by the repayment by the Investor to the Company of a sufficient amount of interest that was originally set-off from the Face Value so that the resulting amount of interest received by the Investor does not result in an effective rate of interest greater than that permitted.

3 Closing Fee and Warrants

3.1 Closing Fee

At the Closing, the Company must pay the Closing Fee to the Investor, which payment must be paid and discharged by the Company by being offset against the funding obligation of the Investor under clause 2.1, such that the Investor pays US\$8,439,000 at the Closing for the Convertible Security.

3.2 Closing Warrants

At the Closing, the Company shall grant to the Investor or Designated Warrant Holder the Warrants.

4 Conditions Precedent to Closing

4.1 Conditions Precedent to Closing – Investor

The Investor will have no obligation to pay or advance the amount under clause 2.1 to the Company or to effect the Closing, unless and until the following conditions are fulfilled, or waived in writing by the Investor, by no later than immediately prior to the Closing:

- (a) The Company has delivered or caused to be delivered to the Investor, and the Investor has received, the following:
 - (i) a copy of the resolutions duly adopted by the Board of Directors of the Company authorizing the execution and delivery of the Transaction Documents and the performance by the Company of its obligations thereunder, in form acceptable to the Investor, acting reasonably;
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- (ii) an executed copy of each of the Security Documents required by clause 10.4;
 - (iii) copies of such additional documents (including evidence demonstrating all relevant approvals have been obtained from each person who is a party to an agreement with the Company where the transactions contemplated by the Closing would otherwise contravene, breach or constitute an event of default under that agreement with such person, as applicable), certificates, payments, assignments, transfers and other deliveries as the Investor or its legal counsel may reasonably request and as are customary in Canada to effect a closing of the matters contemplated at the Closing under this Agreement; and
 - (iv) the flow of funds request, substantially in the form set out in Annexure B (***Funds Flow Request***).
- (b) If the Closing, or the issue of the Convertible Security, or Warrants, may not be effected under Canadian Securities Laws or the Corporations Act in the absence of shareholder approval, the Company has obtained all shareholder approvals for the purposes of the Corporations Act and any Canadian Securities Laws and delivered to the Investor, and the Investor has received, documentary evidence (reasonably satisfactory to the Investor) of such shareholder approval having been obtained.
- (c) The representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made under this Agreement.
- (d) Any and all consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor are necessary or appropriate for the consummation of those Contemplated Transactions that would be consummated at the Closing, have been issued by the Company and received by the Investor and remain in full force and effect.
- (e) The Investor is of the opinion, acting reasonably, that:
 - (i) no Event of Default has occurred;
 - (ii) no Event of Default would result from the Closing being effected.
- (f) The Company has performed or complied in all respects with all agreements and covenants required by this Agreement to be performed or complied with by the Company as at or prior to the Closing.
- (g) The Company has received the conditional approval of the TSX in respect of the issuance of the Convertible Security and Warrants, as the case may be, and the listing of the Shares underlying the Convertible Security and Warrants.
- (h) The Investor has received each of the documents required to be delivered, or which evidences satisfaction of the conditions, in accordance with paragraphs (a) – (g) of this clause 4.1 in connection with the Closing.

The Investor may, but is not required to, deem the absence of any notification by the Company prior to the Closing that any conditions to the Closing have not been fulfilled to be an assurance that all conditions to the Closing have been fulfilled.

4.2 Conditions Precedent to Closing – Company

- (a) The Company will have no obligation to effect the Closing, unless and until the following conditions are fulfilled, or waived in writing by the Company, by no later than immediately prior to the Closing.
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- (i) The Investor has performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by the Investor as at, or prior to, the Closing.
- (ii) The representations and warranties of the Investor contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made under this Agreement.
- (iii) The Company has received the conditional approval of the TSX in respect of the issuance of the Convertible Security and Warrants, as the case may be, and the listing of the Shares underlying the Convertible Security and Warrants, subject, in each case to only customary conditions.

5 Buy-Back and Conversion of the Convertible Security

5.1 Buy-Back

- (a) Subject to clauses 17.16 and 17.17, in its sole discretion, the Company may buy-back the Amount Outstanding of the Convertible Security: (i) in connection with a Change of Control Event under part (e) of the definition of Change of Control Event, for an amount equal to (A) 115%, if no Change of Control Premium has been paid prior to such Change of Control Event, or otherwise (B) 110%, of the Amount Outstanding (the parties agreeing that the maximum amount payable in connection with any Change of Control Events is 115% of the Amount Outstanding), and (ii) in any other case, without bonus, premium or penalty, for an amount equal to the Amount Outstanding, and in each case, provided that no such buy-back shall occur prior to the date that is sixty (60) days following the expiry of the Lock-Up Period, except in the event of a Change of Control Event under parts (d) or (e) of the definition of Change of Control Event (in which case such buy-back may occur immediately prior to or concurrent with the effective time of such Change of Control Event). In the event of the Company electing to exercise its right under this clause 5.1, it must issue the Investor with a buy-back notice for the Convertible Security (**Buy-Back Notice**), and upon receipt of a Buy-Back Notice, the Investor will have the option, exercisable in accordance with clause 5.1(b), to convert an amount of the Amount Outstanding up to 33% of the Designated CAD Equivalent Amount of the Amount Outstanding into Shares at the Investor's discretion (subject to clause 5.4), at the Conversion Price (**Buy-Back Conversion Option**).
 - (b) If the Investor wishes to exercise the Buy-Back Conversion Option, it must, within five (5) Business Days of receiving a Buy-Back Notice, issue a buy-back conversion notice (**Buy-Back Conversion Notice**) to the Company specifying the dollar value of the Designated CAD Equivalent Amount of the Amount Outstanding (which may be up to 33% of the original Face Value, subject to clause 5.4) which it requires be converted into Shares (**Buy-Back Conversion Shares**) at the Conversion Price (**Buy-Back Conversion Amount**).
 - (c) Except in the circumstances where a Buy-Back Notice is issued in connection with a Change of Control Event under parts (d) or (e) of the definition of Change of Control Event, upon issuing a Buy-Back Notice to the Investor, the Company irrevocably and unconditionally agrees to (as applicable), within five (5) Business Days of receiving the Buy-Back Conversion Notice, or if no Buy-Back Conversion Notice is received then within ten (10) Business Days of issuing the Buy-Back Notice:
 - (i) pay to the Investor in immediately available funds the Buy-Back Amount Outstanding; and
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- (ii) issue the Buy-Back Conversion Shares (if applicable) to the Investor, in accordance with its relevant obligations under clause 5.2.
- (d) In circumstances where a Buy-Back Notice is issued in connection with a reasonably expected Change of Control Event under parts (d) or (e) of the definition of Change of Control Event, upon issuing a Buy-Back Notice to the Investor, the Company agrees, conditionally upon completion of such Change of Control Event, to (as applicable):
 - (i) pay to the Investor in immediately available funds the Buy-Back Amount Outstanding immediately preceding such Change of Control Event; and
 - (ii) issue the Buy-Back Conversion Shares (if applicable) to the Investor, in accordance with its relevant obligations under clause 5.2, immediately prior to the occurrence of such Change of Control Event.

5.2 Conversion of the Convertible Security

Subject to the obligations set out in clause 5.1, the Investor is permitted to convert the Convertible Security into Shares subject to the following terms and conditions.

- (a) The Investor may in its sole discretion one or more times and from time-to-time during the relevant period and during the Term provide the Company a conversion notice (**Conversion Notice**) under this clause 5.2(a) indicating that it requires a Conversion of the Convertible Security, provided that no Conversion shall occur prior to the expiry of the Lock-Up Period.
 - (b) Upon receipt by the Company of a Conversion Notice pursuant to clause 5.2(a), the Company will effect a Conversion of the Designated CAD Equivalent Amount of the Convertible Security or the part thereof specified by the Investor in its Conversion Notice using the relevant Conversion Price, by issuing and delivering Shares (in the number determined pursuant to clause 5.2(f)) to the Investor or its nominee on the Conversion Date (as defined below).
 - (c) A Conversion Notice delivered pursuant to clause 5.2(a) shall specify:
 - (i) the date by which the Investor requires Conversion to occur, giving at least one (1) Business Day notice (**Conversion Date**);
 - (ii) the Conversion Amount; and
 - (iii) unless to be provided later in accordance with clause 5.2(j), the Conversion Price.
 - (d) Within one (1) Business Day of receiving a Conversion Notice that sets out the information in clause 5.2(c), the Company will take the required actions in order for the Conversion to occur on the Conversion Date, it being understood and agreed that the Investor may revoke any Conversion Notice, at its sole discretion, until such time as the Company has taken any irrevocable steps to effect the requested Conversion.
 - (e) Notwithstanding clauses 5.2(c)(i) and 5.2(d), in the event the Company, despite its best commercial efforts is unable to complete the Conversion on the Conversion Date due to additional time being required by the Share Custodian or other relevant third party, the Conversion Date may be delayed up to two (2) Business Days from the date upon which the Company received the Conversion Notice.
 - (f) The aggregate Conversion Amount the Investor may convert under clause 5.2(a) shall not exceed 1/20th of the Face Value per month, being US\$500,000. The Investor shall have the right at any time and in its sole discretion to increase such Conversion limit to up to US\$1,000,000 per month, provided that the Company's daily dollar trading volume of the Shares on all stock exchanges on which the Shares are listed is greater than US\$250,000 in each of the previous twenty (20) consecutive Trading Days prior to such
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increased conversion, with, in respect of the U.S. Dollar value on the TSX, the daily dollar trading volume being determined each day using the closing mid-point spot CDN\$/US\$ exchange rate (as reported by Bloomberg, LP).

- (g) Notwithstanding the limitations in clause 5.2(f), if a Market Cap Event occurs at any time, there shall be no limit to the amount of the Amount Outstanding the Investor may convert with respect to the Convertible Security.
- (h) The Company and the Investor acknowledge and agree that there shall be no limit to the amount of the Amount Outstanding the Investor may convert after the twenty-four (24) month anniversary of the Closing Date or at any time that an Event of Default occurs and/or is continuing (subject to the cure period in clause 13).
- (i) The number of Conversion Shares that the Company shall issue and deliver on a Conversion will be determined by dividing the Designated CAD Equivalent Amount of the Conversion Amount by the Conversion Price, provided that if the resultant number contains a fraction, such number will be rounded down to the next lowest whole number.
- (j) On or prior to 9:00 am (Toronto time) on each Conversion Date, the Investor will provide the Company with a notice of the Conversion Price applicable to the Conversion due to be effected on such Conversion Date, setting out the manner in which such Conversion Price was calculated by the Investor.
- (k) The Company shall deliver to the Investor the Conversion Shares on the Conversion Date to which it is entitled under this clause, and provided that:
 - (i) the Investor is entitled to have any Conversion Shares issued in an electronic or dematerialized form as determined by the Investor;
 - (ii) any Conversion Shares represented in an electronic or dematerialized form will not have any restrictive legend; and
 - (iii) the Investor shall provide all such certificates and/or declarations reasonably required by the Company, reliance on which is required by Law in order for the Conversion Shares to be issued without United States legends attached.

5.3 Issuing of Investor's Shares

Subject to clause 5.4, each time the Company is required to issue Shares to the Investor under this Agreement, the Company shall, without delay, take all actions required under Canadian Securities Laws and US Securities Laws in respect of the issuance of such Shares to the Investor, including, to the extent required, filing all required forms with and obtaining all approvals of the TSX that are required. In the event any approvals of the TSX are conditional upon the Company subsequently filing additional information or documentation with the TSX, the Company shall complete all such filings and the Investor shall cooperate to provide any required documentation required to be provided by it in the prescribed time period.

5.4 Limitation on Shares Issuable on Conversion

- (a) Notwithstanding any other provision of this Agreement, but subject to paragraph (f) of this clause 5.4, the aggregate number of Investor's Shares issuable upon Conversion, together with the number of Investor's Shares issued upon exercise of Warrants, shall not exceed 5,276,467 Shares, as adjusted on a proportionate basis to reflect any Security Structure Event (the **Share Maximum**), unless and to the extent the Company has obtained approval by its shareholders for the issuance of additional Investor's Shares in a manner and form required by the TSX and subject to NASDAQ approval, or has
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otherwise obtained the approval of the TSX and NASDAQ to issue Shares in excess of the Share Maximum without shareholder approval.

- (b) If in the opinion of the Investor it is likely that the issuance of Investor's Shares upon a Conversion, together with the number of Investor's Shares issued upon exercise of Warrants, would result in the issuance of a number of Shares in excess of the Share Maximum or result in the Investor becoming a "control person" (as defined in the *Securities Act* (Ontario)), the Investor may on notice require that the Company call and hold a special or extraordinary meeting of shareholders to seek the required shareholder approval, which the Company shall hold within sixty (60) days of the date that the Investor has delivered notice to the Company. Management of the Company shall make a positive recommendation in the materials sent to shareholders at such meeting to vote in favour of the Investor becoming a "control person" of the Company and/or being issued Investor's Shares. In addition to the foregoing, if in the opinion of the Investor it is likely that the issuance of Investor's Shares upon a Conversion, together with the number of Investor's Shares issued upon exercise of Warrants, would result in the issuance of a number of Shares in excess of the Share Maximum, the Investor may on notice require the Company to seek the required NASDAQ approval within five (5) Business Days of the date that the Investor has delivered notice to the Company and the Company shall use commercial best efforts to obtain such approval.
- (c) If the Share Maximum referred to in clause 5.4(a) above would be exceeded on a Conversion and the Company is unable to obtain the approval of its shareholders or NASDAQ for the issuance of additional Investor's Shares in excess of the Share Maximum, then without limiting any of the Investor's other rights under this Agreement:
- (i) the Investor may by written notice to the Company (**Cash Conversion Notice**) require the Company, in lieu of the issuance of additional Investor's Shares in the relevant Conversion Notice, to pay a cash amount (**Cash Conversion Amount**) to the Investor equal to Y multiplied by $\$C$, where:

 Y = the number of new Investor's Shares required to be issued to the Investor in excess of the Share Maximum; and

 $\$C$ = the VWAP per Share (in Canadian dollars) on the TSX on the date immediately prior to the date of issuance of the relevant Cash Conversion Notice; and
 - (ii) upon the Company receiving a Cash Conversion Notice from the Investor, the Company must within five (5) Business Days pay the Investor in immediately available funds the Cash Conversion Amount.
- (d) At its sole discretion and in connection with any Conversion hereunder, the Company may by written notice to the Investor (**Cash in-lieu of Shares Conversion Notice**) pay a cash amount to the Investor equal to 103% of any applicable Conversion Amount (**Cash in-lieu of Shares Conversion Amount**) and upon the Company sending a Cash in-lieu of Shares Conversion Notice to the Investor, the Company must within five (5) Business Days pay the Investor in immediately available funds the Cash in-lieu of Shares Conversion Amount.
- (e) Notwithstanding any right of Conversion hereunder, the Investor will not be entitled to convert that portion of the Amount Outstanding representing the Total Interest Amount until such time as the relevant pro rata amount has accrued in accordance with this clause 5.4(e). For purposes of determining that portion of the Amount Outstanding represented by principal and the Total Interest Amount in connection with Conversions, in all cases a Conversion will be deemed to apply first to the amounts constituting the
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principal amount of the Convertible Security and second to the final balance of the Amount Outstanding representing the Total Interest Amount. The Total Interest Amount will accrue for purposes of this clause 5.4(e) in respect of the Convertible Security in equal monthly increments equal to the Total Interest Amount of the Convertible Security divided by 24 months (being US\$54,166.67 per month), commencing at the end of the first month following the issuance of the Convertible Security.

- (f) In the event that a Conversion and/or exercise of Warrants would result in the Investor becoming an "Insider" (as defined in TSX Rules) of the Company, such Conversion and/or exercise of Warrants will be postponed and will not be effective until the TSX has approved a personal information form(s), or waived the requirement therefor, in respect of the Investor. In addition, in the event that a Conversion and/or exercise of Warrants would "materially affect control" (as defined in TSX Rules) of the Company, and/or result in the Investor becoming a "control person" (as defined in the *Securities Act* (Ontario)), such Conversion and/or exercise of Warrants will be postponed and will not be effective until the Parties comply with all requirements under TSX Rules and Canadian Securities Laws, as applicable. For greater certainty, if a Conversion and/or exercise of Warrants is postponed in accordance with this clause 5.4(f), such postponement will not constitute an Event of Default.

5.5 Payment at Maturity

On the date that is twenty-four (24) months following the Closing Date (**Maturity Date**), the Company shall pay to the Investor the Amount Outstanding, if any, of the Convertible Security, provided that the Maturity Date may be extended, at the discretion of the Investor, on ten (10) Business Day prior written notice, by up to such number of days that is equal to the aggregate number of days that an Event of Default has occurred and continues under this Agreement without application of any cure periods under this Agreement.

6 Additional Conditions to Investor's Shares

6.1 Conditions to issue of Investor's Shares

The obligation of the Investor to accept an issuance of Investor's Shares, will be subject to the fulfilment on or before the issuance date of each of the conditions set out below.

