

AGENCY AGREEMENT

(Capital Pool Company)

MEMORANDUM OF AGREEMENT dated the 15th day of September, 2022.

AMONG:

AUKA CAPITAL CORP., a corporation incorporated under the laws of Alberta (the "**Corporation**")

- and -

CANACCORD GENUITY CORP., a corporation with an office in the City of Calgary, in the Province of Alberta (the "**Agent**")

WHEREAS:

- A. The Corporation wishes to raise funds for the purposes described in the Prospectus (as defined herein) by offering for sale the Offered Shares (as defined herein) at the Share Price (as defined herein) (the "**Offering**");
- B. The Corporation has agreed to file the Prospectus in accordance with the Securities Legislation (as defined herein) in order to qualify the distribution of the Offered Shares, Directors' and Officers' Options and the Agent's Warrants in the Offering Jurisdictions (as defined herein); and
- C. The Corporation wishes to retain the Agent, and the Agent is willing to act as agent of the Corporation to solicit subscriptions for the Offered Shares on a commercially reasonable efforts agency basis, subject to the terms and conditions hereof;

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

1. DEFINITIONS

- 1.1 For the purposes of this agreement and any amendments hereto the following words and phrases shall have the following meanings:
 - (a) "**Agent's Shares**" means the Common Shares issued to the Agent upon exercise of the Agent's Warrants;
 - (b) "**Agent's Warrants**" means the non-transferable compensation warrants to be granted to the Agent and its designated sub-agents, if any, pursuant to Section 2.4 hereof;
 - (c) "**Agreement**" means this agreement, the recitals, the schedules attached hereto and any amendments;
 - (d) "**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary are not generally open for business;

- (e) "**Closing**" means the completion of the transactions contemplated by this Agreement on the Closing Date, provided that no Closing may occur until the Total Subscription has been achieved, as herein provided;
- (f) "**Closing Date**" means the date upon which Closing occurs, which date shall be agreed to between the Corporation and the Agent and shall not be more than 90 days from the date of the issuance of a receipt for the Prospectus by the Commissions, or such other date as the parties hereto may agree and Securities Legislation may allow;
- (g) "**Commissions**" means the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission;
- (h) "**Common Share**" or "**Common Shares**" means a common share or the common shares in the capital of the Corporation;
- (i) "**CPC Policy**" means Policy 2.4 of the Exchange's Corporate Finance Manual and shall include all orders, policies, rules, instruments, regulations, by-laws and procedures of the Commissions and the Exchange which govern offerings by capital pool companies, as amended from time to time;
- (j) "**Directors' and Officers' Options**" means the options to be granted to directors and officers of the Corporation entitling the holders purchase 1,250,000 Common Shares at a price of \$0.10 per share for a period of five years from the date of grant.
- (k) "**Exchange**" means the TSX Venture Exchange Inc.;
- (l) "**Misrepresentation**" has the meaning ascribed thereto by the Securities Legislation;
- (m) "**Offering Jurisdictions**" means the Provinces of Alberta, Ontario and British Columbia;
- (n) "**Offered Shares**" means all or any portion of the 7,500,000 Common Shares offered at the Share Price pursuant to the Prospectus;
- (o) "**Preliminary Prospectus**" means the preliminary prospectus of the Corporation dated June 17, 2022 and any amendments thereto approved, signed and certified in accordance with the Securities Legislation, qualifying the distribution of the Offered Shares, Agent's Warrants and Directors' and Officers' Options, and filed with the Commissions and the Exchange;
- (p) "**Prospectus**" means the (final) prospectus of the Corporation and any amendments thereto, approved, signed and certified in accordance with the Securities Legislation, qualifying the distribution of the Offered Shares, Agent's Warrants and Directors' and Officers' Options, and filed with the Commissions and the Exchange;
- (q) "**Qualifying Transaction**" has the meaning ascribed thereto in Section 6.1(e) hereof;
- (r) "**Securities Legislation**" means the *Securities Act* (Alberta), the *Securities Act* (Ontario) and the *Securities Act* (British Columbia), the respective rules and regulations thereto, and the policy statements, rules, notices and blanket orders of the Commissions, the national instruments, the multilateral instruments, the national policy statements and uniform act

policies applied by the Commissions, and the policies, bulletins and by-laws of the Exchange, as amended from time to time;

- (s) "**Share Price**" means \$0.10 per Offered Share;
- (t) "**Subscriber**" or "**Subscribers**" means a person or those persons who subscribe for the Offered Shares through the Agent or such other registrants retained by the Agent as sub-agents to sell subscriptions in conjunction with the Agent;
- (u) "**Subscription Funds**" means all funds received with respect to all Successful Subscriptions in accordance with the terms and provisions of this Agreement;
- (v) "**Successful Subscription**" means a subscription for Offered Shares by a Subscriber which subscription has been accepted by the Corporation and the Agent;
- (w) "**Time of Closing**" means 9:00 a.m. (Calgary time) on the Closing Date, or such other time on the Closing Date as the Corporation and the Agent may agree;
- (x) "**Total Subscription**" means all of the Successful Subscriptions for all of the Offered Shares; and
- (y) "**Transfer Agent**" means Odyssey Trust Company, at its office located in Calgary, Alberta.

1.2 For the purposes of this Agreement, all references to "Dollars" or "\$" shall mean Canadian funds, unless otherwise specified.

1.3 The headings of the Sections and Articles of this Agreement are inserted for convenience of reference only and shall not in any manner affect the construction or meaning of anything herein contained or govern the rights or liabilities of the parties hereto.

1.4 Words importing the singular number only shall include the plural and vice versa and words of gender shall entail all genders and words importing persons shall include companies, corporations, partnerships, syndicates, trusts and any number or aggregate of persons.

2. APPOINTMENT AND REMUNERATION OF AGENT

2.1 Subject to the terms hereof, the Corporation hereby appoints the Agent as its sole and exclusive agent and the Agent hereby agrees to act as the sole and exclusive agent of the Corporation to assist in soliciting subscriptions for the Offered Shares pursuant to the Securities Legislation.

2.2 The Agent agrees to use its commercially reasonable efforts to sell the Offered Shares, but the Corporation understands and agrees that the Agent is acting as agent only and is under no obligation to purchase any of the Offered Shares. The Agent may retain other registrants to act as sub-agents to solicit subscriptions for the Offered Shares at no additional cost to the Corporation provided any compensation paid or payable to such sub-agents shall be solely for the account of the Agent. The Agent shall be under no liability for any failure to sell any or all of the Offered Shares or to engage sub-agents.

2.3 The Corporation:

- (a) will pay to the Agent, in consideration for the services to be performed by the Agent hereunder, a corporate finance fee of \$15,000 plus applicable taxes (the "**Agent's Fee**"), of which \$7,500 has been paid by the Corporation to the Agent (receipt of which is hereby acknowledged by the Agent), with the remaining \$7,500 (plus GST in the amount of \$750) to be deducted and withheld by the Agent from the Subscription Funds at the Time of Closing;
- (b) shall further pay to the Agent, in consideration for the services to be performed by it hereunder, the Agent's expenses and the fees, charges and expenses of the Agent's counsel, not to exceed \$12,500, for which a deposit in the amount of \$7,500 has been advanced to the Agent (the "**Expense Deposit**"), receipt of which is hereby acknowledged by the Agent; and
- (c) shall further pay to the Agent, in consideration for the services to be performed by it hereunder, a commission in the amount of ten (10%) percent of the Subscription Funds. The commission shall be paid at the Time of Closing by the Agent deducting such amount from the Subscription Funds.

2.4 Provided that the Total Subscription is achieved:

- (a) the Corporation will grant to the Agent and its designated sub-agents, if any, at the Time of Closing irrevocable, non-transferable warrants to purchase that number of Common Shares as is equal to ten (10%) percent of the number Offered Shares (750,000) at the Share Price (the "**Agent's Warrants**") on the terms and conditions contained in the form of Agent's Warrant agreement annexed hereto as Schedule "A" (the "**Agent's Warrant Agreement**"). The Agent's Warrants shall be qualified under and be distributed pursuant to the Prospectus;
- (b) the Agent shall at the Time of Closing be entitled to apply the Expense Deposit against the Agent's expenses and the fees, charges and expenses of the Agent's counsel, plus applicable taxes and disbursements, and, if the Agent's expenses and the fees, charges and expenses of the Agent's counsel, plus applicable taxes and disbursements exceed the Expense Deposit, to, at the Time of Closing, deduct from the Subscription Funds the amount of the shortfall;
- (c) The Agent shall at the Time of Closing become entitled to deduct its commission in such amount as equals 10% of the Subscription Funds; and
- (d) the Agent shall at the Time of Closing be entitled to deduct from the Subscription Funds \$7,500 (plus GST in the amount of \$750), representing half of the Agent's Fee plus tax.

2.5 In the event the Total Subscription is not achieved and the Offering is not completed:

- (a) the Agent shall apply the Expense Deposit against the Agent's expenses and the fees, charges and expenses of the Agent's counsel, plus applicable taxes and disbursements. If the Agent's expenses and the fees, charges and expenses of the Agent's counsel, plus applicable taxes and disbursements, are less than the Expense Deposit, any amount of the Expense Deposit remaining shall be returned to the Corporation by the Agent. If the Agent's expenses and the fees, charges and expenses of the Agent's counsel, plus applicable

taxes and disbursements are more than the Expense Deposit, any amount of such shortfall shall be payable by the Corporation to the Agent; and

- (b) The Corporation shall pay the Agent \$7,500 (plus GST in the amount of \$750), representing the Agent's Fee, less amounts already paid to the Agent.

2.6 RIGHT OF FIRST REFUSAL

- (a) The Corporation hereby grants to the Agent the exclusive right and opportunity:
 - (i) to act as agent (in respect of a commercially reasonable efforts offering) or underwriter (in respect of an underwritten or bought deal offering), as the case may be with respect to any equity financing of the Corporation, including any private placement or public offering of securities of the Corporation to be issued and sold in Canada; or
 - (ii) to provide professional, sponsorship or advisory services performed (or normally performed) by a broker or investment dealer. For greater certainty, the right of first refusal granted pursuant to this Section 2.6 grants to the Agent the right to act as the exclusive Sponsor for the Corporation's Qualifying Transaction (as the terms "Sponsor" and "Qualifying Transaction" are defined in the Exchange's Corporate Finance Manual Policy 1.1 and the CPC Policy, respectively);
- (b) the right of first refusal is subject to the following terms:
 - (i) in the event the Corporation receives a proposal which would be binding and enforceable if it were executed and delivered by the parties thereto from an investment dealer, registered dealer or dealers, other than the Agent (collectively the "Dealer"), pursuant to which the Dealer agrees or offers to act as the Corporation's Sponsor for a Qualifying Transaction, or the Corporation's agent or underwriter to conduct an equity financing the Corporation, whether on an agency, underwritten or bought deal basis, the Corporation shall forthwith provide written notice (the "Notice") thereof to the Agent;
 - (ii) the Notice shall contain the terms and conditions pursuant to which the Dealer has proposed to act as the Corporation's Sponsor for a Qualifying Transaction and/or the Corporation's agent or underwriter, including the consideration to be received by such Dealer for its services and the consideration to be received by the Corporation for its securities and shall include copies of the engagement letter, if any, provided by the Dealer and any other information that the Agent may reasonably request;
 - (iii) if the Agent declines, in writing, to act as Sponsor and/or as agent or underwriter on behalf of the Corporation, the Corporation shall be entitled to engage the Dealer, or another agent or underwriter, provided the terms arrangements with the Dealer or such other agent or underwriter are entered into within thirty (30) days thereafter.

The right of first refusal granted by this Section 2.6 will not terminate if the Agent declines or fails to exercise such right, and will only terminate on the date that is 24 months following completion of the Corporation's Qualifying Transaction.

- 2.7 Notwithstanding Section 2.6, the Agent acknowledges and agrees that if the Corporation issues any securities to which the provisions of Section 2.6 apply, but it does not retain or utilize a registered dealer as agent therefore, the Agent shall not be entitled to the right of first refusal herein described unless any of the subscribers to the issuance of such securities is a subscriber or beneficial purchaser of any of the Offered Shares.