- (a) Subject to clause 5.4, all shareholder and regulatory approvals, consents, permits, other approvals, registrations and waivers necessary for the issuance of the Investor's Shares, including under Canadian Securities Laws and US Securities Laws, have been issued and received by the Company and remain in full force and effect.
 - (b) The representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made.
 - (c) The Company has performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the issuance date.
 - (d) No Event of Default has occurred or would result from the Contemplated Transactions occurring on such issuance date being effected.
 - (e) The issue and delivery of such Investor's Shares would not result in the Company being in breach of Canadian Securities Laws, US Securities Laws, the Corporations Act or the TSX Rules.
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6.2 Consequence of failure to meet conditions

- (a) The Company shall not issue Shares as discharge of all or any part of any Amount Outstanding, to the Investor or its nominee without the prior written consent of the Investor if, on the issue of the relevant Shares, any of the conditions in clause 6.1 have not been fulfilled.
- (b) If the Company issues Shares in breach of sub-clause 6.2(a) prior to acceptance of the Shares by the Investor:
 - (i) the relevant Shares will be deemed not to have been accepted by the Investor and the Shares will be surrendered by the Investor for and repurchased for cancellation by the Company, unless prohibited by applicable laws and stock exchange rules, and the Investor agrees to cooperate to effect that repurchase and cancellation. The costs of such repurchase and cancellation will be borne by the Company and the Company shall indemnify the Investor in respect of any liability arising to the Investor in accordance with clause 16.2; and
 - (ii) the obligation of the Company to deliver Shares in accordance with clause 5 will be deemed not to have been discharged.

7 Representations and Warranties by the Company

7.1 Representations and Warranties

The Company represents and warrants to the Investor, on the Execution Date, at the Closing, at each Conversion Date, and on the date of issuing any Shares under the Warrants (in each case where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, on that date or dates), that the following statements in this clause 7.1 are true and correct and not misleading, including by omission:

- (a) **(Existence)** The Company is a corporation incorporated and validly existing in good standing under the federal laws of Canada, with all requisite corporate power and authority to own, use, lease and operate its properties and conduct its business in the manner presently conducted, and is duly qualified to transact business in each jurisdiction where it is so required.
- (b) **(Authorisation)** The execution and delivery of, and performance by the Company of this Agreement, including, without limitation, to:
 - (i) enter into, authorise, execute and deliver the Transaction Documents, including obtaining any shareholder approval required for the issue (as and when required to be issued in accordance with the terms of the Transaction Documents) of the Warrants (and issuing any Shares pursuant to the Warrants), the Investor's Shares and the Convertible Security; and
 - (ii) enter into, and authorise the performance of, all obligations of the Company as and when required under the Transaction Documents and the Contemplated Transactions, including issuing the Warrants and the Investor's Shares,

has been authorized by all necessary corporate action on the part of the Company and no further corporate action is required by the Company, its officers, its board of directors, or its security holders in connection with the Transaction Documents or the relevant Contemplated Transactions (except as may be required by the TSX Rules, Canadian Securities Laws and US Securities Laws).

- (c) **(No contravention)** The entry into the Transaction Documents by the Company and the undertaking of the Contemplated Transactions will not cause the Company to breach or contravene:
- (i) its articles of incorporation, by-laws or any of its other constating documents;
 - (ii) any agreement it has with any other third party and does not constitute an event of default under any such agreement; or
 - (iii) any applicable Law.
- (d) **(Securities)** The Company is authorized to issue an unlimited number of Shares of which 21,105,968 Shares are issued and outstanding as of the Execution Date and no other class of equity or voting securities.
- (e) **(Binding Obligations)** This Agreement has been duly executed and delivered by the Company, and this Agreement and each Transaction Document constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.
- (f) **(Security structure)**
- (i) No person is entitled to any right of first refusal, pre-emptive right, right of participation, or any similar right, to participate in the Contemplated Transactions or otherwise with respect to any securities of the Company.
 - (ii) Except as permitted hereunder, the Company has not granted security with respect to any indebtedness or other obligation of the Company.
 - (iii) The issuance and sale of any of the Investor's Shares or the Warrants will not obligate the Company to issue Shares or other securities to any other person and will not result in the adjustment of the exercise, conversion, exchange, or reset price of any outstanding security.
 - (iv) Except as described in the Disclosure Schedule or in connection with transactions permitted hereunder:
 - (A) there are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company or any Subsidiary is, or may be, obligated to issue any equity, equity securities or equity-linked securities of any kind, other than those issued under equity-based compensation agreements of the Company implemented in accordance with TSX Rules;
 - (B) there are no voting, buy-sell, outstanding or authorised stock appreciation, right of first purchase, phantom stock, profit participation or equity-based compensation agreements, options or arrangements, or like rights relating to the securities of the Company or agreements of any kind between the Company and any person, other than such arrangements with officers, directors, employees and consultants made in accordance with TSX Rules;
 - (C) as of the Execution Date, there is no indebtedness or other obligation of the Company that is senior to, or *pari passu* with, the Convertible Security in right of payment, whether with respect to interest or upon liquidation or dissolution, or otherwise; and
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- (D) the Disclosure Schedule sets out all debt facilities and ordinary course liabilities of the Company that are due and payable within the ninety (90) days prior to the Execution Date which have not been repaid in full.
- (g) **(Valid issuance)** All Investor's Shares to be issued by the Company pursuant to this Agreement have been duly authorized for issuance and sale by all necessary corporate action on the part of the Company and, when issued and delivered by the Company against payment of the consideration thereof pursuant to this Agreement, will be issued as fully paid and non-assessable Shares, and will not have been issued in violation or subject to any pre-emptive rights or other contractual rights to purchase securities issued by the Company or in violation of any Canadian Securities Laws, and will be free and clear of all Liens and restrictions, except for restrictions on transfer imposed by Canadian Securities Laws and US Securities Laws.
- (h) **(Reporting Issuer and TSX and NASDAQ Listed)** The Company is a "reporting issuer" under Canadian Securities Laws in each of the Provinces and Territories of Canada and is not currently noted in default of any filing requirement under such securities laws or NASDAQ Rules. The Shares of the Company are listed on the TSX and NASDAQ. The Company has complied in all material respects with its obligations to file and deliver any documents required under TSX Rules and NASDAQ Rules and the Company is not in material breach, contravention or default of any the TSX Rules or NASDAQ Rules, and no fact exists which may result in the foregoing.
- (i) **(Consents)** Prior to the Closing, except for the approval of the TSX, there are no consents, approvals, authorizations, orders or agreements of any Governmental Authorities or any other persons which may be required for the execution, delivery and performance by the Company of the Transaction Documents and the offer, issuance and sale of the Securities.
- (j) **(Regulatory Issues)** No order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities has been issued to and is outstanding against the Company and, to the Company's knowledge, no investigations or proceedings for such purposes are pending or threatened. To the Company's knowledge, there is no fact or circumstance that may cause the Company to request or any Governmental Authority to impose any order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities.
- (k) **(Subsidiaries)** As of the Effective Date, the Subsidiaries listed in the Disclosure Schedule are all of the Subsidiaries of the Company, that are material to the business of the Company, and the Company owns the voting and equity interests in such Subsidiaries. As of the Effective Date, the Company and the Material Subsidiaries own all or substantially all of the material assets of the Company, on a consolidated basis. Except as disclosed in the Disclosure Schedule, the Company is the sole beneficial owner of the Material Subsidiaries and no other person holds any equity interests or securities exchangeable into securities of any Material Subsidiary or has any agreement, option, warrant, right or privilege (whether pre-emptive or contractual) being capable of becoming an agreement for the purchase, subscription or issuance of any issued or unissued shares or other securities of any Material Subsidiary. Each of the Material Subsidiaries has been duly incorporated or established and is validly existing and in good standing under the laws of its respective jurisdiction of organization with all requisite corporate power and authority to own, use, lease and operate its properties and conduct its business in the manner presently conducted, and is duly qualified to transact business in each jurisdiction where it is so required.
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(l) **(No Material Adverse Effect)** Except as disclosed in the Disclosure Schedule, there has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Company and its Subsidiaries (taken as a whole) from that set forth in the Company's financial statements for its fiscal year-ended December 31, 2021. Additionally, no event or circumstance exists or subsists which affects the Company or any of its Subsidiaries or to which any of the Company's or any of its Subsidiaries' assets are subject which would, or would be reasonably likely to, have a Material Adverse Effect.

(m) **(Financial Statements)** Since the date of the Company's most recent financial statements (where for these purposes the *most recent financial statements* means the annual or interim financial statements most recently released to the market and made available in the Public Record):

- (i) the Company has not incurred any liabilities (contingent or otherwise) that remain outstanding, other than in the ordinary course of business;
- (ii) the Company has not altered its method of accounting; and
- (iii) the Company has not declared or made any dividend or distribution of cash or other property to its shareholders, or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock.

The Company's most recent financial statements, as well its financial statements for its fiscal year-ended December 31, 2021, have been prepared in accordance with IFRS consistently applied throughout the periods involved and present fairly the consolidated financial position and results of operation and changes in the financial position of the Company for the periods involved, and such accounts fairly present in all material respects the financial condition, financial performance and cash flows of the Company for the periods involved.

(n) **(Litigation)**

- (i) Other than as set out in the Disclosure Schedule and other than those that are reasonably determined to be vexatious or frivolous and without merit, there are no pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their assets or properties and to the Company's knowledge, no such actions, suits or proceedings are threatened or contemplated, which actions, suits, or proceedings, in the aggregate, would result in contingent liabilities for which damages can be reasonably estimated to exceed US\$5,000,000;
- (ii) Other than as set out in the Disclosure Schedule, there is no ongoing, and to the Company's knowledge there is no, pending or contemplated investigation by any Governmental Authority involving the Company, its Subsidiaries or any current or former director or officer of the Company or any of its Subsidiaries which in any case or in the aggregate would be expected to have material effect on the Company; and
- (iii) There is no agreement, judgment, injunction, order or decree binding upon the Company or its Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of the Company or its Subsidiaries, or any acquisition of property by the Company or any of its Subsidiaries which in any case or in the aggregate would be expected to have material effect on the Company.

(o) **(Compliance)** Neither the Company nor any Subsidiary:

- (i) is in material default under, or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a material default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in material default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived);
- (ii) is in violation of any order of any court, arbitrator or Governmental Authority; or
- (iii) is in violation of any Law in any material respect.

Except as disclosed in the Disclosure Schedule, the Company and its Subsidiaries have received all permits, licenses and other approvals required of any of them under such Laws, rules, regulations, orders and directions for the conduct of their current business operations, and are in material compliance with all terms and conditions of such permits, licenses or approvals; and have not received any notice of the modification, revocation or cancellation of, or any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such permits, licenses or approvals.

- (p) **(Environmental)** The Company and its Subsidiaries: (i) are in compliance with any and all applicable foreign, federal, provincial, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (Environmental Laws); (ii) have received all permits, licenses or other approvals currently required of any of them under applicable Environmental Laws to conduct their current business; and (iii) are in compliance with all terms and conditions of any such permit, licences or approval.
 - (q) **(Tax Returns)**
 - (i) Each of the Company and its Subsidiaries has (A) correctly prepared and duly and on a timely basis filed all tax returns required to be filed by them, (B) paid all Taxes due and payable by them, (C) paid all assessments and reassessments and all other Taxes, governmental charges, penalties, interest and other fines due and payable by them and which are claimed by any Governmental Authority to be due and owing and adequate provision has been made for Taxes payable for any completed fiscal period for which tax returns are not yet required to be filed, (D) duly and timely withheld and remitted or caused to be withheld and remitted, all Taxes required to be withheld and remitted by them, and (E) duly and timely collected and remitted or caused to be collected and remitted, to the appropriate Governmental Authority such Taxes required by Law to be collected and remitted by them;
 - (ii) there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any Tax, governmental charge or deficiency by the Company or any of its Subsidiaries;
 - (iii) to the knowledge of the Company, there are no actions, suits, proceedings, investigations or claims threatened or pending against the Company or any of its Subsidiaries in respect of Taxes, governmental charges or assessments; and
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- (iv) there are no matters under discussion with any governmental authority relating to Taxes, governmental charges or assessments asserted by any such authority.
 - (r) **(OFAC)** None of the Company nor any of the Subsidiaries nor, to the best knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company and/or any Subsidiary has been, is currently or shall be during the Term subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Department of the Treasury (**OFAC**); and the Company will not directly or indirectly use any proceeds received from the Investor, or lend, contribute or otherwise make available such proceeds to its Subsidiaries or to any affiliated entity, joint venture partner or other person or entity, to finance any investments in, or make any payments to, any country or person currently subject to any of the sanctions of the United States administered by OFAC.
 - (s) **(No Foreign Corrupt Practices)** None of the Company nor any of the Subsidiaries has made or will make during the Term, directly or indirectly: (i) any contribution, payment or gift of funds or property to any official, employee or agent of any Governmental Authority of any jurisdiction except as otherwise permitted under applicable Law; or (ii) any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under Anti-Corruption Laws or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Company or its Subsidiaries and their respective operations and the Company has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.
 - (t) **(Anti-Money Laundering)** The operations of each of the Company and the Subsidiaries are, have been and shall be during the Term conducted at all times in compliance with all Anti-Money Laundering Laws and no action, suit or proceeding by or before any court or Governmental Authority involving the Company or its Subsidiaries with respect to any of the Anti-Money Laundering Laws is, to the best knowledge of the Company, pending, threatened or contemplated.
 - (u) **(Foreign Assets Control Regulations)**
 - (i) Neither the Company nor any Subsidiary as of the date hereof and during the Term (i) is or shall be a Blocked Person, (ii) has been or shall be notified that its name appears or may in the future appear on a State Sanctions List or (iii) is or shall be a target of sanctions that have been imposed by the United Nations or the European Union.
 - (ii) Neither the Company nor any Subsidiary (i) has or anytime during the Term shall have violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Company's knowledge, is or comes under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.
 - (iii) No part of the proceeds received from the Investor hereunder:
 - (1) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Subsidiary, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked
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Person, (B) for any purpose that would cause the Investor to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

- (2) will be used, directly or indirectly, in violation of, or cause any purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or
 - (3) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause the Investor to be in violation of, any applicable Anti-Corruption Laws.
- (iv) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Subsidiary is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.
- (v) **(Economic Sanctions)** The Company will not, and will not permit any Subsidiary to: (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds received from the Investor) with any Person if such investment, dealing or transaction would be in violation of, or could result in the imposition of sanctions under, any U.S. Economic Sanctions Laws applicable to the Company or such Subsidiary, except, in the case of this part (b), to the extent that such violation or sanctions, if imposed, could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.
- (w) **(Disclosures)**
- (i) The materials delivered, and statements made, by the Company and its representatives to the Investor in connection with the Contemplated Transactions (the **Materials**) do not, as at the time delivered or made, and (in respect of materials delivered and statements made prior to the Execution Date) on the Execution Date contain any Misrepresentation; and
 - (ii) The Company has disclosed to the Investor all facts relating to the Company, its business, assets, properties, intellectual property, the Transaction Documents, the Contemplated Transactions, and all other matters which are, to the Company's knowledge, material to the assessment of the nature and amount of the risk inherent in an investment in the Company.
- (x) **(Solvency)** No Insolvency Event has been suffered or incurred by the Company or its Subsidiaries.
- (y) **(Law)** The Company has filed or delivered any documents required under Canadian Securities Laws, US Securities Laws or the Corporations Act to be filed and delivered, and in each case, in all material respects within the time period required, and the Company is otherwise in material compliance with Canadian Securities Laws, US Securities Laws and the Corporations Act and no fact exists which may result in the Company not being in such material compliance with Canadian Securities Laws, US Securities Laws or the Corporations Act.
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- (z) **(Entitlement to rely on prospectus exemption)** The Company has complied and will comply with Canadian Securities Laws in connection with the offer, sale and issuance of the Investor's Shares to the Investor and confirms that, based in part on the representations of the Investor hereunder, the Investor's Shares may be issued to the Investor under Canadian Securities Laws without the requirement that the Company file a prospectus qualified under such Canadian Securities Laws.
- (aa) **(Non-public information)** Neither the Company nor any person acting on its behalf has provided the Investor or its agents, representatives or counsel with any information that is a "material fact" or "material change" with respect to the Company (as such terms are defined under Canadian Securities Laws) that has not been generally disclosed to the public, and to the Company's knowledge, the Investor does not possess knowledge of any "material fact", "material change" with respect to the Company that has not been generally disclosed to the public (and, to the extent this warranty is breached, the Company must immediately release the relevant information to the market).
- (bb) **(Prohibited Transactions)** The Company has not entered or agreed to enter into a Prohibited Transaction that has not been completed.
- (cc) **(Absence of Events of Default)** No Event of Default and no event which, with notice, lapse of time or both, would constitute an Event of Default, has occurred and is continuing.
- (dd) **(U.S. compliance)**
- (i) **(No general solicitation)** Neither the Company nor to its knowledge, any person acting on its behalf, has conducted any "general solicitation" or "general advertising" (as those terms are used in Regulation D under the 1933 Act) in connection with the offer or sale of the Securities or any manner involving a public offering within the meaning of Section 4(a)(2) of the 1933 Act with respect to the offer or sale of the Securities.
 - (ii) **(No integrated offering)** Neither the Company nor any of its Affiliates, nor any person acting on its or their behalf has, directly or indirectly, sold, offered for sale or solicited offers to buy or otherwise negotiated in respect of any security, in a manner, or under circumstances, that:
 - (A) would adversely affect reliance by the Company on the provisions of Rule 506(b) of Regulation D under the 1933 Act for the exemption from the registration requirements of the 1933 Act for the Contemplated Transactions;
 - (B) would require registration of the sale of the Securities under the 1933 Act; or
 - (C) would cause such offer or solicitation to be deemed integrated with the offering of the Securities pursuant to US Securities Laws such that there is no available exemption from registration under the 1933 Act.
 - (iii) **(Private placement)** The offer and sale of the Convertible Security and the Warrants to the Investor as contemplated by this Agreement are exempt from:
 - (A) the registration requirements of the 1933 Act by virtue of Rule 506(b) of Regulation D under the 1933 Act; and
 - (B) the registration and/or qualification provisions of US Securities Laws, subject to the Company preparing and filing, within prescribed time periods, any forms or notices required under Regulation D under the
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1933 Act or applicable blue sky laws in connection with the offer and sale of the Convertible Security and the Warrants.