3. SUBSCRIPTIONS

- 3.1 The Corporation will:

- (a) at such time as Successful Subscriptions for the Total Subscription have been received; or
- (b) at 5:00 p.m. (Calgary time) on the day that is ninety (90) days from the date of the issuance or deemed issuance of the receipt for the Prospectus by the Commissions, or such other date as the parties hereto may agree and Securities Legislation may allow;

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

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

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

4. THE SUBSCRIPTION FUNDS

- 4.1 The Agent will hold until delivered to the Corporation, the Subscription Funds in trust for the Subscribers pursuant to the terms of this Agreement, and Subscription Funds shall be dealt with by the Agent as provided in sections 4 and 5 hereof.

5. RELEASE OF SUBSCRIPTION FUNDS

- 5.1 The Agent shall not at any time deliver any Subscription Funds received by it to the Corporation until the Total Subscription has been achieved and it has received at Closing a written direction from the Corporation requesting the delivery of Subscription Funds to the Corporation or as directed.
- 5.2 Upon receiving the direction referred to in Section 5.1 hereof, subject to Section 5.4 hereof, the Agent shall forthwith deliver to the Corporation or as directed in Section 5.1 hereof, all Subscription Funds resulting from Successful Subscriptions held by it pursuant to this Agreement, less the amounts to be deducted pursuant to Section 2.3 hereof.
- 5.3 If the Total Subscription is not received or if the Agent has not received the direction referred to in Section 5.1 hereof at or prior to the Time of Closing, the Agent shall promptly thereafter return to each Subscriber without interest or deduction the Subscription Funds held for the Subscriber by the Agent, unless such Subscriber has otherwise instructed the Agent.

- 5.4 If the funds of any Subscriber delivered to the Agent are for any reason rejected (in whole or in part) by the Corporation and the Agent, such rejected funds shall be returned to such Subscriber without interest or deduction in the manner provided in Section 5.3 hereof.

6. OBLIGATIONS OF THE AGENT

6.1 The Agent shall:

- (a) use its commercially reasonable efforts to obtain subscriptions for all of the Offered Shares, such that, and without limiting the generality of the foregoing:
- (i) at least 5,625,000 of the Common Shares (or such lesser number as is acceptable to the Exchange) outstanding on the Closing Date, including the Offered Shares, will be in the Public Float (as "**Public Float**" is defined in the Exchange's Corporate Finance Manual Policy 1.1); and
 - (ii) no more than 20% of the outstanding Common Shares (or such greater amount as is acceptable to the Exchange) on the Closing Date, including the Offered Shares, will be owned directly or indirectly by members of the Aggregate Pro Group (as "Aggregate Pro Group" is defined in the Exchange's Corporate Finance Manual Policy 1.1), excluding the Agent's Warrants and any other Common Shares reserved for issuance at a future date
 - (iii) to obtain subscriptions for the Offered Shares from at least 200 Subscribers (or such lesser number as is acceptable to the Exchange), each of such Subscribers:
 - (1) purchasing at least 1,000 Offered Shares free of Resale Restrictions (as "**Resale Restrictions**" is defined in the Exchange's Corporate Finance Manual Policy 1.1);
 - (2) individually purchasing, directly or indirectly, no more than 2%, or 150,000 of the Offered Shares, and, in conjunction with such Subscriber's Associates and Affiliates (as "Associates" and "Affiliates" are defined in the Exchange's Corporate Finance Manual Policy 1.1), purchasing no more than 4%, or 300,000 of the Offered Shares; and
 - (3) not being a Non-Arm's Length Party to the Corporation (as "**Non Arm's Length Party**" is defined in the Exchange's Corporate Finance Manual Policy 1.1);
- (b) only solicit subscriptions for the Offered Shares from subscribers resident in the Offering Jurisdictions in compliance with Securities Legislation and the terms and conditions set out herein;
- (c) close the subscription books and thereafter not receive any further subscriptions for the Offered Shares at the earlier of such time:
- (i) as orders for the Total Subscription have been received; or
 - (ii) as prescribed by Securities Legislation;

- (d) provide all such notices and documents as may be required by Securities Legislation in connection with the sale of the Offered Shares pursuant to the Prospectus, including without limiting the generality of the foregoing, to deliver to the Exchange (or, at the option of the Agent, to the Corporation for delivery to the Exchange) as soon as reasonably possible after the Closing, a Distribution Summary Statement (Exchange Form 2E) or such other document as may be required by the Exchange, if any; and
- (e) notwithstanding the foregoing and Section 2.6, it is understood and agreed by the Corporation that the Agent is under no obligation pursuant to this Agreement to act as Sponsor or to provide a Sponsor Report for a Qualifying Transaction of the Corporation (as "Sponsor" and "Qualifying Transaction" are defined in the Exchange's Corporate Finance Manual Policy 1.1 and the CPC Policy respectively).

7. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION AND THE AGENT

The Corporation hereby represents and warrants to the Agent and acknowledges that the Agent is relying thereon, that:

- 7.1 The Corporation has been duly incorporated and organized and is valid and subsisting in good standing under the laws of its jurisdiction of incorporation and has all the requisite corporate power and capacity to carry on its business as now conducted and as proposed to be conducted as described in the Prospectus.
- 7.2 The Corporation does not own or have any interest in any asset or property of any kind whatsoever, other than cash or deposits with financial institutions, and, without limiting the generality of the foregoing, the Corporation does not have an Agreement in Principle (as "**Agreement in Principle**" is defined in the CPC Policy) and the board of directors of the Corporation has not reached a "meeting of minds" with any other parties to a proposed Qualifying Transaction on fundamental terms in respect of which no material conditions exist the satisfaction of which are beyond the reasonable control of Non Arm's Length Parties (as defined in the Exchange's Corporate Finance Manual) to the Corporation or to the Qualifying Transaction, other than receipt of shareholder approval and Exchange acceptance of any such proposed Qualifying Transaction.
- 7.3 The Corporation has undertaken no business since the date of its incorporation, except as permitted by the CPC Policy.
- 7.4 The authorized capital of the Corporation consists of the share capital as disclosed in the Prospectus, and such number of Common Shares is issued and outstanding as is disclosed in the Prospectus, and all of the issued and outstanding Common Shares have been duly authorized and issued and are fully paid and non-assessable. No person, firm or corporation has any agreement, option, or right or privilege, whether pre-emptive or contractual, capable of becoming an agreement, including convertible securities, for the purchase, subscription or issuance of any unissued Common Shares or other securities of the Corporation except as disclosed in this Agreement and in the Prospectus.
- 7.5 The financial statements of the Corporation contained in the Prospectus, including the notes thereto, present fairly, in all material respects, the financial position and condition of the Corporation, as at the date thereof, reflect all liabilities (absolute, accrued, contingent or otherwise) of the Corporation as at the date thereof, and have been prepared in accordance with generally accepted accounting

principles applied on a consistent basis, and there has not been any material change in such position from the date of such financial statements.

- 7.6 The information and statements contained in the Preliminary Prospectus and the Prospectus (except any such information and statements relating solely to the Agent) constitute full, true and plain disclosure of all material facts relating to the Corporation and the Preliminary Prospectus and the Prospectus comply with the Securities Legislation, including without limitation the CPC Policy.
- 7.7 The Preliminary Prospectus and the Prospectus do not contain a Misrepresentation.
- 7.8 There is no action, proceeding or investigation (whether or not purportedly on behalf of the Corporation) pending or, to the knowledge of the Corporation and its directors or officers, threatened against or affecting the Corporation, at law or in equity or before or by any court or federal, provincial, municipal or other government department, board or agency, domestic or foreign, including without limitation the Commissions, the Exchange, or any other securities commission, stock exchange or similar regulatory authority, which in any way materially adversely affects the Corporation, or the condition (financial or otherwise) of the Corporation or which questions the validity of the issuance, as fully paid and non assessable, of the Offered Shares or any action taken or to be taken by the Corporation pursuant to or in connection with this Agreement.
- 7.9 The Corporation has full corporate capacity, power and authority to execute and deliver the Prospectus and all requisite action has been taken by the Corporation to authorize the execution and delivery by it of the Prospectus.
- 7.10 The Corporation has full corporate capacity, power and authority to execute this Agreement, the escrow agreement referred to in the Prospectus (the "**Escrow Agreement**"), the Agent's Warrant Agreement, the Directors' and Officers' Option agreements, and all other material contracts (as disclosed in the Prospectus) and to perform its obligations set out herein and therein, including, without limitation, to issue the Offered Shares and the Agent's Shares, and to carry out the transactions contemplated hereby and by the Prospectus, and this Agreement, the Escrow Agreement, the Agent's Warrant Agreement, the Directors' and Officers' Option agreements, and all other material contracts (as disclosed in the Prospectus) will be, on the Closing Date, duly authorized, executed and delivered by the Corporation and this Agreement and the Escrow Agreement are and the Agent's Warrant Agreement, the Directors' and Officers' Option agreements, and all other material contracts (as disclosed in the Prospectus) will on the Closing Date, be legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law;
- 7.11 The Corporation is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of this Agreement, the Escrow Agreement, the Agent's Warrant Agreement, the Directors' and Officers' Option agreements, and all other material contracts (as disclosed in the Prospectus) by the Corporation or any of the transactions contemplated hereby or thereby, do not and will not result in any breach of, or be in conflict with or constitute a default under, or do not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, any term or provision of the articles, by-laws or resolutions of the shareholders or directors of the Corporation, or any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound, or any law, judgment, decree, order, statute, rule or regulation applicable to the Corporation which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition

(financial or otherwise) of the Corporation or its properties or assets, or would impair the ability of the Corporation to consummate the transactions contemplated hereby or thereby or to duly observe and perform any of its covenants or obligations contained in this Agreement, the Escrow Agreement, the Agent's Warrant Agreement, the Directors' and Officers' Option agreements, and all other material contracts (as disclosed in the Prospectus);

- 7.12 There is no person, firm or corporation acting or purporting to act for the Corporation entitled to any brokerage or finder's fee in connection with this Agreement or any of the transactions contemplated hereunder, except as provided herein and as referred to in the Prospectus.
- 7.13 To the knowledge of management of the Corporation, neither the Corporation nor any of its shareholders is a party to any voting trust, securities pooling agreement or similar type of arrangement or agreement in force in respect of any of the securities of the Corporation.
- 7.14 To the knowledge of management of the Corporation, none of the directors or senior officers of the Corporation, any holder of more than 10% percent of its outstanding Common Shares, any Promoters of the Corporation, or any Associates or Affiliates of any of the foregoing persons or companies (as "**Promoters**", "**Associates**" or "**Affiliates**" are defined in the Securities Legislation) has had any material interest, direct or indirect, in any material transaction within the three years prior to the date of the Preliminary Prospectus, has any material interest, direct or indirect, in any material transaction which, as the case may be, materially affects, is material to or will materially affect the Corporation, except as stated in the Prospectus, in which are fully set forth all relevant particulars required by the Securities Legislation.
- 7.15 This Agreement has been, and the Agent's Warrant Agreement will be upon completion of the Offering, duly authorized, executed and delivered on behalf of the Corporation and this Agreement is, and the Agent's Warrant Agreement will be upon completion of the Offering, valid and binding obligations of the Corporation enforceable in accordance with their respective terms.
- 7.16 Upon issuance of the Offered Shares pursuant to the terms of this Agreement, the Offered Shares shall have been duly allotted and will be outstanding as fully paid and non-assessable Common Shares.
- 7.17 Upon issuance of the Offered Shares and the Common Shares issuable pursuant to the Agent's Warrants in accordance with the terms of this Agreement, the Offered Shares and the Common Shares issuable pursuant to the Agent's Warrants shall have been duly allotted and will be outstanding as fully paid and non-assessable Common Shares.
- 7.18 The minute book records of the Corporation, as provided to Agent's Counsel, are true, complete and correct in all material respects and contain the minutes of all meetings and all resolutions of the directors and shareholders thereof.
- 7.19 The Transfer Agent, at its office in the City of Calgary, has been duly appointed transfer agent and registrar for the Common Shares of the Corporation.
- 7.20 The Corporation has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its Common Shares or any other shares of any class since incorporation, and, subject to the rules, policies and regulations of the Exchange, and the restrictions on the declaration and payment of dividends by the Corporation as disclosed in the Prospectus, there is not, in the constating documents or by-laws of the Corporation or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which the

Corporation is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of the Corporation or the payment of dividends by the Corporation to the holders of its Common Shares.