- (iv) **(Bad-Actor)** None of it, any of its predecessors, any director, executive officer, other officer of the Company, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the 1933 Act) connected with the Company in any capacity at the time of sale (each, a **Company Covered Person** and, together, **Company Covered Persons**) is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the 1933 Act (a **Disqualification Event**). The Company has exercised reasonable care to determine: (i) the identity of each person that is a Company Covered Person; and (ii) whether any Company Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under 506(e) of Regulation D under the 1933 Act and has furnished to the Investor a copy of any disclosures provided thereunder.
- (v) **(Foreign private issuer)** As at the date of this Agreement, less than fifty (50%) of the outstanding voting securities of the Company are directly or indirectly owned by residents of the United States. As at the date of this Agreement, the Company is a "foreign private issuer" as that term is defined in Rule 405 under the 1933 Act.
- (vi) **(Category 1 securities)** As at the date of this Agreement, the Company is a Category 1 issuer pursuant to Rule 903 of Regulation S under the 1933 Act.
- (vii) **(No registration required)** As at the date of this Agreement, the Company is not required to register its securities under, and is not subject to, the 1933 Act, the Exchange Act, and the rules and regulations under any of the foregoing.

7.2 Investor's reliance

The Company acknowledges that the Investor has entered into this Agreement in reliance on the Company's representations and warranties set out in this Agreement.

7.3 Construction of representation and warranties

Each representation and warranty of the Company is to be construed independently of the others and is not limited by reference to any other representation or warranty.

7.4 Disclosures and limitations

- (a) The representations and warranties of the Company set out in clause 7.1 are not limited in any way by information gathered by the Investor, its advisers or representatives.
- (b) The representations and warranties of the Company will be further qualified only to the extent expressly set out in Schedule 1 (the **Disclosure Schedule**).

7.5 Notice

The Company shall promptly notify the Investor in writing upon becoming aware of any breach or inaccuracy of any representation or warranty given by the Company under this Agreement.

8 Representations and Warranties of the Investor

8.1 Representations and warranties

The Investor represents, warrants, covenants and agrees, on the Execution Date, at the Closing, at each Conversion Date and on the date of issuance of any Securities (in each case, except where qualified by an express reference in this clause 8.1 as to the representation or the warranty being given on and as of a particular date or dates, only on and as of that date or dates), that the following are true.

- (a) **(Organisation, good standing and qualification)**
- (i) The Investor is a limited partnership duly formed under the laws of the jurisdiction of its formation and has all requisite power and authority to enter into and consummate the Contemplated Transactions and otherwise to carry out its obligations under this Agreement;
 - (ii) The Investor is in good standing under the laws of the jurisdiction of its formation and has all requisite power and authority to carry out the Contemplated Transactions;
 - (iii) The Investor is not in violation or default of any of the provisions of its organisational or charter documents; and
 - (iv) The Investor is not a resident of Canada for purposes of Canadian Securities Laws.
- (b) **(Authorization)** The execution, delivery and performance by the Investor of this Agreement has been duly authorised and constitutes a valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.
- (c) **(No contravention)** The entry into the Transaction Documents by the Investor and the undertaking of the Contemplated Transactions will not cause the Investor to breach or contravene:
- (i) any of its constituting or governing documents; or
 - (ii) any applicable Law.
- (d) **(Status of Investor)** The Investor is purchasing the Securities as principal, is entitled to purchase the Securities without the benefit of a prospectus qualified under Canadian Securities Laws, is, at the Execution Date and at the Closing, an "accredited investor" within the meaning of paragraph (m) of the definition of "accredited investor" in NI 45-106 and was not created, and is not used, solely to purchase or hold securities as an accredited investor described in paragraph (m) of the definition of "accredited investor" in NI 45-106 and is purchasing the Convertible Security with investment intent and not with a view to distribution of securities.
- (e) **(U.S. compliance – investment intent)** The Investor understands that the Securities are and will be when issued, as applicable, "restricted securities" pursuant to Rule 144(a)(3) under the 1933 Act and have not been registered under the 1933 Act or any applicable US Securities Laws, and, accordingly, may not be offered or sold or otherwise transferred, directly or indirectly, except pursuant to an effective registration statement under the 1933 Act or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and in accordance with applicable US Securities Laws. For purposes of assuring that the Investor is not an
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underwriter within the meaning of Section 2(a)(11) of the 1933 Act for purposes of Rule 502(d) under the 1933 Act, the Investor represents that it:

- (i) is acquiring the Securities as principal for its own account for investment purposes only (as contemplated by the 1933 Act and the rules and regulations promulgated thereunder) and not with a view to or for distributing or reselling such Securities or any part of such Securities, directly or indirectly, in violation of the 1933 Act;
 - (ii) has no present intention of distributing any of such Securities in violation of the 1933 Act; and
 - (iii) has no arrangement or understanding with any other person or persons regarding the distribution of such Securities in violation of the 1933 Act.
 - (f) **(Investor status)** At the time the Investor was offered the Convertible Security and the Warrants, it was, and at the Execution Date it is, an "accredited investor" as defined in Rule 501(a) of Regulation D under the 1933 Act. The Investor is not, and is not required to be, registered as a broker or dealer under Section 15 of the Exchange Act.
 - (g) **(General solicitation)** The Investor is not purchasing the Convertible Security and the Warrants as a result of any "general solicitation" or "general advertising" (as such terms are used in Regulation D under the 1933 Act) including, without limitation, any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine, on the Internet or similar media or broadcast over television or radio or presented at any seminar or in any filing with the United States Securities and Exchange Commission or any other general solicitation or general advertisement or any manner involving a public offering within the meaning of Section 4(a)(2) of the 1933 Act with respect to the offer or sale of the Convertible Security and the Warrants.
 - (h) **(United States Resale Restrictions)** The Investor acknowledges and understands that the Securities, as restricted securities under 1933 Act, have, in addition to any other resale restrictions imposed by the specific terms thereof or by the application of Canadian Securities Laws, the following resale restrictions under US Securities Laws and, for so long as the Securities are restricted securities under Rule 144(a)(3) of the 1933 Act, the Investor hereby agrees to transfer or sell the Securities, directly or indirectly, only: (A) to the Company or (B) outside the United States in accordance with Regulation S under the 1933 Act and pursuant to Canadian Securities Laws, TSX Rules and the terms of this Agreement, (C) pursuant to the exemptions from registration under the 1933 Act provided by (I) Rule 144 thereunder, if available, or (II) Rule 144A thereunder, if available, and in both cases in accordance with applicable state securities laws of the United States, or (D) in a transaction that does not require registration under the 1933 Act or any applicable state securities laws of the United States and, in the case of clauses (C)(I) or (D) above, or if otherwise reasonably required by the Company, the Investor has furnished to the Company and its counsel the information reasonably necessary for the Company's counsel to prepare an opinion to such effect. The Investor has implemented appropriate internal controls and procedures to ensure that the Securities shall be properly identified in its records as restricted securities under the 1933 Act that are subject to the re-sale and transfer restrictions set forth herein notwithstanding the absence of a U.S. restrictive legend or a definitive physical certificate.
 - (i) **(U.S. Warrant exercise)** The Investor understands and acknowledges that the Warrants may not be exercised in the United States or by or on behalf of, or for the account or benefit of, a U.S. Person (as such term is defined in Regulation S under the 1933 Act) or a person in the United States unless an exemption is available from the registration
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requirements of the 1933 Act and the US Securities Laws, and the Investor or the Designated Warrant Holder, as applicable, has provided the Company and its counsel the information reasonably necessary for the Company's counsel to prepare an opinion to such effect; provided that the Investor will not be required to provide such information in connection with its due exercise of the Warrants acquired pursuant to the terms of this Agreement, at a time when the Investor or Designated Warrant Holder, as applicable, is an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the 1933 Act.

- (j) **(U.S. restrictive legend Warrants)** In addition to any legends required by Canadian Securities Laws TSX Rules, the Investor understands and acknowledges that the certificates representing the Warrants issued pursuant to the terms of this Agreement, and all certificates issued in exchange for or in substitution of such certificates shall bear the following legend upon the original issuance of any such Warrants and until the legend is no longer required under applicable requirements of the 1933 Act and US Securities Laws:

"THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF BRAGG GAMING GROUP, INC. (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER, IF AVAILABLE OR (II) RULE 144A, IF AVAILABLE AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF CLAUSES (C)(I) OR (D) ABOVE, OR IF OTHERWISE REASONABLY REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE 1933 ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATIONS UNDER THE 1933 ACT."

- (k) **(No U.S. registration)** The Investor understands and acknowledges that the Company is not obligated to file and has no present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of re-sales of the Securities.
- (l) **(Voting Trust Arrangements)** The Investor has not entered into any voting trust or similar agreement that has the effect of directing the manner in which the votes attached to the Shares issuable upon conversion of Convertible Securities may be voted following any Conversion.
- (m) **(Acting in Concert)** The Investor is not acting jointly or in concert with any other person for the purposes of the acquisition of the Securities.

8.2 Company's reliance

The Investor acknowledges that the Company has entered into this Agreement in reliance on the Investor's representations and warranties set out in this clause 8.

8.3 Construction of representation and warranties

Each representation and warranty of the Investor is to be construed independently of the others and is not limited by reference to any other representation or warranty.

8.4 Notice

The Investor will immediately notify the Company upon becoming aware of any material breach of any representation or warranty given by the Investor under this Agreement.

9 Terms of the Warrants

Each Warrant granted in accordance with the terms hereof will have the terms and conditions set out in Annexure A, and the "Exercise Price" (as such term is defined in Annexure A) of each Warrant will be set in accordance with the definition of Warrants Exercise Price.

10 Additional Covenants and Agreements

10.1 U.S. Transfer and Sale Restrictions

The Investor agrees that it will not offer, sell, pledge or otherwise transfer the Securities, directly or indirectly, except in compliance with the Restricted Security Agreements.

10.2 Ranking of the Investor's Shares

- (a) The Investor's Shares will rank equally in all respects with the existing Shares on the date of issue of the Investor's Shares.
- (b) At each issuance, the Company shall credit all Investor's Shares as fully paid.
- (c) All Investor's Shares will be issued free and clear of any Liens.

10.3 Ranking of Investor's interest in the Convertible Security

- (a) The Convertible Security will constitute a direct, general, and unconditional obligation of the Company and the Company represents and warrants, at the Execution Date and for the period while there is Amount Outstanding, the Convertible Security will, unless otherwise agreed to by the Investor, rank senior to all other debt or loan obligations of the Company including any of the Company's outstanding bank debt (if any).
 - (b) Prior to the date that is sixty (60) days following the expiry of the Lock-up Period, the Company may not arrange to obtain, or obtain, any debt funding (including convertible debt or preferred stock) or other financial accommodation without the prior written consent of the Investor.
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- (c) In the event the Company arranges, or obtains, any new debt funding (including convertible debt or preferred stock), (**Debt Proceeds**), the Company must promptly provide the Investor with full details about such arrangements, and, in its sole discretion, the Investor may direct that the Company use some or all of the Debt Proceeds as is specified by the Investor to promptly buy-back some or all (but in no event will such buy-back exceed the applicable Debt Proceeds) of the Amount Outstanding in accordance with clause 5.1, *mutatis mutandis*, or may, in its sole discretion, waive compliance with this requirement.

10.4 Security

- (a) On the Execution Date, the Company shall:
 - (i) grant to the Investor a general security interest in all of the assets and property of the Company (including all of the issued and outstanding shares of Bragg Oryx Holdings Inc. (**Bragg Oryx**) and Bragg USA, Inc. (**Bragg US**), in a form of agreement acceptable to the Investor, acting reasonably;
 - (ii) pledge in favor of the Investor, pursuant to a share pledge agreement in form acceptable to the Investor, acting reasonably, all of the outstanding shares of Bragg Oryx and Bragg US;
 - (iii) cause the execution of:
 - (A) a guarantee by each of Bragg Oryx, Bragg US, Wild Streak, LLC (**Wild Streak**), Spin Games, LLC (**Spin Games**) and Oryx Gaming International, LLC (**Oryx International**) of all of the obligations of the Company under this Agreement, in a form of agreement(s) acceptable to the Investor, acting reasonably;
 - (B) a share pledge agreement by Bragg Oryx, in a form acceptable to the Investor, acting reasonably, pursuant to which Bragg Oryx shall pledge all of the issued and outstanding shares of Oryx International in favour of the Investor;
 - (C) a share pledge agreement by Bragg US in a form acceptable to the Investor, acting reasonably, pursuant to which Bragg US shall pledge all of the issued and outstanding shares of Wild Streak and Spin Games in favour of the Investor; and
 - (iv) cause each of Bragg Oryx, Bragg US, Wild Streak, Spin Games and Oryx International to grant the Investor a general security interest in all of their respective assets and property, in a form of agreement(s) acceptable to the investor, acting reasonably.
 - (b) The Liens granted by the Company to the Investor under this clause 10.4 shall be first ranking ahead of any other Lien or security interests on the assets of the Company, subject to the Permitted Encumbrances. Notwithstanding the foregoing, at the request and expense of the Company, the Investor will enter into subordination agreement, in form acceptable to the Investor, acting reasonable, subordinating its first ranking security interest with respect to an asset backed lending facility or bank line of credit of up to US\$5,000,000.
 - (c) After the time the Amount Outstanding is NIL, at the request of the Company and at the Company's expense, the Investor shall execute, deliver and file, as applicable, all discharges, releases and financing change statements that are, in the Company's opinion, necessary or desirable to release all Liens granted by the Company to the Investor.
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10.5 Rights of Investor

The right of the Investor to be issued Conversion Shares in accordance with clause 5 and otherwise under this Agreement, will not confer on the Investor any entitlement to receive dividends or vote at a general meeting of shareholders of the Company.

10.6 Company Standstill

Other than pursuant to an Exempt Issuance, with the prior written approval of the Investor or in relation to Investor Shares, the Company shall not issue or sell any Shares, or securities convertible into, or exchangeable for, Shares, (each a **Subsequent Equity Financing**), for a period of 180 days following the Closing Date.

For the purposes of this clause 10.6, **Exempt Issuance** means the issuance by the Company of Shares, or securities convertible into, or exchangeable for, Shares: (i) upon the exercise, redemption, conversion or exchange of any securities of the Company, pursuant to their pre-existing terms or other agreements, as outstanding as of the Execution Date, (ii) to employees, officers, consultants or directors of the Company or its Affiliates pursuant to a security based compensation arrangement under TSX Rules, including stock option plan; (iii) Shares or other securities issued in connection with an acquisition or a strategic transaction (including joint ventures, collaborations, partnerships or acquisitions and employee benefit plans assumed by the Company in connection with such transactions); or (iv) as part of an internal reorganization of the Company.

10.7 Participation Right

The Company hereby grants the Investor the right but not the obligation (the **Participation Right**), at the Investor's sole discretion, to participate in any Subsequent Equity Financing that is not an Exempt Issuance, whereby the Investor may subscribe for up to ten percent (10%) of each Subsequent Equity Financing on terms and conditions (if any) identical to all other subscribers in such financing, provided, however, that the Investor may not participate in a Subsequent Equity Financing for an amount of securities that would exceed the Share Maximum, unless, the Company, has obtained the approval of the TSX to issue such Shares without shareholder approval. The Company shall provide the Investor with prompt notice in writing of each Subsequent Equity Financing, including all particulars of such Subsequent Equity Financing (the **Financing Notice**). Each Financing Notice shall be accompanied by all documentation (including without limitation, disclosure documents, offering memoranda, and definitive agreements), as are provided to other subscribers in such Subsequent Equity Financing. The Investor shall have no less than two (2) Business Days from the date of receipt of a Financing Notice to advise the Company whether it wishes to participate in such Subsequent Equity Financings and the amount for which the Investor wishes to subscribe under this clause 10.7 (the Subsequent Equity Response Deadline), which may be less than its entitlement hereunder, provided that if the Company is proposing to undertake a Bought Deal in respect of such Subsequent Equity Financing, the Company shall give such Financing Notice to the Investor as early as practicable in the circumstances in light of the speed and urgency under which Bought Deals are conducted and the Investor shall have forty-eight (48) business hours from the date of receipt of a Financing Notice to advise the Company whether it wishes to participate in such proposed Bought Deal and the amount for which the Investor wishes to subscribe under this clause 10.7, which may be less than its entitlement hereunder. The Participation Right shall continue for a period of two years from the Closing Date (the **Participation Right Period**) and shall survive termination or expiration of this Agreement and may be exercised once in whole or in part in respect of each Subsequent Equity Financing conducted, or to be conducted, by the Company during the Participation Right Period. For greater certainty, so long as a Subsequent Equity Financing is announced by the Company during the Participation Right Period, the Participation Right shall

apply, even though such Subsequent Equity Financing may be completed after the Participation Right Period. The Company shall not complete a Subsequent Equity Financing until it has complied with this clause 10.7, provided that the restrictions imposed by the application of clause 5.4, *mutatis mutandis* or the Share Maximum shall not constitute non-compliance with this clause 10.7.

10.8 Repayment Right

In the event that the Company completes one or more Subsequent Equity Financings resulting in aggregate gross proceeds (**Equity Proceeds**) to the Company of at least US\$10,000,000, the Investor may, in its sole discretion, direct that the Company use up to 20% of the Equity Proceeds (and up to 20% of any subsequent Equity Proceeds) to promptly buy-back some or all (but in no event will such buy-back exceed 20% of the applicable Equity Proceeds) of the Amount Outstanding in accordance with clause 5.1, *mutatis mutandis*. If so directed, the Company shall complete such repayment within three (3) Business Days of receiving notice from the Investor.

10.9 Compliance with Laws

- (a) The Company and the Investor will each comply with all applicable Laws in all material respects.
- (b) Except as otherwise provided herein, the Company shall make, in a timely manner, all filings that may be required (if any) under Canadian Securities Laws and US Securities Laws in connection with the Contemplated Transactions.

10.10 TSX Listing

At all times from the Effective Date until the later of: (i) the expiry of the Term; and (ii) the date the Investor or its Affiliates do not hold any Warrants, (and provided in each case that the Investor holds any Securities), the Company shall ensure that the Shares remain listed on the TSX, provided that this covenant shall not prevent the Company from completing any transaction which would result in the Company ceasing to be listed on the TSX so long as the holders of Shares receive securities of an entity which is listed on the TSX or cash or the holders of the Shares have approved the transaction in accordance with the requirements of Canadian Securities Laws, US Securities Laws and corporate laws, subject to the Company's compliance with its obligations in clause 10.11, if the Investor exercises its right in clause 10.11.

10.11 Adjustments on Arrangements, Take-Overs and Changes of Control

If the Company proposes an arrangement or is the subject of a take-over bid, which in either case would result in a Change of Control Event that would also result in the Shares no longer being listed on the TSX, then the Investor may, but is not required to, concurrent with the closing of such proposed transaction, require that the Company cause that other person, company or legal entity which is the counterparty to such arrangement or take-over bid, to assume all of the obligations of the Company under this Agreement following the completion of such proposed transaction, including the obligation to issue Conversion Shares, if the Company does not buy back the Amount Outstanding in connection with such Change of Control Event pursuant to Clause 5.1. If the Investor exercises its right in this clause, then the Company shall cause, or in the event of a hostile take-over bid use commercial best efforts to cause, that other person, company or legal entity to enter into an assignment and/or novation agreement acceptable to the Investor, acting reasonably, and following such time, the Investor shall accept, in lieu of Shares, Conversion Shares, Convertible Security, or Warrants, an economically equivalent number of shares, convertible security and warrants issued by that other person, company, or legal entity in lieu of the Shares, Conversion Shares, Convertible Security or Warrants to which the Investor is entitled to hereunder. The number of Shares, Conversion Shares, Convertible Security, or Warrants to be issued shall be adjusted for the exchange ratio applicable in the relevant

arrangement or take-over bid, and the Investor shall have the right to consent to the accuracy of such adjustment. If the Investor exercises its right in this clause, and the Company is unable to, or the other company does not, enter into an assignment and/or novation acceptable to the Investor, then the failure to do so shall be considered an Event of Default. This clause 10.11 shall automatically terminate and shall not survive after the date that is sixty (60) days after the Amount Outstanding is NIL, whether as a result of a repayment or Conversion.

10.12 Prohibited Transactions

Unless agreed in writing between the Company and the Investor, from the Execution Date until the date that is one (1) year after expiry of the Term, the Company shall not effect, or enter into an agreement to effect, any Prohibited Transaction unless the funds raised from such Prohibited Transaction are utilised to repay or buy-back the Amount Outstanding in full.

10.13 [Intentionally Deleted]

10.14 Investor's Share Custodian

During the Term of this Agreement, the Investor will notify the Company of its prime broker and Share Custodian promptly prior to the Company being required to issue any Shares to the Investor and will advise the Company of any change of its Share Custodian within three (3) Business Days following such change having taken effect and in any case prior to the delivery of any Conversion Notice from the Investor to the Company.

10.15 Set-Off

- (a) The Investor may set off any of its obligations to the Company (whether or not due for payment), against any of the Company's obligations to the Investor (whether or not due for payment) under this Agreement and/or any Transaction Document.
- (b) The Investor may do anything necessary to effect any set-off undertaken in accordance with this clause 10.15 (including varying the date for payment of any amount payable by the Investor to the Company).

10.16 Set-Off Exclusion

All payments which are required to be made by the Company to the Investor will be made without:

- (a) any set-off, counterclaim or condition; or
- (b) any deduction or withholding for Tax or any other reason, unless a deduction or withholding is required by law,

except as may otherwise be consented to by the Investor.

10.17 Miscellaneous Negative Covenants

The Company shall not, and (in respect of only subclauses (e), (f) and (g) below) shall cause all of its Subsidiaries not to, directly or indirectly, without the Investor's written approval, except in connection with a Change of Control Event pursuant to which the Company delivers a bona fide Buy-Back Notice:

- (a) dispose, in a single transaction, or in a series of transactions, of all or substantially all of its assets unless such disposal is in the ordinary course of business;
 - (b) cease to be a "reporting issuer" under any Canadian Securities Laws, provided that this provision shall not prevent the Company from completing any transaction which would result in the Company ceasing to be a "reporting issuer" so long as the holders of Shares receive securities of an entity which is a "reporting issuer" under Canadian Securities
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Laws and is listed on the TSX or cash or the holders of the Shares have approved the transaction in accordance with the requirements of Canadian Securities Laws, US Securities Laws and corporate laws, subject to the Company's compliance with its obligations in clause 10.11, if the Investor exercises its right in clause 10.11;

- (c) de-list its Shares from the TSX, provided that this provision shall not prevent the Company from completing any transaction which would result in the Company ceasing to be listed on the TSX so long as the holders of Shares receive securities of an entity which is listed on the TSX or cash or the holders of the Shares have approved the transaction in accordance with the requirements of Canadian Securities Laws, US Securities Laws and corporate laws, subject to the Company's compliance with its obligations in clause 10.11, if the Investor exercises its right in clause 10.11;
- (d) undertake any consolidation of its share capital unless such consolidation is required by the TSX or such other stock exchange on which the Company's securities are listed;
- (e) list its Shares on any stock exchange other than the TSX or NASDAQ;
- (f) reduce its paid-up or stated capital;
- (g) transfer the jurisdiction of incorporation of the Company or any of its Subsidiaries;
- (h) make a loan to any director, officer, insider or related party of the Company or any of its Subsidiaries; or
- (i) enter into any agreement with respect to any of the matters referred to in paragraphs (a) – (h).

In the event the Company proposes to take any action set out in paragraphs (a) to (g) above, the Company shall provide the Investor with at least ten (10) Business Days prior written notice regardless of whether the consent of the Investor is required in the circumstances.

This clause 10.17 shall automatically terminate and shall not survive after the date that is sixty (60) days after the Amount Outstanding is NIL, whether as a result of a repayment or Conversion.

10.18 Use of Proceeds

The Company shall only use the funds received from the Investor under this Agreement for working capital purposes only and must not use these funds for making dividend payments, the repayment or redemption of any indebtedness or obligations or interests held by any security holders (or similar payments) or the repayment of any debt due to a director, officer, insider or related party of the Company or any of its Subsidiaries.

10.19 Withholding Gross-Up

All payments made by the Company to the Investor in respect of this Agreement (in respect of principal, interest or otherwise) shall, except as required by applicable Law, be made in full without set-off or counterclaim, and free of and without deduction or withholding for any present or future Taxes provided that if the Company is required by applicable Law to deduct or withhold any Taxes, other than Excluded Taxes, from or in respect of any payment or sum payable to the Investor, the payment or sum payable will be increased as necessary so that after making all such deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this paragraph), the Investor receives an amount equal to the sum it would have received if no such deduction or withholding had been made and the Company shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

Upon request by the Investor, the Company shall deliver to the Investor evidence reasonably satisfactory to the Investor that the withholding or deduction has been made or (as applicable) any appropriate payment paid to the relevant Governmental Authority.

In the event the Investor determines, in its sole discretion exercised in good faith, that it has received or recovered any deducted or withheld amount from any Canadian federal, provincial or other Governmental Authority and the Company has complied with its obligations in this clause 10.19, then the Investor shall pay such amount to the Company within twenty (20) Business Days of actual receipt such amount, net of all out-of-pocket expenses (including Taxes or Other Connection Taxes) and without interest, provided that if such receipt or recovery of any deducted or withheld amount is subsequently disallowed or reduced by the relevant Governmental Authority, the Company shall indemnify the Investor for such amount (plus any penalties, interest or other charges imposed by the relevant Governmental Authority). This paragraph shall not be construed to require the Investor to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Company or any other Person.

The Company shall indemnify and hold harmless, the Investor against any non-Excluded Taxes in respect of which a deduction or withholding is made or required to be made (except to the extent that a sum payable to the Investor has been increased pursuant to this clause 10.19 on account of such withholding or deduction) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such non-Excluded Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The Company shall indemnify and hold harmless the Investor against any amount that the Company fails for any reason to pay to the Investor as required pursuant to this clause 10.19 or resulting from the failure of the Company to provide the required receipts or other required documentary evidence to any Governmental Authority. The Company shall make payment within 10 days after demand for any amount or liability payable under this clause 10.19. A certificate as to the amount of such payment or liability delivered by the Investor to the Company, setting forth the basis for and calculation of such payment or liability, shall be conclusive evidence of such amount or liability to be indemnified absent manifest error.

10.20 Lock-Up Period

For a period of 120 days following the Closing Date (the **Lock-Up Period**), without the prior written consent of the Company, the Investor shall not sell, transfer, assign or otherwise dispose of any Investor's Shares, other than pursuant to a take-over bid or any similar transaction made generally to all shareholders of the Company.

10.21 Registration Rights

If, as a result of the Company ceasing to be a "foreign private issuer" (as that term is defined in Rule 405 under the 1933 Act) or otherwise, the Investor is unable to effect a lawful resale of Investor's Shares on the TSX without registration under the 1933 Act, including if the resale safe harbour from registration available under Regulation S becomes unavailable, the Company will take all steps necessary to permit the Investor to so lawfully resell Investor's Shares on the TSX, including filing a registration statement with the United States Securities and Exchange Commission in respect of resales of Investor's Shares.

11 Taxes

- (a) Without limiting anything else in this Agreement the Company shall:
- (i) pay any Tax required to be paid to any Governmental Authority which is payable by the Company in respect of this Agreement or any Contemplated Transaction (including in respect of the execution, delivery, performance, release, discharge, amendment or enforcement of this Agreement or any Contemplated Transaction);
 - (ii) pay any fine, penalty or other cost in respect of a failure to pay any Tax as required by this clause 11; and
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- (iii) indemnify the Investor against any amount payable by it under this clause 0.
- (b) Without limiting anything else in this Agreement:
 - (i) the Company shall pay all stamp, loan transaction, registration and similar Taxes, including fines and penalties, financial institutions duty and debits Tax that may be payable by the Company to, or required to be paid by, any appropriate authority, or determined to be payable in connection with the execution, delivery, performance or enforcement of this Agreement or any Contemplated Transaction or any payment, receipt or other transaction contemplated by this Agreement; and
 - (ii) the Company shall indemnify the Investor against any loss or liability incurred or suffered by it as a result of the delay or failure by the Company to pay the Taxes under clause 11(b)(i).
- (c) Without limiting anything else in this Agreement, at all times on and from the date of this Agreement, the Company shall comply in all respects with all applicable laws relating to Tax and promptly file, or cause to be filed, all tax returns, and other Tax filings, required under applicable Tax law.

12 Default

12.1 Events of Default

Any of the following will constitute an Event of Default:

- (a) Any of the representations or warranties, or covenants made by the Company or any of its agents, officers, directors, employees or representatives in any Transaction Document, Materials or public filing are inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Company to the Investor, any of its representatives, or the Company's shareholders, is inaccurate, false or misleading, in any material respect, as of the date as of which it is made or deemed to be made or repeated (in each case where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, on that date or dates).
 - (b) The Company or any Subsidiary of the Company suffers or incurs an Insolvency Event.
 - (c) The Company or any of its Subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of any part of its business where such cessation or suspension would reasonably be expected to result in a Material Adverse Effect, or the Company disposes, in a single transaction, or in a series of transactions, of all or substantially all of its consolidated assets.
 - (d) The Company or any of its Material Subsidiaries takes action to reduce its capital in accordance with Section 26 of the Corporations Act.
 - (e) There is a cease trade order against the Company, a management cease trade order in respect of the Company, or the Company ceases to be a "reporting issuer" under any Canadian Securities Laws (or applies to do so), or the trading in the Shares is halted for more than seventy two (72) consecutive hours (on days on which the TSX and NASDAQ are open for trading) or suspended under TSX Rules or NASDAQ Rules.
 - (f) The Shares are de-listed from the TSX or NASDAQ, provided that it shall not be an Event of Default if the Investor exercises its right set forth in clause 10.11.
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- (g) The Company applies to list the Shares and the Shares then become listed on any stock exchange other than the TSX, NASDAQ or the Frankfurt Stock Exchange.
 - (h) The Company challenges, disputes or denies the right of the Investor to receive any Securities in connection with a validly issued Conversion Notice, or otherwise dishonours or rejects any action taken, or document delivered, in furtherance of the Investor's *bona fide* rights to receive any Investor's Shares or Warrants.
 - (i) A Transaction Document or a Contemplated Transaction has been determined by a court of competent jurisdiction to be wholly or partly void, voidable or unenforceable in any material respect.
 - (j) A court of competent jurisdiction makes determination in favour of any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted before any Governmental Authority, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of the Investor or the Company to enter into any Transaction Documents or undertake any of the Contemplated Transactions.
 - (k) Any event, condition or development occurs or arises which in the opinion of the Investor (acting reasonably) has or would reasonably be expected to result in a Material Adverse Effect.
 - (l) Any consent, permit, approval, registration or waiver necessary for the consummation of those Contemplated Transactions that remain to be consummated at the applicable time, has not been issued or received, or does not remain in full force and effect at the applicable time.
 - (m) The Investor has not received all those items required to be delivered to it in connection with the Closing, or upon the exercise of Warrants in accordance with this Agreement.
 - (n) The TSX revokes any conditional approval it has granted in respect of any of the Securities to be issued pursuant to this Agreement or the Company does not satisfy the conditions of such approval within the prescribed time period.
 - (o) The Company subsequently becomes prohibited under Canadian Securities Laws, US Securities Laws, the Corporations Act or TSX Rules from issuing Shares to the Investor under this Agreement, provided that the restrictions imposed by the Share Maximum shall not constitute an Event of Default.
 - (p) The Company fails to materially perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement under any Transaction Document, including without limitation, the failure to pay any cash amount owing to the Investor hereunder at the time such payment is due (subject to any applicable cure provisions set out in Clause 13).
 - (q) A default judgment of an amount of US\$1,000,000 or greater is entered against the Company or any of its Subsidiaries.
 - (r) The Company and/or any of its Subsidiaries defaults in relation to a *bona fide* payment obligation in the amount of US\$1,000,000 or greater under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a third party (taking into account any applicable grace period agreed by the relevant third party).
 - (s) If at any time after the Execution Date, the Company or any of its Subsidiaries has any present or future liabilities, including contingent liabilities, other than those disclosed in the Disclosure Schedule, for an amount or amounts totalling more than US\$1,000,000 which have not been satisfied on time as invoiced or within five (5) days of a first written request for payment (taking into account any applicable grace period agreed with the
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relevant third party to whom such liabilities are owed), or have become prematurely payable as a result of its default or breach (howsoever described).