- 7.21 The Corporation requires the signatures of two (2) authorized persons on any cheques issued by the Corporation.
- 7.22 An application has been made to list the outstanding Common Shares of the Corporation, including without limitation the Offered Shares, the Common Shares issuable upon exercise of the Agent's Warrants, and the Common Shares issuable upon exercise of the Directors' and Officers' Options on the Exchange, and conditional approval of such application has been obtained from the Exchange.
- 7.23 The net proceeds received by the Corporation from the sale of the Offered Shares and any Common Shares sold prior to the date of the Prospectus will be applied for the specific purposes more particularly set forth under "Use of Proceeds" in the Prospectus, and the Corporation has advised the Corporation's directors and officers of the requirements and restrictions on the use of the net proceeds set out in Section 8 of the CPC Policy.
- 7.24 The Corporation has not made and will not make any payments which are prohibited by the CPC Policy.
- 7.25 No approval, authorization, consent or other order of any governmental authority is required in connection with the execution, delivery or performance by the Corporation of this Agreement, the Escrow Agreement, the Agent's Warrant Agreement, or the Directors' and Officers' agreements, except requisite filings with the Commissions (and the issuance by the Commissions of receipts for the Prospectus) and the Exchange and final approval/acceptance of the Offering from the Exchange.
- 7.26 The Corporation has complied with and will comply in material respects with the requirements of all applicable corporate and securities laws, including, without limitation, the Securities Legislation and the *Business Corporations Act* (Alberta) in relation to the issue and trading of its securities and in all matters relating to the Offering.
- 7.27 Except as disclosed in the Preliminary Prospectus and the Prospectus, no order ceasing or suspending trading in securities of the Corporation or prohibiting the sale of such securities has been issued against the Corporation or, to the best of the Corporation's knowledge, after due inquiry against any of its directors, officers and promoters; and no proceedings for this purpose have been instituted or are pending, contemplated or threatened.
- 7.28 All statements, facts, data, information and materials provided from time to time by the Corporation in writing to the Agent relating to the Corporation, or by the directors and officers of the Corporation are true and correct in all material respects and all material facts relating to the subject matter have been fully disclosed in writing to the Agent and such statements, facts, data, information and materials did not and do not contain a Misrepresentation.
- 7.29 No securities commissions or other governmental authority has issued any order preventing or suspending the use of the Preliminary Prospectus or the Prospectus.
- 7.30 The Corporation has advised the directors and officers of the Corporation about:

- (a) the nature and scope of their responsibilities and duties as directors and officers, respectively, of a public corporation listed on the Exchange, including, without limitation, the matters set out in Policy 3.1 of the Exchange's Corporate Finance Manual; and
- (b) the obligations of the Corporation to prepare, file, publish and disseminate, as applicable, such information and documentation as may be required by the Securities Legislation, including, without limitation, Policies 3.2 and 3.3 of the Exchange's Corporate Finance Manual.

7.31 The directors and senior officers of the Corporation have or will have been provided with a copy of the Preliminary Prospectus and the Prospectus for their review, and the directors have or will have duly approved the Preliminary Prospectus and the Prospectus and the financial statements thereto at the respective times they are filed with the Commissions and the Exchange and will have authorized their distribution by the Agent in connection with the Offering.

The Agent hereby represents and warrants to the Corporation and acknowledges that the Corporation is relying thereon, that:

7.32 The Agent has been duly incorporated and organized and validly exists in good standing under the laws of its jurisdiction of incorporation and has all the requisite corporate power and capacity to carry on its business as now conducted.

7.33 The Agent is a member in good standing of the Exchange.

7.34 The Agent has complied with and will fully comply with the requirements of all Securities Legislation and the rules of the Exchange, in relation to sale and distribution of the Offered Shares.

7.35 The Agent is a broker or dealer properly registered in each of the Offering Jurisdictions in Canada as required by the Securities Legislation.

8. COVENANTS OF THE CORPORATION AND CONDITIONS OF CLOSING

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

8.1 Prior to the Closing Date, the Corporation shall allow the Agent to conduct all due diligence which the Agent may reasonably require to confirm that the Preliminary Prospectus and Prospectus comply with the requirements of the Securities Legislation and do not contain a Misrepresentation, and to fulfil the Agent's obligations as agent.

8.2 Now and at all times subsequent hereto during the distribution of the Offered Shares to the public or such longer period of time, if any, while the Prospectus continues to be current, the Corporation will ensure that the Prospectus and any amendments thereto does and will fully comply with the requirements of the Securities Legislation and the Prospectus together with any amendments thereto does and will during such period provide full, true and plain disclosure of all material facts relating to the Corporation, to the Offered Shares and to the distribution of the Offered Shares to the public, and does not and will not during such period contain a Misrepresentation; provided that the foregoing covenants of the Corporation do not and shall not apply with respect to statements contained in the Prospectus relating solely to the Agent.

- 8.3 The Corporation shall promptly inform the Agent in writing during the period of the distribution of the Offered Shares to the public or such longer period of time, if any, while the Prospectus continues to be current, of full particulars of any material change (actual, anticipated or threatened):
- (a) in any material fact contained or referred to in the Preliminary Prospectus or Prospectus, or any amendment thereto supplied by the Corporation, which is, or may be, of such a nature as to make any such fact untrue, false or misleading at the time and in light of the circumstances under which it was made;
 - (b) in any statements, facts, data, personal information form or materials provided to the Agent with respect to the directors and officers of the Corporation or, if applicable, the Corporation's potential Qualifying Transaction (as that term is defined in the CPC Policy); or
 - (c) in any of the representations and warranties contained in Section 7 of this Agreement.