- (t) The Company fails to comply with its covenant in clause 10.11 if the Investor exercises its right in clause 10.11.
- (u) The Company fails to comply with its obligation to deliver Conversion Shares in accordance with this Agreement.
- (v) The Company or any Subsidiary fails to grant or perfect the liens or security interests or deliver the executed agreements which grant such liens and security interests, or fail to comply with their obligations under such agreements, in each case as set out in clause 10.4 and the relevant Security Documents.
- (w) Any of the security interests granted by the Company or any Subsidiary as set out in clause 10.4 and the relevant Security Documents cease to be perfected or lose first ranking priority over all other security interests granted by the Company, subject to the Permitted Encumbrances.
- (x) The Company contravenes clause 10.3.

12.2 Investor Right to Investigate an Event of Default

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

- (a) the Investor may notify the Company that it wishes to investigate such purported Event of Default;
- (b) the Company shall co-operate fully and unconditionally with the Investor in such investigation;
- (c) the Company shall comply with all reasonable requests made by the Investor of the Company in connection with any investigation by the Investor and in connection therewith will:
 - (i) provide all information and documents requested by the Investor in relation to the Event of Default to the Investor, provided the Investor agrees that any materially price sensitive information and/ or non-public information will be subject to confidentiality; and
 - (ii) provide all such information and documents within five (5) Business Days of such request by the Investor; and
- (d) the Company shall pay all reasonable costs in connection with any investigation by the Investor.

13 Notice and Cure Provisions

The Investor shall give notice to the Company of the occurrence, or failure to occur, at any time from the date hereof, of any event or state of facts which occurrence or failure would be likely to or could result in an Event of Default. Subject to the provisions hereof and other than with respect to an Event of Default under clause 12.1(b), the Investor may only elect to terminate this Agreement or exercise its rights under clauses 14 and 15 during the continuance of such Event of Default, if:

- (a) the Investor has delivered written notice to the Company specifying in reasonable detail the event or state of facts which occurrence or failure would be likely to or could result in an Event of Default; and
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- (b) subject to clause 13(c), if any such notice is delivered, and the Company is proceeding diligently at its own expense to cure such matter, if such matter is susceptible of being cured, the Investor may not terminate this Agreement or exercise its rights under clause 14 until the expiration of a period of:
 - (i) three (3) Business Days from the date of such occurrence, failure to occur or the coming into existence of such event or state of facts that results in an Event of Default under clauses 12.1(e)-(h), (m)-o) or (u); and
 - (ii) otherwise, five (5) Business Days from the date of any other such occurrence, failure to occur or the coming into existence of such event or state of facts that results in any other Event of Default.
- (c) The Company and the Investor agree that the aggregate cumulative cure period available to the Company under this Agreement for all Events of Default that may occur during the Term is twenty (20) Business Days (the **Aggregate Cure Period**), irrespective of the number of times each particular Event of Default occurs and/or is continuing.

14 Rights of the Investor upon an Event of Default

- (a) Upon the occurrence or existence of any Event of Default and at any time during the continuance of such Event of Default, subject to compliance with clause 13, the Investor may:
 - (i) declare, by notice to the Company, effective immediately, all outstanding payment obligations by the Company under the Transaction Documents to be immediately due and payable in immediately available funds (including, without limitation, the immediate repayment of any Amount Outstanding) without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Company, anything to the contrary contained in this Agreement or in any other Transaction Document notwithstanding; and/or
 - (ii) terminate this Agreement, by notice to the Company, effective as of the date set out in the Investor's notice given to the Company under this clause 14(a)(ii).
 - (b) If the Investor gives the Company a notice under clause 14(a)(i), the Company must within twenty (20) days after expiry of the applicable cure period in clause 13 (but after deducting from such twenty (20) days the aggregate number of days during the Term during which Events of Default were continuing for which notice under clause 13 was provided), pay to the Investor in immediately available funds the Amount Outstanding and any interest owing by the Company to the Investor under clause 14(e) and any other amount owing under this Agreement. The foregoing shall not impact or limit any other rights the Investor may have under the Transaction Documents or otherwise permitted by Law, including by suit in equity and/or by action at Law, as a result of the occurrence of an Event of Default.
 - (c) The Investor will have no obligation to consummate the Closing or a Conversion under this Agreement where an Event of Default has occurred, for as long as such Event of Default continues, and the Closing Date or Conversion Date, as applicable, will be deemed to be postponed accordingly, unless the Investor notifies the Company otherwise in writing (which notification shall be at the sole discretion of the Investor).
 - (d) In addition to the remedies set out in sub-clauses 14(a) and 14(b), subject to compliance with clause 13, upon the occurrence and continuation of any Event of Default, the Investor may exercise any other right, power or remedy granted to it by the Transaction
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Documents or otherwise permitted to it by Law, including by suit in equity and/or by action at Law.

- (e) Notwithstanding anything to the contrary contained in this Agreement or in any other Transaction Document, in addition to the rights of the Investor specified in this clause 14, upon the occurrence of an Event of Default (subject to the cure periods in clause 13), the interest thereafter payable on the Convertible Security will be at a rate of 15% per annum (***Interest Rate upon Default***), which interest will accrue from the first date the cure periods set out in clause 13 have expired in respect of such Event of Default on the Outstanding Amount and will be compounded monthly, for as long as the Event of Default will not have been remedied. The Company must pay this amount of interest on the Amount Outstanding to the Investor on a monthly basis in arrears on the last day of each calendar month following the date that the cure periods set out in clause 13 have expired in respect of such Event of Default (or such other date as notified in writing by the Investor to the Company or as otherwise required under clause 14(b)).
- (f) Upon the occurrence or existence of any Event of Default, in addition to all other remedies at law and in equity, the Investor may, at its option, take all actions and remedies provided for in the security instruments and filings securing the liens described in clause 10.4 herein.

15 Termination

15.1 Events of Termination

This Agreement:

- (a) may be terminated, without limiting the generality of clause 14, but subject to clause 13:
 - (i) by the Investor on the occurrence or existence of a Securities Termination Event or a Change of Control Event;
 - (ii) by the mutual written consent of the Parties, at any time;
 - (iii) by either Party, by written notice to the other Party, effective immediately, if the Closing has not occurred within fifteen (15) Business Days of the Execution Date or such later date as the Parties agree in writing, provided that the right to terminate this Agreement under this clause 15.1(a)(iii) is not available to any Party:
 - (A) that is in material breach of or default under this Agreement; or
 - (B) whose failure to fulfil any obligation under this Agreement has been the principal cause of, or has resulted in the failure of the Closing to occur; and
 - (iv) by the Investor, in accordance with clause 14 or clause 17.16.

15.2 Effect of Termination

- (a) Subject to clause 15.2(b), each Party's right of termination under clause 15.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies.
 - (b) If the Investor terminates this Agreement under clause 15.1(a)(i):
 - (i) the Investor may declare, by notice to the Company, all outstanding obligations by the Company under the Transaction Documents to be due and payable (including, without limitation, the immediate repayment of any Amount Outstanding) without presentment, demand, protest or any other
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notice of any kind, all of which are expressly waived by the Company, anything to the contrary contained in this Agreement or in any other Transaction Document notwithstanding; and

- (ii) the Company must within twenty days and notwithstanding any applicable cure period in clause 13, pay to the Investor in immediately available funds the Amount Outstanding for the Convertible Security to the Investor.
- (c) Upon termination of this Agreement, the Investor will not be required to fund any further amount nor effect the Closing, provided that termination will not affect any undischarged obligation under this Agreement, including, for the avoidance of doubt any obligation of the Company to issue Shares on exercise of Warrants and of any obligation of the Company to issue the Convertible Security.
- (d) Nothing in this Agreement will be deemed to release any Party from any liability for any breach by such Party of the terms and provisions of this Agreement or to impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement.

16 Survival and Indemnification

16.1 Survival

The provisions of clauses 5 to 0, and 13 to 17 (inclusive) of this Agreement will survive, and continue in full force and effect, notwithstanding each repayment of any of the Amount Outstanding and the termination of this Agreement or another Transaction Document or any related provision.

16.2 Indemnification of Investor

- (a) An Investor Indemnified Person will not be liable to the Company, and the Company shall indemnify and hold harmless each of the Investor, any general partner or manager of the Investor, and Affiliates of each of those parties, and the respective directors, officers, members, shareholders, partners, employees, attorneys, agents and permitted successors and assigns of each of the Investor, any general partner or manager of the Investor, and Affiliates of each of those parties (each, an **Investor Indemnified Person**), from and against any and all losses, claims, damages, liabilities, awards, demands and expenses (including, without limitation, all judgments, amounts paid in settlements, reasonable solicitors' fees and costs and attorney fees and reasonable disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim, proceeding, suit, investigation, or action by any Governmental Authority, pending or threatened, and the costs of enforcement) (collectively, **Losses**), that arise out of, are based on, relate to, or are incurred in connection with, any of the following:
 - (i) a breach or non-performance by the Company of its covenants under this Agreement;
 - (ii) a material breach or an inaccuracy of any of the Company's representations or warranties made in this Agreement;
 - (iii) any Misrepresentation made in the Materials or the Company's Public Record or the Disclosure Schedule;
 - (iv) any non-disclosure of any "material fact" or "material change" as such terms are defined under Canadian Securities Laws, or necessary to make the statements in the Materials or the Company's public filings, in light of the circumstances under which they were made, not misleading;
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- (v) the Company authorizing, entering into and delivering this Agreement and the Company's performance of the Contemplated Transactions, including the issuance of the Investor's Shares and Warrants; and
- (vi) any inquiry, investigation or proceeding commenced or threatened by, or in, any court, administrative body, securities commission, stock exchange or other competent authority (each a **Proceeding**) based upon, or resulting from, the execution, delivery, performance or enforcement of any of the Transaction Documents or Contemplated Transactions, and whether or not the Investor is party thereto by claim, counterclaim, crossclaim, as a defendant or otherwise, or if such Proceeding is based upon, or results from, any of those items referred to in paragraphs (i) – (v),

provided, however, that the Company shall not indemnify any Investor Indemnified Person from, or hold any Investor Indemnified Person harmless against, any Losses that result solely:

- (i) from such Investor Indemnified Person's breach of any representation or warranty or failure to comply with any covenant contained in this Agreement or any other Transaction Document, or
 - (ii) from such Investor Indemnified Person's fraud, gross negligence or wilful misconduct in performing its obligations under this Agreement or any other Transaction Document.
- (b) To the extent that the Company's undertaking in this clause 16.2 may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of all Losses that is permissible under applicable Law.
 - (c) To the extent that any amount payable to an Investor Indemnified Person in accordance with this clause 16.2 is subject to Tax or withholding, then, without limiting clause 10.19 or clause 0, the Company shall increase the amount payable to the Investor Indemnified Person by such additional amount as is necessary to ensure that after making the allowance for any Tax that may be payable, the Investor Indemnified Person receives the full amount required to be paid before giving effect to such allowance for Tax.
 - (d) Each indemnity set out in this Agreement:
 - (i) is a continuing obligation, independent of the Company's other obligations under this Agreement;
 - (ii) continues notwithstanding any termination of this Agreement;
 - (iii) constitutes a liability of the Company separate and independent from any other liability under this Agreement and under any other agreement; and
 - (iv) will survive, and continue in full force and effect, in accordance with clause 16.1.
 - (e) The Company acknowledges that the indemnity given under this clause 16.2 is directly enforceable against it by any Investor Indemnified Person. The Investor holds the benefit of this clause 16.2 on trust for any Investor Indemnified Person.

17 Miscellaneous

17.1 Time of the essence

With regard to all dates and time periods set out in this Agreement or referred to in any Transaction Document, time is of the essence.

17.2 No partnership or advisory or fiduciary relationship

Nothing in this Agreement should be construed to create a partnership between the Parties, or a fiduciary or an advisory relationship between the Investor or any of its Affiliates and the Company and any of its Subsidiaries.

17.3 Remedies and injunctive relief

- (a) The rights and remedies of the Investor set out in this Agreement and the other Transaction Documents are in addition to all other rights and remedies given to the Investor by law or otherwise.
- (b) The Company acknowledges that:
 - (i) monetary damages alone would not be adequate compensation to the Investor for a breach by the Company of this Agreement; and
 - (ii) the Investor may seek an injunction or an order for specific performance from a court of competent jurisdiction if:
 - (A) the Company fails to comply or threatens not to comply with this Agreement; or
 - (B) the Investor has reason to believe that the Company will not comply with this Agreement.

17.4 Adjustments

- (a) Each time when a Security Structure Event occurs, the Conversion Price will be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated or subdivided, provided that the adjustment may not be greater than an amount that is equal to the difference between: (i) the trading price of the Shares immediately prior to such underlying securities trading on an "ex-distribution" basis, and (ii) the trading price of the Shares immediately after the Shares have commenced trading on an "ex-distribution" basis.
- (b) The intent of this clause 17.4 is to maintain the relative benefit and burden to the Investor and the Company of their respective economic bargains.
- (c) When the Company becomes aware of a fact that would reasonably be expected to give rise to an adjustment of the Conversion Price, the Company must promptly notify the Investor of the specifics of the fact that would reasonably be expected to give rise to such adjustment.

17.5 Successors and assigns

- (a) The rights and obligations of the Parties under this Agreement are personal and may not be assigned to any other person or assumed by any other person, except as expressly provided in this clause 17.5.
 - (b) Neither this Agreement nor any of the Company's rights and obligations under this Agreement may be assigned by the Company without the prior written consent of the Investor.
 - (c) Subject to clause 17.5(d), the Investor may only assign this Agreement and/or any of its rights and/or obligations under this Agreement to any Affiliate of the Investor, any successor entity in connection with a merger or consolidation of the Investor with another entity, and/or any acquirer of all or substantially all of the Investor's business and/or assets on prior written notice to the Company, provided that any such assignee agrees to be bound by the terms and conditions of this Agreement.
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- (d) Notwithstanding the foregoing, on the occurrence and/or continuance of an Event of Default (subject to the cure period applicable in clause 13) the Investor will have the right to assign this Agreement to any person, provided that any such assignee agrees to be bound by the terms and conditions of this Agreement.
- (e) The Investor must notify the Company of any assignment or novation of any of its rights or obligations under this Agreement at least five (5) Business Days prior to the assignment or novation referred to in clause 17.5(c) taking effect.
- (f) Nothing in this clause 17.5 will be deemed to prevent the Investor from assigning, transferring, encumbering or otherwise dealing with its rights under, or in connection with, the Investor's Shares or Warrants without the consent of any person, subject to the Investor's compliance with applicable Laws.

17.6 Counterparts and e-mail

- (a) This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.
- (b) Such counterparts may be delivered by one Party to the other by e-mail, and such counterparts will be valid for all purposes.

17.7 Notices

- (a) Except as otherwise specifically agreed, all notices and other communications made in connection with any Transaction Document will be in writing and must be delivered by a courier or another like service in person, or sent by e-mail.
 - (b) When delivered by a courier or another like service in person in Canada, a notice will be deemed given, or another communication will be deemed to have been received:
 - (i) when delivered, if received during Business Hours in the place of delivery; or
 - (ii) at 9.00 am (in the place of delivery) on the Business Day immediately following the date of such delivery, if delivered outside of Business Hours in the place of delivery.
 - (c) When delivered by a courier or another like service in person outside of Canada, a notice will be deemed given, or another communication will be deemed to have been received:
 - (i) when delivered, if received during Business Hours in the place of delivery; or
 - (ii) at 9.00 am (in the place of delivery) on the Business Day immediately following such date of delivery, if delivered outside of Business Hours in the place of delivery.
 - (d) When sent by e-mail transmission, a notice will be deemed given, or another communication will be deemed to have been received:
 - (i) two hours after the time at which such transmission was sent (the ***E-mail Time***), if such time falls within Business Hours in Toronto; or
 - (ii) at 9.00 am (in Toronto) on the Business Day immediately following the date of the E-mail Time, if sent to the Company or the Investor and the E-mail Time falls outside of Business Hours in Toronto,unless the sender receives an automated message that the email has not been delivered.
 - (e) Except as otherwise provided herein, all notices and other communications required to be delivered in accordance with this Agreement will be sent to the representatives of the
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Party to be notified at the addresses or e-mail addresses indicated respectively below, or at such other addresses or e-mail addresses as the Parties may from time to time by like notice specify:

(i) If to the Company:

Bragg Gaming Group, Inc.
130 King Street West, Suite 1955
Toronto, Ontario
M5X 1E3
Attention: Ronen Kannor, Chief Financial Officer
E-mail: *[redacted – personal information]*

(ii) If to the Investor:

Lind Global Fund II LP
c/o The Lind Partners, LLC
444 Madison Ave., Fl. 41
New York, NY 10022 USA

Attention: Mr. Jeff Easton
E-mail: *[redacted – personal information]* and *[redacted – personal information]*

(f) Notwithstanding the foregoing, any Conversion Notice delivered under this Agreement shall be delivered by email to Ronen Kannor, Chief Financial Officer at *[redacted – personal information]*, Yaniv Spielberg, Chief Strategy Officer at *[redacted – personal information]* and Mike Stokes, Group Financial Controller at *[redacted – personal information]* or such other persons via email as the Company may specify in writing to the Investor from time to time.