The Corporation shall file under the Securities Legislation, as soon as reasonably possible, and in any event within any statutory limitation therefor, such new or correcting information, amendments and other documents as the Securities Legislation may require. The Corporation shall further provide the Agent with such copies of such information, amendments or other documents as the Agent may reasonably require. The terms "material change" and "material fact" shall have the meanings ascribed thereto by the Securities Legislation.

- 8.4 The Corporation shall in good faith discuss with the Agent any change in circumstances which is of a nature that there is reasonable doubt as to whether notice in writing need be given to the Agent pursuant to Section 8.3 hereof.
- 8.5 During the period of distribution to the public of the Offered Shares, or such longer period of time, if any, while the Prospectus continues to be current, the Corporation will advise the Agent promptly of any request of the Commissions or Exchange for an amendment of the Prospectus or for any additional information, of the issuance by the Commissions, Exchange or any other securities commission, stock exchange or similar regulatory authority, of any cease trading order, halt order or similar order relating to the Common Shares or Offered Shares or the use of the Prospectus, or of the institution or threat of institution of any proceedings for that purpose or of the receipt by the Corporation of any communication from the Commissions, Exchange or any other securities commission, stock exchange or similar regulatory authority relating to the Prospectus or the offering of the Offered Shares. The Corporation will use its commercially reasonable efforts to prevent the issuance of any such cease trading order or halt order and, if issued, to obtain the withdrawal thereof as soon as possible.
- 8.6 The Corporation will deliver, from time to time without charge, to the Agent as many copies of the Preliminary Prospectus or the Prospectus (and in the event of an amendment thereto, of such amended Preliminary Prospectus or amended Prospectus) as the Agent may reasonably request for the purposes contemplated hereunder and by the Securities Legislation and such delivery shall constitute the consent of the Corporation to the use thereof in connection with offering the Offered Shares to the public, subject to the provisions of the Securities Legislation relating thereto.
- 8.7 On or before the Closing Date, the Corporation shall take or cause to be taken all steps and proceedings (including but not limited to the filing of the Prospectus and the obtaining of a receipt for the Prospectus from the Alberta Securities Commission as principle regulator under Securities Legislation), necessary in order to qualify for distribution the Offered Shares for sale to Subscribers

resident in the Offering Jurisdictions through the Agent and any sub-agents retained pursuant to Section 2.2 hereof, and to qualify for distribution the Agent's Warrants and Directors' and Officers' Options.

- 8.8 The Corporation shall deliver to the Agent at the Closing, a legal opinion addressed to the Agent, from counsel of the Corporation, substantially in the form attached hereto as Schedule "B".

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

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

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

- 8.10 The Corporation shall deliver to the Agent at the Closing the documentation provided for in Section 5.1 and such other documents and certificates that the Agent may reasonably require.

- 8.11 The Corporation shall take all necessary steps to complete and file with the Exchange its application for listing with all other documentation required by the Exchange, to allow for the listing and posting for trading of the Common Shares on the Exchange prior to Closing.

- 8.12 The net proceeds received by the Corporation from the sale of the Offered Shares and any Common Shares sold prior to the date of the Prospectus will be applied for the specific purposes more

particularly set out under "Use of Proceeds" in the Prospectus and in compliance with the provisions of the CPC Policy.

- 8.13 At the Time of Closing, the Corporation shall deliver to the Agent, the Agent's Warrant Agreement and payment of the Agent's commission, fees and expenses as provided for in Sections 2 and 9 hereof.
- 8.14 At the Time of Closing, the Offered Shares shall have been made "eligible" by CDS Clearing and Depository Services Inc. ("CDS") without any restrictions and counsel to the Corporation shall have provided written confirmation from CDS of such eligibility to Agent's Counsel.
- 8.15 The Closing shall occur at the Time of Closing at the offices of the Corporation's counsel, or such other location as may be agreed to between the Corporation and the Agent.
- 8.16 Subject to any exemptions from the CPC Policy granted or permitted by the Exchange, until the Corporation completes a Qualifying Transaction, the Corporation will comply in all material respects with all applicable provisions of the CPC Policy. The Corporation will use its commercially reasonable efforts to maintain its status as a reporting issuer not in default of any Securities Legislation in the Offering Jurisdictions for a period of 24 months following the date that its Common Shares are listed and posted for trading on the Exchange and will use its commercially reasonable efforts to maintain its listing on the Exchange during such 24 months and to complete a Qualifying Transaction within 24 months.
- 8.17 During the period commencing with the date hereof and ending on the Closing Date (unless otherwise specified), it will promptly provide to the Agent and the Agent's Counsel, for review, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any press release (including any press release issued after the Closing Date related to this Agreement and the Offering) or material change report and Corporation will use its commercially reasonable efforts to agree with the Agent as to the form and substance of such document and an appropriate legend regarding US distribution shall be included on any press release as follows: "Not for distribution to United States newswire services or for dissemination in the United States" and "These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state, and may not be offered or sold in the United States unless an exemption from registration is available. This press release does not constitute an offer to sell or the solicitation of any offer to buy these securities in the United States".
- 8.18 It is understood that the Agent may waive, in whole or in part, non-compliance with any of the conditions or other matters contained herein or extend the time for compliance therewith without prejudice to its rights in respect of any other condition or conditions or any other subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon the Agent only if it is in writing.

9. EXPENSES

10. All costs and expenses of or incidental to the transaction herein contemplated and the issue and sale of the Offered Shares hereunder, whether or not the offering of the Offered Shares is completed, are to be assumed and paid by the Corporation, including without limiting the generality of the foregoing, the reasonable costs and expenses of the Agent, including fees and disbursements of the Agent's consultants and legal counsel in all jurisdictions, all fees and expenses of or incidental to the creation, issuance and sale and distribution of the Offered Shares, transfer agent fees, filing fees

payable to the Exchange and the Commissions, the preparation and printing of the Preliminary Prospectus and the Prospectus, and all reasonable expenses of the Agent in connection with the marketing of the Offering.