17.8 Amendments and waivers

- (a) Any term of this Agreement may be amended, supplemented, or modified, only with the written consent of the Parties.
- (b) Any obligation of either Party under this Agreement may be extended or waived only by an instrument in writing signed on behalf of the Party entitled to enforce the obligation.

17.9 Legal Costs

- (a) Except as otherwise agreed and as set out in clause 17.9(b), each Party will bear its own legal costs in connection with the preparation of this Agreement.
- (b) The Parties acknowledge that the Company has made a non-refundable prepayment of *[redacted – commercially sensitive information]* towards the Investor's legal costs in connection with this Agreement and the Contemplated Transactions. Further, only if incurred by the Investor and upon provision of invoices, the Company will be obligated to pay up to a further *[redacted – commercially sensitive information]* to the Investor's legal counsel (and/or other professional advisors engaged by the Investor) in respect of the Investor's legal and/or due diligence costs actually incurred in connection with this Agreement and any agreements related to the Contemplated Transactions.

17.10 Payments under this Agreement

Any payment to be made pursuant to the terms of this Agreement will be made by telegraphic transfer of cleared funds, except as expressly stated in this Agreement or unless the Parties agree otherwise.

17.11 Financial calculations

- (a) All calculations of any Conversion Price under this Agreement must initially be undertaken by the Investor.
- (b) The Investor must provide written notice of the amount calculated under paragraph (a) to the Company for verification and confirmation, together with the underlying calculations and other supporting information.
- (c) The Investor must:
 - (i) ensure any calculation referred to in sub-clause 17.11(a) is the result of accurate mathematical calculation; and
 - (ii) promptly provide any information reasonably requested by the Company to verify any calculation from time to time.
- (d) In the event of a dispute between the Investor and the Company as to the appropriateness or correctness of any calculation, any underlying assumption or supporting information, the Investor and the Company must meet and negotiate in good faith to settle the dispute upon notice from either Party to the other requiring the same. If the dispute is not resolved within two (2) Business Days, then in the absence of manifest error in, or a deficiency in supporting information for, the Investor's calculation, the Investor's calculation will be used for the purpose of effecting any Conversion Price, other issuance of Shares or other securities under this Agreement or for the relevant purpose.
- (e) If the Shares are listed on the TSX, any calculation must be verified by the Company to conform with the information from an official TSX source such as TSX Infosuite, if applicable.

17.12 Non circumvention

Neither Party to this Agreement shall do anything or omit to do anything that undermines or in any way circumvents, whether directly or indirectly the intent or objective of this Agreement.

17.13 Good Faith

The Parties acknowledge that they have negotiated the terms of this Agreement in good faith and each Party must act in good faith towards each other and use their commercial best efforts to comply with the spirit and intention of this Agreement.

17.14 Publicity and confidentiality

- (a) The Company shall not, (and will use its commercial best efforts to ensure that none of its Affiliates or any persons acting on behalf of the Company and any of its Affiliates), issue any public release or announcement concerning this Agreement, its subject-matter or content, or the Contemplated Transactions, or disclose any information provided by the Investor (including the terms of any Transaction Documents) (**Relevant Information**), without the prior written consent of the Investor (which consent will not be unreasonably withheld or delayed), subject to clause 17.14(c).
 - (b) In any public release or announcement proposed to be made pursuant to Canadian Securities Laws, US Securities Laws, TSX Rules or NASDAQ Rules, where the proposed public release or announcement proposes to make a reference to the Investor or the Contemplated Transactions, the Company shall provide a copy of the proposed announcement to the Investor for review prior to release, subject to clause 17.14(c).
 - (c) If the Company is required to make a disclosure concerning Relevant Information pursuant to Canadian Securities Laws, US Securities Laws, TSX Rules or NASDAQ Rules or by an order of a Governmental Authority, and the Company (acting reasonably)
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in order to comply with its legal or regulatory obligations does not have sufficient time to discuss the form of disclosure with the Investor or provide the Investor with a copy of the disclosure prior to making such disclosure, then the Company must:

- (i) ensure that any disclosure made regarding Relevant Information is restricted and limited in content and scope to the maximum extent permitted by Law to meet the relevant disclosure requirement; and
 - (ii) provide a copy of such disclosure (where it is public information) to the Investor as soon as possible.
- (d) For the avoidance of doubt, if the Company has sufficient time to discuss the form of disclosure with the Investor or provide a copy of the disclosure to the Investor prior to making the disclosure, it must do so in accordance with its obligations in clause 17.14(a).
- (e) Following the Closing, the Investor and its Affiliates and/or advisors may place announcements on their respective corporate websites and in financial and other newspapers and publications (including, without limitation, customary "tombstone" advertisements) describing the Investor's relationship with the Company under this Agreement and including the name and corporate logo of the Company.
- (f) Notwithstanding anything herein to the contrary, to comply with United States Treasury Regulations Section 1.6011-4(b)(3)(i), each Party to this Agreement, and each employee, representative or other agent of such Party, may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income Tax treatment, and the U.S. federal and state income Tax structure, of the transactions contemplated hereby and all materials of any kind (including opinions or other Tax analyses) that are provided to such Party relating to such Tax treatment and Tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income Tax strategy provided to such recipient.
- (g) For the avoidance of doubt, the Investor acknowledges that the Company may be required to file a copy of this Agreement with the Securities Commissions under its profile on SEDAR at www.sedar.com and agrees to such filing (subject to customary permitted redactions in accordance with Canadian Securities Laws).

17.15 Severability and supervening legislation

Every provision of this Agreement is intended to be severable, and any provision of this Agreement that is illegal, invalid, prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective only to the extent of such illegality, invalidity, prohibition or unenforceability, without invalidating the remaining provisions, but will be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable Law, and any such illegality, invalidity, prohibition or unenforceability in any jurisdiction will not affect the legality, validity, permissibility or enforceability of the remainder of this Agreement in that jurisdiction, or invalidate or render illegal, invalid, prohibited or unenforceable, such or any other provision of this Agreement in any other jurisdiction.

17.16 Illegality and impossibility

- (a) Upon a Frustration Termination Event, the Investor shall, unless then prohibited by Law, have the right, but not the obligation, upon notice to the Company, to immediately convert the Convertible Security (and all Amounts Outstanding) into Shares notwithstanding any of the limitations or terms or conditions otherwise provided under clause 5.2 of this Agreement.
 - (b) If there is a Frustration Termination Event, and the Investor is prohibited by Law from immediately converting the Convertible Security (and all Amounts Outstanding) into Shares or the Company is prohibited by Law or otherwise from immediately issuing all of the underlying
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Investor's Shares in connection therewith to the Investor, the Investor may, but is not obligated to, in accordance with the terms of this clause 17.16, by giving a notice to the Company, suspend or cancel some or all of its obligations under this Agreement (including, without limitation, to fund any further amount to the Company or effect the Closing), or terminate this Agreement, as indicated in such notice.

- (c) If the Investor gives a notice to terminate this Agreement in accordance with this clause 17.16, the Company must within twenty (20) days of such notice being received, subject to limitations that may be imposed pursuant to the Frustration Termination Event, if any, pay to the Investor in immediately available funds the Amount Outstanding for the Convertible Security.
- (d) Notwithstanding anything to the contrary in this Agreement, at any time upon the occurrence of a Frustration Termination Event, the Company may, prior to any Conversion of Shares by the Investor pursuant to this clause 17.16, buy-back the Amount Outstanding of the Convertible Security, in accordance with the procedures in clause 5.1 by delivering a Buy-Back Notice to the Investor within twenty (20) days of receiving a notice from the Investor pursuant to clause 17.16(c).

17.17 Change in Law

- (a) If there is a Change in Law Termination Event, the Investor may, in accordance with the terms of this clause 17.17, by giving a notice to the Company, suspend or cancel its obligation to fund any further amount to the Company or effect the Closing.
- (b) Such suspension or cancellation will apply only to the extent necessary to avoid the event or circumstance which triggered the Change in Law Termination Event.
- (c) Upon a Change in Law Termination Event, the Investor shall, unless then prohibited by Law, have the right, but not the obligation, upon notice to the Company, to immediately convert the Convertible Security (and all Amounts Outstanding) into Shares notwithstanding any of the limitations or terms or conditions otherwise provided under clause 5.2 of this Agreement. Provided the Company is not prohibited by Law or otherwise from immediately issuing all of the underlying Investor's Shares in connection therewith to the Company, the Company shall not terminate this Agreement.
- (d) Notwithstanding anything to the contrary in this Agreement, at any time upon the occurrence of a Change in Law Termination Event, the Company may, prior to any Conversion of Shares by the Investor pursuant to this clause 17.17, buy-back the Amount Outstanding of the Convertible Security in accordance with the procedures in clause 5.1 by delivering a Buy-Back Notice to the Investor within twenty (20) days of receiving a notice from the Investor pursuant to clause 17.17(c).

17.18 Entire Agreement

This Agreement, including the Annexures and the Disclosure Schedule, and the instruments referenced in this Agreement, supersedes all prior agreements, understandings, negotiations and discussions, both oral and written, between the Parties, their Affiliates and persons acting on their behalf with respect to the subject matter of this Agreement and constitutes the entire agreement among the Parties with respect to the subject matter of this Agreement.

17.19 Governing Law

This Agreement is governed by the laws of the Province of Ontario and the federal laws of Canada applicable thereunder.

17.20 Jurisdiction

With respect to any legal action or proceedings arising out of or in any way related to this Agreement or its subject matter, other than the Security Documents, the Parties irrevocably and unconditionally:

- (a) submit to the non-exclusive jurisdiction of the courts with jurisdiction in Ontario sitting in Toronto; and
 - (b) waive any right to object to the venue on any ground.
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Executed as an agreement.

Executed by Bragg Gaming Group, Inc.

(signed) "Ronen Kannor"

Signature

Name: Ronen Kannor

Title: Chief Financial Officer

**Executed by Lind Global Fund II, LP, by its
general partner, Lind Global Partners II,
LLC**

(signed) "Jeff Easton"

Signature

Jeff Easton

Managing Member

Schedule 1 – Disclosure Schedule

[redacted – commercially sensitive information]

Annexure A – Warrant Certificate

Refer to the enclosed.

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THESE 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 U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY: (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY: (I) RULE 144 THEREUNDER, IF AVAILABLE; OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF PARAGRAPH (C)(I) OR (D) ABOVE, OR IF OTHERWISE REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT.

THIS WARRANT CERTIFICATE IS VOID IF NOT EXERCISED ON OR BEFORE
5:00 P.M. (NEW YORK TIME) ON [●], 2027.

WARRANT CERTIFICATE
BRAGG GAMING GROUP INC.
[●], 2022

Warrant Certificate No. 1

979,048 WARRANTS (the
"Warrants"), each Warrant entitling
the holder to acquire, subject to
adjustment, one Common Share of
Bragg Gaming Group Inc.

THIS IS TO CERTIFY THAT, for value received, Lind Global Fund II, LP (the "**Holder**") is entitled to subscribe for and purchase 979,048 fully paid and non-assessable Common Shares (the "**Warrant Shares**") of Bragg Gaming Group Inc. (the "**Corporation**") at the Exercise Price (as defined below) per Warrant Share until 5:00 p.m. (New York time) (the "**Expiry Time**") on the Expiry Date (as defined below).

The Warrants are exercisable at any time and from time to time after the date of this Warrant Certificate up to the Expiry Time, in whole or in part, subject, however, to the provisions of the Convertible Security Funding Agreement, as defined herein, and upon the terms and conditions hereinafter set out.

All references herein to dollar amounts are to the lawful money of Canada, unless specified otherwise.

1. Interpretation

In this Warrant Certificate, unless the context otherwise requires, capitalized terms used but not otherwise defined in this Warrant Certificate shall have the meaning ascribed thereto in the Convertible Security Funding Agreement, and the following terms have the following meanings:

- (a) "**50% Acceleration Event**" occurs only if the Common Shares trade at a VWAP of at least C\$11.60 on the Exchange on each of thirty (30) consecutive Trading Days;
- (b) "**50% Acceleration Right**" means the right of the Corporation to accelerate the Expiry Date to a date that is twenty-one (21) days following the date of the Acceleration Notice, upon the occurrence of a 50% Acceleration Event;
- (c) "**50% Acceleration Notice**" means the notice of acceleration deliverable to the Holder upon the Corporation's exercise of the 50% Acceleration Right;
- (d) "**100% Acceleration Event**" occurs only if: (i) the Common Shares trade at a VWAP of at least C\$18.56 on the Exchange on each of thirty (30) consecutive Trading Days; and (ii) all Amounts Outstanding under the Convertible Security have been converted or repaid in full in accordance with their terms (as such terms are defined in the Convertible Security Funding Agreement);
- (e) "**100% Acceleration Right**" means the right of the Corporation to accelerate the Expiry Date to a date that is twenty-one (21) days following the date of the Acceleration Notice, upon the occurrence of a 100% Acceleration Event;
- (f) "**100% Acceleration Notice**" means the notice of acceleration deliverable to the Holder upon the Corporation's exercise of the 100% Acceleration Right;
- (g) "**Business Day**" means any day of the year: (i) other than a Saturday, Sunday or a statutory holiday in New York, New York or Toronto, Ontario; and (ii) that is a Trading Day;
- (h) "**Common Shares**" means common shares in the share capital of the Corporation;
- (i) "**Convertible Security Funding Agreement**" means the convertible security funding agreement entered into on September 5, 2022 between the Corporation and Lind Global Fund II, LP;
- (j) "**Current Market Price**" means on any given date the VWAP on the Exchange (or, if the Common Shares are not listed and posted for trading on the Exchange, such other stock exchange or over-the-counter market on which the Common Shares may be listed or quoted) for the five (5) Trading Days ending three (3) Trading Days prior to the relevant date;
- (k) "**Exchange**" means the Toronto Stock Exchange or such other stock exchange on which the Common Shares are listed or quoted;
- (l) "**Exercise Price**" means C\$9.28;
- (m) "**Expiry Date**" means the earlier of: (i) [●], 2027; and (ii) the date that is twenty-one (21) days after the date of an 100% Acceleration Notice;
- (n) "**Restricted Security Agreements**" means the conditions set forth in 21(b)(i)-(vi);
- (o) "**U.S. Person**" means a "U.S. person" as such term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act;

- (p) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended; and
- (q) "**Warrant Certificate**" means this certificate representing the Warrants.

2. Adjustment due to 50% Acceleration Right Exercise by Corporation

- (a) Upon the occurrence of a 50% Acceleration Event, the Corporation will be entitled (at its sole discretion) (the "**50% Acceleration Right**") to accelerate the expiry time of fifty percent (50%) of the Warrants outstanding under this Warrant Certificate by delivering a notice (the "**50% Acceleration Notice**") to the Holder specifying the following information: (i) identifying the thirty (30) consecutive Trading Days during which the Common Shares traded on the Exchange at a VWAP above C\$11.60 on each such Trading Day, (ii) details of the VWAP calculation, and (iii) the new expiry time at which the 50% Acceleration Subject Warrants shall be cancelled and become null and void (the "**50% Acceleration Expiry Date**"), which shall be at least twenty-one (21) days after the date the 50% Acceleration Notice is delivered to the Holder. A 50% Acceleration Notice will be delivered by the Corporation to the Holder in the manner provided in Section 10. The Corporation shall not deliver a 50% Acceleration Notice if an Event of Default has occurred and is continuing, and any 50% Acceleration Notice delivered in such circumstances shall be null and void.
- (b) The Corporation may only exercise the 50% Acceleration Right once prior to the Expiry Date, and provided that the 50% Acceleration Event has occurred.
- (c) The Holder may exercise the Warrants subject to the 50% Acceleration Right (the "**50% Acceleration Subject Warrants**") at any time prior to 5:00 p.m. (New York Time) on the 50% Acceleration Expiry Date.
- (d) If the Corporation exercises the 50% Acceleration Right and the Holder does not exercise the 50% Acceleration Subject Warrants, the 50% Acceleration Subject Warrants shall be cancelled and become null and void at 5:00 p.m. (New York Time) on the 50% Acceleration Expiry Date and the Corporation shall promptly issue a new Warrant Certificate to the Holder for the number of Warrants equal to the number of Warrants outstanding under this Warrant Certificate less the number of 50% Acceleration Subject Warrants in the same form as this Warrant Certificate but with all references to "50% Acceleration Right", "50% Acceleration Notice", "50% Acceleration Subject Warrants" and "50% Acceleration Expiry Date" deleted from such replacement certificate, such certificate to be delivered by courier to the Holder.
- (e) The Corporation may also exercise its 100% Acceleration Right upon the occurrence of a 100% Acceleration Event in accordance with section 9.