11. INDEMNIFICATION OF AGENT

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

- (a) any Misrepresentation or alleged Misrepresentation contained in the Preliminary Prospectus or in the Prospectus, or in any supplemental, additional or ancillary material (including an amended prospectus), information, evidence, return, report, application, statement, table or document that may be filed by or on behalf of the Corporation under the Securities Legislation, or in any written or oral representation made by the Corporation to a Subscriber, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Preliminary Prospectus and the Prospectus;
- (b) any order, inquiry or investigation related to the offering of the Offered Shares arising out of any statement contained in the Preliminary Prospectus or Prospectus, or in any written or oral representation made by the Corporation to a Subscriber, and brought by the Commissions, the Exchange or any other securities commission, stock exchange or similar regulatory authority, except such orders, inquiries and investigations relating solely to the Indemnified Persons or any one of them;
- (c) any breach of the representations, warranties and covenants of the Corporation contained herein;
- (d) any prohibition or restriction of trading in the Offered Shares or the Agent's Shares, or any prohibition affecting the distribution of the Offered Shares or the Agent's Shares which may be ordered by any one or more competent authorities if such prohibition or restriction of trading is based on any Misrepresentation in the Preliminary Prospectus or Prospectus, or in any written or oral representations made by the Corporation to a Subscriber, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Preliminary Prospectus and the Prospectus;
- (e) any Subscriber effectively rescinding its subscription for the Offered Shares pursuant to a right of rescission under which a Subscriber may rescind a contract on the grounds that the Prospectus contains a Misrepresentation, or in the event a determination is made by any competent authority setting aside the sale of the Offered Shares, except any Misrepresentation which is based upon information relating solely to the Agent and furnished to the Corporation by the Agent expressly for inclusion in the Prospectus or any determination that arises out of any act or omission of the Agent; and

- (f) the Prospectus failing to comply with the requirements of the Securities Legislation so as to permit the lawful sale of the Offered Shares or by reason of the Corporation having failed to take or cause to be taken such steps or proceedings as were necessary to permit the lawful sale of the Offered Shares as contemplated by the Prospectus and this Agreement.

11.2 If any matter or thing contemplated by this Section 11 shall be asserted against any Indemnified Persons, the Agent shall notify the Corporation as soon as possible of the nature of such claim and the Corporation will assume the defence of any suit or proceeding brought to enforce such claim; provided however, that the defence shall be through legal counsel acceptable to the Indemnified Person and that no settlement may be made by the Corporation or the Indemnified Person without the prior written consent of the other. However, failure by the Agent to notify the Corporation will not relieve the Corporation of its obligations to indemnify the Indemnified Persons. The Indemnified Persons shall continue to have the right to employ their own counsel, in any action or proceeding relating to the claim contemplated by this Section 10 and the fees and expenses of a reasonable number of such counsel shall be paid by the Corporation to the extent that the same shall be covered by the indemnity in this Section 10 if:

- (a) the Indemnified Persons have been advised by such counsel that there may be legal defences available to them which are different from or additional to defences available to the Corporation (in which case the Corporation shall not have the right to assume the defence of such proceedings on their behalf);
- (b) the Corporation shall not have undertaken the defence of such proceedings and employed counsel 10 days after notice of commencement of such proceedings; or
- (c) the employment of such counsel has been authorized by the Corporation in connection with the defence of such proceeding.

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

- (a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand and by the Indemnified Persons on the other hand from the offering contemplated herein; or
- (b) if the allocation provided by subsection 11.3(a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection 11.3(a) above, but also to reflect the relative fault of the Indemnified Persons, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing which resulted in such Liabilities, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Indemnified Persons, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the offering contemplated herein received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Agent. In the case of liability arising out of the Prospectus (including any amendments thereto), the relative fault of the Corporation, on the one hand, and of

the Indemnified Persons, on the other hand, shall be determined by reference, among other things, to whether the statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 11.1 which resulted in such Liabilities relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of, the Corporation or the Indemnified Persons, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission, Misrepresentation or alleged Misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 11.1.

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

The Corporation and the Agent agree that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraphs. Any liability of the Indemnified Persons under this Section 11.3 shall be limited to the amount of the fees payable to the Agent pursuant to Section 2.3 hereof.

No person found liable for fraudulent misrepresentation (within the meaning of Securities Legislation) will be entitled to contribution from any person who is not found liable from such fraudulent misrepresentation.

- 11.4 The rights to indemnity and right of contribution provided in the foregoing sections shall be in addition to and not in derogation of any other right to contribution which the Indemnified Persons may have by any statute or otherwise at law or in equity. The Corporation waives all rights of contribution that it may have against any Indemnified Persons relating to any Liability or Proceeding in respect of which the Corporation has agreed to indemnify the Indemnified Persons hereunder.
- 11.5 It is the intention of the Corporation to constitute the Agent as trustee for the Indemnified Persons for the purposes of Section 11.1 to 11.4, inclusive, and the Agent shall be entitled, as trustee to enforce such covenants on behalf of any other Indemnified Persons.
- 11.6 If any Proceeding is brought in connection with the transactions contemplated by this Agreement and the Agent is required to testify in connection therewith or is required to respond to procedures designed to discover information relating thereto, it will have the right to employ its own counsel in connection therewith, and the fees and disbursements of such counsel in connection therewith and any other reasonable costs and out-of-pocket expenses incurred by them in connection therewith as well as its reasonable fees at the normal per diem rate for the Agent's directors, officers, partners, employees and agents involved in preparation for and attendance at such Proceedings or in so responding will be paid by the Corporation as they are incurred.
- 11.7 The obligations under the indemnity and right of contribution provided for herein shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