3. Exercise of Warrants.

- (a) The Warrants may be exercised in whole or in part from time to time in the sole discretion of the Holder by delivery to the Corporation at its principal office in Toronto, as set forth in clause 17.7(e) of the Convertible Security Funding Agreement, of a written notice of exercise in the form attached as Schedule A hereto prior to the Expiry Time specifying the number of Warrant Shares with respect to which the Warrants are then being exercised and accompanied by payment in full of the purchase price for the Warrant Shares then being purchased and the original copy of this Warrant Certificate. In the event that the Holder subscribes for and purchases less than the full number of Warrant Shares entitled to be subscribed for and purchased under this Warrant Certificate prior to the Expiry Time, the Corporation shall issue a new certificate to the Holder in the same form as this Warrant Certificate with appropriate changes, such certificate to be delivered by courier to the Holder concurrently with the delivery by courier to the Holder of the certificates representing the Warrant Shares acquired on exercise.

- (b) Upon due exercise of the Warrants by the Holder (including receipt by the Corporation of the aggregate Exercise Price for the Warrant Shares then being purchased), the Warrant Shares so subscribed for shall be deemed to have been issued as fully paid and non-assessable shares and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the date of exercise unless the transfer books of the Corporation shall be closed on such date, in which case the Warrant Shares so subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer books were reopened and such Warrant Shares shall be issued at the Exercise Price in effect on the date of exercise.
- (c) Notwithstanding the partial exercise of the Warrants by the Holder, the Warrants may be exercised at any time (and from time to time) prior to the Expiry Time for all or any part of the Warrant Shares which, prior to such time, have not been issued to the Holder. The Holder will be deemed to have represented and warranted its compliance with the re-sale and transfer restrictions set forth in section 21(b) below upon the exercise of any Warrants in the United States or to, or for the account or benefit of, any U.S. Person.
- (d) When the transfer books of the Corporation have been opened for three (3) Business Days after the due exercise or partial exercise of the Warrants, the Corporation shall use its reasonable best efforts to cause a certificate evidencing the number of Warrant Shares so subscribed for to be delivered by courier to the person in whose name such Warrant Shares are to be issued (as specified in the notice of exercise) at the address specified in the notice of exercise, within five (5) Business Days thereafter or shall cause the Warrant Shares to be entered into a direct registration or other electronic book-entry system if no certificates are issued, provided that, if no certificates are issued, such Warrant Shares may be issued with a restricted CUSIP.
- (e) The Warrants and the Warrant Shares have not been registered under the U.S. Securities Act. The Warrants may not be exercised within the United States or by or on behalf of a U.S. Person unless registered or exempt from the registration requirements thereunder.
- (f) Subject to the terms hereof, at any time after the expiration of the Lock-Up Period, this Warrant Certificate may be transferred, subject to the terms set forth in the transfer form attached as Schedule B hereto ("**Transfer Form**"), by the Holder to an Affiliate of the Holder or to a limited partner(s) of the Holder, without the prior written consent of the Corporation, and otherwise, with the prior written consent of the Corporation, acting reasonably. No transfer of this Warrant Certificate shall be effective unless this Warrant Certificate is accompanied by a duly executed Transfer Form or other instrument of transfer in such form as the Corporation may from time to time prescribe, together with such evidence of the genuineness of each endorsement, execution and authorization and of other matters as may be required by the Corporation, and delivered to the Corporation. No transfer of this Warrant Certificate shall be made if, in the opinion of counsel to the Corporation, such transfer would result in the violation of any applicable securities laws. Subject to the foregoing, and including written consent of the Corporation if required above, the Corporation shall issue and mail, as soon as practicable, and in any event within five (5) Business Days of the receipt by the Corporation of this Warrant Certificate and the Transfer Form, a new Warrant Certificate (with or without legends as determined by the Corporation) registered in the name of the transferee or as the transferee may direct and shall take all other necessary actions to effect the transfer as directed.
- (g) In the event that an exercise of Warrants would result in the Holder becoming an "insider" (as defined in the TSX Rules) of the Corporation, such exercise of Warrants will be postponed and will not be effective until the Exchange has approved a personal information form, or waived the requirement therefor, in respect of the Holder. In addition, in the event that an exercise of Warrants would "materially affect control" (as defined in the TSX Rules) of the Corporation, such exercise of Warrants will be postponed and will not be effective until the parties comply with any requirements under the TSX Rules, if any.

4. Rights of Holder Before Exercise of Warrants

The Holder shall not have any rights whatsoever as a shareholder in respect of the Warrant Shares until the Warrants are exercised, in whole or in part, and payment for the Warrant Shares thereby purchased has been made.

5. Adjustments to Number or Kind of Securities Issuable on Exercise

- (a) If, at any time prior to the Expiry Time, there occurs:
- (i) a reclassification or redesignation of the Common Shares or any other capital reorganization other than a Common Share Reorganization (as defined below); or
 - (ii) a consolidation, merger or amalgamation of the Corporation with or into any other corporation or entity or an arrangement with any other corporation or entity which results in the cancellation, reclassification or redesignation of the Common Shares or a change or conversion of the Common Shares into other shares or securities or the holders of the Common Shares becoming entitled to receive shares or other securities of the other corporation or entity, or the transfer of all or substantially all of the assets of the Corporation to another corporation or entity or the Corporation being controlled (within the meaning of the *Income Tax Act* (Canada)) by another corporation or entity;

(any such event being herein called a "**Capital Reorganization**"), then, immediately upon the effective time of such Capital Reorganization and at all times thereafter, a Holder who exercises its right to subscribe for Warrant Shares shall be entitled to be issued and receive and shall accept for the same aggregate consideration, upon such exercise, in lieu of the number of Warrant Shares to which it was theretofore entitled upon exercise of the Warrants, the kind and aggregate number of shares or other securities or property of the Corporation or of the corporation or other entity resulting from such Capital Reorganization or any other corporation that the Holder would have been entitled to be issued and receive upon such Capital Reorganization if, immediately prior to the effective time thereof, it had been the registered holder of the number of Warrant Shares to which it was theretofore entitled upon exercise of the Warrants.

- (b) If necessary as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this section with respect to the rights and interest thereafter of the Holder to the end that the provisions set forth in this section shall thereafter correspondingly be made applicable as nearly as may reasonably be practicable in relation to any shares or other securities or property thereafter issuable and deliverable upon the exercise of the Warrants.
- (c) If at any time after the date hereof and prior to the Expiry Time any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of subsection 66(a), then the number of Warrant Shares issuable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Warrant Shares issuable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment or readjustment of the Exercise Price.

6. Adjustment of Exercise Price

- (a) If, at any time prior to the Expiry Time, the Corporation shall:
- (i) subdivide the outstanding Common Shares into a greater number of shares;
 - (ii) consolidate the outstanding Common Shares into a lesser number of shares; or

- (iii) make a distribution, (other than a distribution referred to in subsection 6(c) of this Warrant Certificate) to the holders of all or substantially all of the Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;

(any such event being herein called a "**Common Share Reorganization**"), then the Exercise Price shall be adjusted, effective immediately after the effective date or record date at which holders of Common Shares are determined for the purposes of the Common Share Reorganization, by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction of which:

- A. the numerator shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization; and
- B. the denominator shall be the number of Common Shares outstanding immediately after giving effect to such Common Shares Reorganization, including, without limitation, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding if such securities had been exchanged for or converted into Common Shares on such date.

To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection (a) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiration of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable pursuant to such exchangeable or convertible securities after such expiration.

- (b) If, at any time prior to the Expiry Time, the Corporation shall fix a record date for the issue to the holders of all or substantially all of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (which period is herein called the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or, in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) of less than 95% of the Current Market Price of the Common Shares on such record date (any such event being herein called a "**Rights Offering**"), the Exercise Price shall be adjusted, effective immediately after the record date, to a price determined by multiplying the Exercise Price in effect on such date by a fraction of which:

- (i) the numerator shall be the aggregate of:
 - A. the number of Common Shares outstanding on the record date for the Rights Offering; and
 - B. the number determined by dividing:
 - (l) either:
 - (x) the product of the number of Common Shares offered for issue during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering and the price at which such Common Shares are offered; or
 - (y) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which

the securities so offered pursuant to the Rights Offering are exchangeable or convertible,

as the case may be, by:

- (II) the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (ii) the denominator shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to such Rights Offering (or the number of Common Shares into which the securities so offered may be exchanged or converted).

If by the terms of the rights, options or warrants referred to in this subsection (b), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation or any subsidiary of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection (b) as a result of the fixing by the Corporation of a record date or the distribution of rights, options or warrants referred to in this subsection (b), the Exercise Price shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiration.

- (c) If, at any time prior to the Expiry Time, the Corporation shall issue or distribute to the holders of all or substantially all of the Common Shares:
 - (i) Common Shares or other securities of the Corporation including, without limitation, rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares or any property or asset of the Corporation (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date), and including, without limitation, evidences of indebtedness; or
 - (ii) any property or other assets including, without limitation, cash,

and such issuance or distribution does not constitute a Rights Offering or a Common Share Reorganization (any such issuance or distribution being herein called a "**Special Distribution**"), then the Exercise Price shall be adjusted, effective immediately after the record date at which the holders of Common Shares are determined for purposes of the Special Distribution, to a price determined by multiplying the Exercise Price in effect on the record date of the Special Distribution by a fraction of which:

- A. the numerator shall be the difference between:
 - (I) the product of the number of Common Shares outstanding on the record date and the Current Market Price of the Common Shares on the record date; and

- (II) the fair market value to the holders of Common Shares, as determined by the board of directors of the Corporation acting reasonably, of the securities, rights, options, warrants, evidences of indebtedness or other assets issued or distributed in the Special Distribution; and
- B. the denominator shall be the product of the number of Common Shares outstanding on the record date and the Current Market Price of the Common Shares on the record date.

Any Common Shares owned by or held for the account of the Corporation or any subsidiary shall be deemed not to be outstanding for the purpose of such computation. To the extent that any adjustment in the Exercise Price occurs pursuant to this subsection (c) as a result of the fixing by the Corporation of a record date for the distribution of exchangeable or convertible securities or rights, options or warrants referred to in this subsection (c), the Exercise Price shall be readjusted immediately after the expiration of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable pursuant to such exchangeable or convertible securities immediately after such expiration.

7. Adjustment Rules

- (a) Subject to the other provisions of this section 7, any adjustment made pursuant to sections 5 or 6 are cumulative and shall be made successively whenever any event referred to in either of such sections shall occur.
- (b) In any case where an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event:
 - (i) issuing to the Holder, by reason of the adjustment required by such event, the additional Warrant Shares issuable upon exercise of the Warrants after such record date and before the occurrence of such event; and
 - (ii) delivering to the Holder any distributions declared with respect to such additional Warrant Shares after the exercise of the Warrants and before such event,

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

- (c) No adjustment in the Exercise Price shall be required unless the adjustment would result in a change of at least 1% in the Exercise Price then in effect and no adjustment shall be made in the number of Warrant Shares issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Warrant Share, provided, however, that any adjustments which, except for the provisions of this subsection (c) would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.
- (d) No adjustment in the Exercise Price or in the number or kind of securities issuable on exercise of the Warrants shall be made in respect of any event described in sections 5 or 6 if the Holder is entitled to participate in such event (subject to TSX acceptance) on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the effective date or record date, as the case may be, of such event.

- (e) If the Corporation shall set a record date to determine shareholders for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, no adjustment in the Exercise Price or the number of Warrant Shares issuable upon exercise of these Warrants shall be required by reason of the setting of such record date.
- (f) In the absence of a resolution of the directors of the Corporation fixing a record date for a stock dividend or other distribution comprising a Common Share Reorganization, a Rights Offering or a Special Distribution, the Corporation shall be deemed to have fixed as the record date therefor the effective date of such event.
- (g) The Corporation will not, whether pursuant to an adjustment under sections 5 and 6 or any other circumstances, be obligated to issue any fraction of a Warrant Share on any exercise or partial exercise of the Warrants. If any fractional interest in a Warrant Share would, except for the provisions of this section 7(g), be issuable upon the exercise or partial exercise of the Warrants, the number of Warrant Shares issuable shall be rounded down to the nearest whole number.
- (h) In the event of any question arising with respect to the adjustments provided for in sections 5 or 6, such question shall conclusively be determined by a firm of reputable chartered accountants appointed by the Corporation, which accountants may be the Corporation's auditors. Such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.

8. Proceedings Prior to Action Requiring Adjustment

- (a) As a condition precedent to the taking of any action that would require an adjustment pursuant to sections 5 or 6, the Corporation shall take or cause to be taken all such action as, in the opinion of counsel of the Corporation, may be necessary in order that the Holder shall be entitled to receive, upon exercise of the Warrants, the shares or other securities or property provided for under the provisions hereof.
- (b) Adjustments to the Exercise Price or the number of Warrant Shares purchasable pursuant to this Warrant Certificate may be subject to the prior approval of the Exchange.

9. 100% Acceleration Right

The Corporation will be entitled, in its sole discretion, to exercise its 100% Acceleration Right upon the occurrence of a 100% Acceleration Event by delivering a 100% Acceleration Notice to the Holder. A 100% Acceleration Notice must include the following information: (i) identifying the thirty (30) consecutive Trading Days during which the Common Shares traded on the Exchange at a VWAP above C\$18.56 on each such Trading Day, (ii) details of the VWAP calculation, and (iii) the new Expiry Date. A 100% Acceleration Notice will be delivered by the Corporation to the Holder in the manner provided in section 10 on the date of the 100% Acceleration Notice. The Corporation shall not deliver a 100% Acceleration Notice if any Amount Outstanding under the Convertible Security remains outstanding, or if an Event of Default has occurred and is continuing, and any 100% Acceleration Notice delivered in such circumstances shall be null and void. Following delivery of a valid 100% Acceleration Notice, the Expiry Date of the Warrants shall be the Expiry Date set out in the 100% Acceleration Notice.

10. Notice

At least fourteen (14) days prior to any record date or effective date, as the case may be, for any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price and the number of Warrant Shares that are purchasable under this Warrant Certificate, the Corporation will deliver to the Holder, at the Holder's registered address, a

certificate of the Corporation specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment has been given that is not then determinable, the Corporation will promptly after such adjustment is determinable deliver to the Holder, at the Holder's registered address, a certificate providing the calculation of such adjustment. The Corporation hereby covenants and agrees that the register of transfers and share transfer books for the Warrant Shares will be open, and that the Corporation will not take any action that might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such fourteen (14) day period. Any notice given by one party to the other party hereunder shall be given in accordance with clause 17.7 of the Convertible Security Funding Agreement.

11. Replacement

Upon receipt of evidence satisfactory to the Corporation of the loss, theft, destruction or mutilation of this Warrant Certificate and, if requested by the Corporation, upon delivery of a bond of indemnity satisfactory to the Corporation (or, in the case of mutilation, upon surrender of this Warrant Certificate), the Corporation will issue to the Holder a replacement certificate (containing the same terms and conditions as this Warrant Certificate).

12. Covenants

The Corporation covenants with the Holder that so long as any obligations of the Corporation under this Warrant Certificate remain outstanding:

- (a) it will use its reasonable best efforts to: at all times maintain its existence, carry on and conduct its business in a prudent manner in accordance with industry standards and good business practice, and keep or cause to be kept proper books of account in accordance with generally accepted accounting practice, subject to the completion of a Capital Reorganization in accordance with subsection 12(g) below;
- (b) it will cause the certificates evidencing the Warrant Shares, from time to time, subscribed and paid for, upon the exercise of the Warrants, to be duly issued and delivered in accordance with the conditions hereof or cause such Warrant Shares to be entered into a direct registration or other electronic book-entry system if no certificates are issued, provided that, if no certificates are issued, such Warrant Shares may be issued with a restricted CUSIP;
- (c) all Warrant Shares which shall be issued upon valid exercise of the Warrants and payment of the Exercise Price shall be fully paid and non-assessable shares;
- (d) it will reserve and keep available a sufficient number of Warrant Shares for the purpose of enabling it to satisfy its obligation to issue Warrant Shares upon the exercise of the Warrants;
- (e) it will use its commercial best efforts to:
 - (i) ensure that the Common Shares remain listed on the Exchange; and
 - (ii) maintain the status of the Corporation as a reporting issuer not in default and otherwise remain in full compliance with the periodic reporting and other substantive requirements under the securities legislation of each of the Provinces and Territories of Canada in which it is a reporting issuer,

provided that this covenant shall not prevent the Corporation from completing any transaction would result in the Corporation ceasing to be listed on the Exchange so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or the United States or cash, or the holders of the Common Shares have approved such transaction in accordance with the requirements of Canadian securities laws and corporate laws;

- (f) except as required by law, it will not close its transfer books or take any other action which might deprive the Holder of the opportunity of exercising its right to subscribe for Warrant Shares pursuant to the Warrant during the period of fourteen (14) days after the giving of a notice required by section 10 or unduly restrict such opportunity;
- (g) it shall not complete or facilitate a Capital Reorganization if the effect of such Capital Reorganization is that:
 - (i) all or substantially all of its assets become the property of, or are under the control of, or it is controlled (within the meaning of the *Income Tax Act* (Canada)) by, any other person (an "**Acquiring Person**"); and
 - (ii) holders of Common Shares receive any other security in replacement of, or in addition to, their Common Shares,

unless, at or prior to or contemporaneously with the effective time of such Capital Reorganization, the Corporation and the Acquiring Person shall have executed such instruments and done such things as the Corporation, acting reasonably, considers necessary or advisable to establish that upon the consummation of such transaction:

- (iii) the Acquiring Person will have assumed all the covenants and obligations of the Corporation under this Warrant Certificate; and
- (iv) the Warrant and the terms set forth in this Warrant Certificate will be a valid and binding obligation of the Acquiring Person entitling the Holder, as against the Acquiring Person, to all the rights of the Holder under this Warrant Certificate.

The Acquiring Person shall possess, and from time to time may exercise, each and every right and power of the Corporation under this Warrant in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any director or officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the Acquiring Person; and

- (h) generally it will perform and carry out all of the acts or things to be done by it as provided by this Warrant Certificate.

13. Representations and Warranties

The Corporation represents and warrants to the Holder that:

- (a) it has obtained all required corporate authorization for the creation and issue of the Warrants and the performance of its obligations in connection with the Warrants and has provided for the issuance, subject only to the valid exercise of the Warrants and receipt by the Corporation of the Exercise Price, of the Warrant Shares which Warrant Shares, when issued, will be issued as fully paid and non-assessable shares;
- (b) it has obtained all regulatory approvals (including, without limitation, the approvals of the Exchange) necessary for the issuance of the Warrants and the Warrant Shares to the Holder, and the Warrant Shares, when issued, in accordance with the terms hereof, will be listed and posted for trading on the Exchange;
- (c) it is a "reporting issuer" not in default under the applicable securities legislation of each of the Provinces and Territories of Canada;
- (d) the execution, delivery and performance by the Corporation of this Warrant Certificate will not violate any provision of the constating documents of the Corporation or any material contract to

which the Corporation is a party or by which the Corporation is bound, nor will it create an event of default thereunder; and

- (e) this Warrant Certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Warrant Certificate.

14. Time of the Essence

Time shall be of the essence of this Warrant Certificate.

15. Governing Law

This Warrant Certificate shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Holder and the Company irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario situated in the City of Toronto.

16. Headings

The division of this Warrant Certificate into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Warrant Certificate. The section headings in this Warrant Certificate are not intended to be full or accurate descriptions of the text to which they refer and shall not be considered part of this Warrant Certificate.

17. Number and Gender

In this Warrant Certificate, words (including, without limitation, defined terms) in the singular include the plural and vice-versa and words in one gender include all genders.

18. Invalidity

If any provision of this Warrant Certificate is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision shall be deemed to be severed herefrom, and the remaining provisions of this Warrant Certificate shall not be affected thereby and shall remain valid and enforceable.

19. Amendment

This Warrant Certificate may only be amended, supplemented or otherwise modified by a written agreement signed by the Corporation and the Holder.

20. Further Assurances

The Corporation shall do such acts and shall execute such documents and will cause the doing of acts and will cause the execution of such further documents as are within its power in order to give full effect to the provisions of this Warrant Certificate.

21. Legends and Re-sale Restrictions

- (a) If any Warrants are exercised in the United States or by or on behalf of a U.S. Person, the certificates representing the Warrant Shares to be issued pursuant to such exercise shall bear the following legend:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE

CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY: (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY: (I) RULE 144 THEREUNDER, IF AVAILABLE; OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF PARAGRAPH (C)(I) OR (D) ABOVE, OR IF OTHERWISE REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

- (b) or, if issued in uncertificated form pursuant to Box 2 of the Exercise Form attached as Schedule A hereto, be issued with a restricted CUSIP in accordance with section 3(d). Further, the Holder understands and acknowledges that, Warrant Shares issued uncertificated form pursuant to Box 2 of the Exercise Form attached as Schedule A hereto, that until such time as the Warrant Shares are no longer restricted securities pursuant to Rule 144(a)(3) under the U.S. Securities Act, the Holder agrees to the following (i) the Warrant Shares will not be offered, sold, pledged or otherwise transferred, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person and will only be offered and sold in "offshore transactions" (as such term is defined in Rule 902(h) of Regulation S under the U.S. Securities Act) pursuant to Rule 904 of Regulation S under the U.S. Securities Act, (ii) for so long as the Warrant Shares constitute "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, it will not deposit any of the Warrant Shares into the facilities of the Depository Trust Company, or a successor depository within the United States, or arrange for the registration of any of the Warrant Shares with Cede & Co. or any successor thereto, (iii) it will cause any CDS Clearing and Depository Services Inc. participant or other nominee holding the Warrant Shares on its behalf to comply with the Restricted Security Agreements, (iv) it is not, at the time of the resale of any of the Warrant Shares will not be, an "affiliate" (as such term is defined in Rule 405 under the U.S. Securities Act) of the Corporation, (v) it has implemented appropriate internal controls and procedures to ensure that it is able to comply with the restrictions set forth herein, and (vi) it will indemnify the Corporation, and each of its officers and directors against any loss or liability incurred or suffered by any of them as a result of the failure by the Holder to comply with the foregoing Restricted Security Agreements.
- (c) For any unexercised Warrants in the United States or by or on behalf of a U.S. Person, the certificates representing the Warrants to be re-issued shall bear the following legends:

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THESE 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 U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY: (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY: (I) RULE 144 THEREUNDER, IF AVAILABLE; OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND, IN BOTH CASES, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE

UNITED STATES; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF PARAGRAPH (C)(I) OR (D) ABOVE, OR IF OTHERWISE REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT.

22. Successors and Assignment

Subject to compliance with all applicable securities legislation and the approval of the Exchange (if required in the circumstances), this Warrant Certificate and the rights evidenced by this Warrant Certificate may be transferred or assigned by the Holder in accordance with the terms hereof.

This Warrant Certificate shall enure to the benefit of and be binding upon the Corporation, the Holder and their successors. Reference in this Warrant Certificate to a "successor" of any body corporate shall be construed so as to include, but not limited to:

- (a) any amalgamated or other corporation of which such body corporate or any of its successors is one of the amalgamating or merging corporations;
- (b) any corporation resulting from any court approved arrangement of which such body corporate or any of its successors is a party;
- (c) any corporation resulting from the continuance of such body corporate or any successor of it under the laws of another jurisdiction of incorporation; and
- (d) any successor (determined as aforesaid or in any similar or comparable procedure under the laws of any other jurisdiction) of any corporation referred to in clause (a), (b) or (c).

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be executed by its duly authorized officer.

BRAGG GAMING GROUP INC.

Per: _____
Name: Ronen Kannor
Title: Chief Financial Officer

SCHEDULE "A"

WARRANT EXERCISE FORM

TO: BRAGG GAMING GROUP INC. (the "Corporation")

In accordance with the provisions of a warrant certificate dated [●], 2022 between the undersigned and the Corporation (the "Warrant Certificate"), the undersigned hereby exercises the Warrants, as indicated below:

| # of Warrant Shares Purchased | Exercise Price/Share | Total Price |
|-------------------------------|----------------------|-------------|
| _____ | CDN\$ _____ | CDN\$ _____ |

The undersigned represents that as of the date of this warrant exercise form ("Exercise Form"), the undersigned (together with its related parties and joint actors, if any) beneficially owns and/or exercises control or direction over _____ Shares of the Corporation, and that the undersigned has made all reasonable inquiries to ensure that such information is accurate. The undersigned acknowledges and agrees that the forgoing information confirming the number of securities held by the undersigned must be verified and certified by a senior officer of the Corporation in the form of Exhibit A to this Schedule "A" prior to any securities being issued to the undersigned hereunder.

The undersigned acknowledges and agrees that, in accordance with clause 5.4(f) of the Convertible Security Funding Agreement (as defined in the Warrant Certificate), if the Corporation and/or the TSX determine that the exercise of this Warrant Certificate contemplated by this Exercise Form would result in the Investor becoming an "insider" (as defined in TSX Rules) of the Corporation and/or "materially affect control" (as defined in TSX Rules) of the Corporation, the undersigned may be precluded from effecting such exercise, in whole or in part, until the undersigned and the Corporation comply with all requirements under TSX Rules.

The undersigned holder and the Corporation each confirm that they acknowledge the restrictions set forth in clause 5.4(a) the Convertible Security Funding Agreement with respect to the maximum number of Common Shares issuable without prior TSX approval.

In connection with the exercise of the Warrant Certificate, the undersigned represents as follows: (Please check the ONE box applicable):

1. The undersigned hereby certifies that: (a) at the time of exercise, it is not a U.S. Person and did not execute this Warrant Exercise Form while within the United States; (b) it is not exercising any of the Warrants represented by the Warrant Certificate by or on behalf of any U.S. Person or any person who is within the United States; (c) no "directed selling efforts" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) have been engaged in by the undersigned or on the undersigned's behalf; and (d) has in all other respects complied with the terms of an Off-Shore Transaction in compliance with Regulation S under the U.S. Securities Act.

2. The undersigned holder: (a) is the original holder of the Warrants acquired pursuant to Convertible Security Funding Agreement of the Corporation dated September 5, 2022 (the "Convertible Security Funding Agreement"); (b) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants pursuant to the Convertible Security Funding Agreement and for whose account such holders exercises sole investment discretion; (c) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act both on the date the Warrants were

purchased and on the date hereof; and (d) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Corporation in connection with the acquisition of the Warrants pursuant to Convertible Security Funding Agreement remain true and correct on the date hereof. In connection with such exercise, the holder agrees to the following (i) the Warrant Shares will not be offered, sold, pledged or otherwise transferred, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person and will only be offered and sold in "offshore transactions" (as such term is defined in Rule 902(h) of Regulation S under the U.S. Securities Act) pursuant to Rule 904 of Regulation S under the U.S. Securities Act, (ii) for so long as the Warrant Shares constitute "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, it will not deposit any of the Warrant Shares into the facilities of the Depository Trust Company, or a successor depository within the United States, or arrange for the registration of any of the Warrant Shares with Cede & Co. or any successor thereto, (iii) it will cause any CDS Clearing and Depository Services Inc. participant or other nominee holding the Warrant Shares on its behalf to comply with the Restricted Security Agreements, (iv) it is not, at the time of the resale of any of the Warrant Shares will not be, an "affiliate" (as such term is defined in Rule 405 under the U.S. Securities Act) of the Corporation, (v) it has implemented appropriate internal controls and procedures to ensure that it is able to comply with the restrictions set forth herein, and (vi) it will indemnify the Corporation, and each of its officers and directors against any loss or liability incurred or suffered by any of them as a result of the failure by the Holder to comply with the foregoing Restricted Security Agreements.

3. The undersigned is delivering a written opinion of U.S. counsel to the effect that the Warrant Shares to be delivered upon exercise hereof have been registered under the U.S. Securities Act or are exempt from registration thereunder.

Notes:

1. Warrant Shares will not be registered or delivered to an address in the United States unless Box 2 or 3 above is checked.

2. If Box 3 above is checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with the exercise will be satisfactory in form and substance to the Corporation.

3. The terms "United States", "U.S. Person" and "Off-Shore Transaction" have the meaning ascribed thereto pursuant to Regulation S under the U.S. Securities Act.

To pay for that portion of the Warrants being exercised, the undersigned, encloses a certified cheque or bank draft in Canadian currency made payable to the Corporation in the amount of CDN\$ _____

_____.

The undersigned hereby directs that the Warrant Shares be issued as follows:

| NAME(S) IN FULL | ADDRESS(ES) | NUMBER OF WARRANT SHARES |
|-----------------|-------------|--------------------------|
| | | |
| | | |
| | | |

The certificate(s) issued representing the Warrant Shares or related entry into a direct registration or other electronic book-entry system to which the undersigned is entitled following this exercise is to be in the name indicated below and, if issued, certificate(s) are to be forwarded to the undersigned at the address set forth below:

Name: _____

Address: _____

If the Warrant Exercise Form indicates that Warrant Shares are to be issued to a person or persons other than the registered holder of the Warrant Certificate, the signature on this Warrant Exercise Form must be guaranteed by a Canadian chartered bank, or eligible guarantor institution with membership in an approved signature guarantee medallion program. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed".

Dated this _____ day of _____, 20__

Signature of Holder guaranteed by:

Medallion Signature Guarantee Stamp of Holder

Signature of Holder

Witness

Signature of Holder

Name of Holder

Name of Authorized Representative

Address of Holder

EXHIBIT "A" TO SCHEDULE "A"
OFFICER'S CERTIFICATE

TO: TORONTO STOCK EXCHANGE

Reference is made to the Convertible Security Funding Agreement dated September 5, 2022 (the "**Agreement**") between Bragg Gaming Group Inc. (the "**Corporation**") and Lind Global Fund II, LP (the "**Warrantholder**"). All capitalized terms used herein shall have the meanings ascribed thereto in the Agreement, unless otherwise defined herein.

The undersigned, _____, being [a senior officer] of the Corporation, hereby certifies, for and on behalf of the Corporation in [his/her] capacity as an officer of the Corporation and not in his personal capacity, after having made due inquiry and to the best of [his/her] knowledge that, [the Warrantholder] (together with its related parties and joint actors, if any) beneficially owns and/or exercises control or direction over _____ Shares of the Corporation.

BRAGG GAMING GROUP INC

Per: _____
[●]

SCHEDULE "B"

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned (the "**Transferor**") hereby sells, assigns and transfers unto _____, (the "**Transferee**") (include name and address of the transferee) _____ (number of Warrants) Warrants exercisable for common shares of Bragg Gaming Group Inc. (the "**Corporation**") registered in the name of the undersigned on the register of the Corporation maintained therefor, and hereby irrevocably appoints the Corporate Secretary of the Corporation as the attorney of the undersigned to transfer the said securities on the books maintained by the Corporation with full power of substitution.

Capitalized terms not defined herein have the meaning set out in the attached Warrant Certificate dated _____, 2022 (the "**Warrant Certificate**").

DATED this _____ day of _____, 20__.

Signature of Transferor guaranteed by:

Medallion Signature Guarantee Stamp of Transferor

Signature of Transferor

Name of Transferor

Name of Authorized Representative

Address of Transferor

THE UNDERSIGNED HERBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold, pledged or transferred to, or for the account or benefit of, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")) or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration requirements is available, and an opinion of counsel confirming same, in form and substance acceptable to the Corporation and its counsel, or such other evidence as the Corporation may require, has been delivered to the Corporation. The undersigned Transferor understands and agrees that it shall bear all costs associated with: (a) obtaining any legal opinion tendered to the Corporation; and (b) the issuance of any new Warrant Certificate and any applicable transfer fees thereto, in connection with the transfer of Warrants in the United States or to, or for the account or benefit of, U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) pursuant to an exemption from the registration requirements of the U.S. Securities Act and is encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with such transfer will be satisfactory in form and substance to the Corporation.

It is understood that the Corporation may require additional evidence necessary to verify the foregoing.

DATED this _____ day of _____, 20__.

Witness

Signature of Transferor

Name of Transferor

Name of Authorized Representative

Address of Transferor

Note:

The signature of the Transferor must correspond with the name written upon the face of this Warrant Certificate in every particular without any changes whatsoever.

DATED this _____ day of _____, 20____.

Witness

Signature of Transferee

Name of Transferee

Name of Authorized Representative

Address of Transferee

Annexure B – Funds Flow Request

Bragg Gaming Group, Inc. –Convertible Security Funding Agreement – Flow of Funds Request

In connection with a Convertible Security Funding Agreement, dated September 5, 2022 (the **Agreement**) between Bragg Gaming Group, Inc. (**Company**) and Lind Global Fund II LP (**Investor**), the Company irrevocably authorises the Investor to distribute such funds as set out below, in the manner set out below, at the Closing.

Capitalised terms used but not otherwise defined in this letter will have the meaning given to such terms in the Agreement.

| <i>Item</i> | <i>Amount</i> |
|----------------------|--------------------------|
| Convertible Security | US\$[<i>to insert</i>] |
| Total | US\$[<i>to insert</i>] |

Please transfer the net amount of US\$[*to insert*] due at the Closing, to the following bank account:

Beneficiary Bank: [●]
Swift code: [●]
ABA/Routing [●]
Account # [●]

Beneficiary name and address: [●]

Yours sincerely,

BRAGG GAMING GROUP, INC.

By: _____

Name

Title