12. ADDITIONAL CONDITIONS

12.1 If at any time prior to the Time of Closing:

- (a) there shall have occurred any material change (as that term is defined pursuant to Securities Legislation) which, in the Agent's sole opinion, materially impairs the investment quality or marketability of the Offered Shares;
- (b) there shall develop, occur or come into effect any event of any nature whatsoever or disclosure of any such event which, in the Agent's sole opinion, acting reasonably, has had or will have a material adverse effect upon the state of financial markets, whether national or international or the business, affairs, or financial condition of the Corporation such that the offering of the Offered Shares should be withdrawn;
- (c) if any new or amended Prospectus discloses information which, in the Agent's sole opinion, results at any time prior to the Time of Closing in the Subscribers of a material amount of the Offered Shares exercising their rights under the Securities Legislation to withdraw from or rescind their purchase thereof;
- (d) an order to cease or halt trading (other than the halt instituted by the Exchange to facilitate Closing) in the Offered Shares or any other securities of the Corporation has been made by the Commissions, the Exchange or any other securities commission, stock exchange or other regulatory authority having jurisdiction over the Corporation and has not been rescinded, revoked or withdrawn;
- (e) there is any material breach or non performance of any of the covenants, representations and warranties of the Corporation contained in this Agreement that has not been rectified or remedied to the satisfaction of the Agent, acting reasonably;
- (f) any inquiry or investigation in relation to the Corporation or the Corporation's directors, officers or insiders (as "**insiders**" is defined in the Securities Legislation) is commenced or threatened by the Commissions, Exchange or any other securities commission, stock exchange or other regulatory authority having jurisdiction over the Corporation;
- (g) there is any breach or non performance by the Corporation of any provisions of any order of the Commissions or the Exchange or any other securities commission, stock exchange or other regulatory authority having jurisdiction over the Corporation;
- (h) there is any amendment to Securities Legislation which will, in the Agent's opinion, increase the costs and expenses incurred or to be incurred by the Agent in connection with the offering of the Offered Shares, or impose any limitations or restrictions on the exercise of the Agent's Warrants or on the subsequent trading of the Agent's Shares acquired pursuant to the exercise of the Agent's Warrants; or
- (i) the Agent is not satisfied, in its sole discretion, with the results of its due diligence review contemplated in Section 8.1 hereof;

the Agent shall be entitled, at its option, to terminate and cancel its obligations under this Agreement with no liability on the Agent's part, by written notice to that effect given to the Corporation not later than the Time of Closing. In the event of any such termination pursuant to the provisions of this Section 12, the Corporation's obligations under this Agreement shall be at an

end save and except that the Corporation shall be liable to make payment of such of the costs and expenses provided for in Sections 2 and 9 to be payable by the Corporation, as shall previously have been incurred by the Agent and the indemnities contained in Section 10 shall remain in full force and effect.

13. NOTICE

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

(a) to the Corporation at:

Auka Capital Corp.
Suite 1600, 421 - 7th Avenue S.W.
Calgary, Alberta T2P 4K9
Attention: Robert Cole
Email: rcole@tytataholdings.com

with a copy to:

Gowling WLG (Canada) LLP
Suite 1600, 421 - 7th Avenue S.W.
Calgary, Alberta T2P 4K9
Attention: Frank Sur
Email: frank.sur@gowlingwlg.com

(b) to the Agent at:

Canaccord Genuity Corp.
520 3rd Avenue SW Suite 2400
Calgary, Alberta T2P 0R3
Attention: Jeff German
Email: JGerman@canaccordgenuity.com

with a copy to:

DS Lawyers Canada LLP
Suite 800 Dome Tower
333 – 7th Avenue S.W.
Calgary, Alberta T2P 2Z1
Attention: Dale Burstall
Email: dburstall@dsavocats.ca

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

14. MISCELLANEOUS

- 14.1 Time shall be of the essence of this Agreement.
- 14.2 All warranties, representations, covenants and agreements of the Corporation herein contained or contained in certificates or documents submitted pursuant to or in connection with the transactions provided for herein shall survive Closing and shall continue in full force and effect for the benefit of the Agent regardless of any investigation by or on behalf of the Agent with respect thereto.
- 14.3 This Agreement shall be construed and enforced in accordance with and the rights of the parties hereto shall be governed by the laws of the Province of Alberta. Each of the parties hereto irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Alberta.
- 14.4 This Agreement supersedes all other agreements, documents, letters, writings and oral understandings among the parties relating to the subject matter hereof, including without limitation the letter agreement between the Corporation and the Agent, and this Agreement represents the entire agreement between the parties with respect to the subject matter hereof.
- 14.5 If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.
- 14.6 This Agreement may be executed and delivered in any number of counterparts, including by facsimile or other form of electronic communication, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same agreement. Each of the parties to this Agreement will be entitled to rely on delivery of a facsimile or electronically delivered copy of this Agreement and acceptance by each party of any such facsimile or electronically delivered copy will be legally effective to create a valid and binding agreement between the parties to this Agreement in accordance with the terms of this Agreement.
- 14.7 All the terms and provisions of this Agreement shall be binding upon and enure to the benefit of and be enforceable by the parties hereto, their respective successors and assigns, but shall not be assignable without the prior written consent of the other parties hereto.
- 14.8 The Corporation: (i) acknowledges and agrees that the Agent has certain statutory obligations as a registrant under the Securities Legislation and has fiduciary relationships with its clients; (ii) acknowledges and agrees that the Agent is not a fiduciary of the Corporation; and (iii) consents to the Agent acting hereunder while continuing to act for their clients. To the extent that the Agent's statutory obligations as a registrant under the Securities Legislation or fiduciary relationships with its clients conflicts with its obligations hereunder the Agent shall be entitled to fulfil its statutory obligations as a registrant under the Securities Legislation and its duties to its clients. Nothing in this Agreement shall be interpreted to prevent the Agent from fulfilling its statutory obligations as a registrant under the Securities Legislation or to act as a fiduciary of its clients.
- 14.9 The parties hereto have required that this Agreement, as well as any notice, document or proceeding relating hereto be written in English. Les parties aux présentes ont exigé que le présent contrat ainsi que tout autre avis, document ou procédure s'y rapportant soit rédigé en anglais.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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

AUKA CAPITAL CORP.

Per: (signed) "Robert Cole"
Robert Cole
Chief Executive Officer and President

CANACCORD GENUITY CORP.

Per: (signed) "Jeff German"
Jeff German
Managing Director, Retail Corporate Finance

SCHEDULE "A"

To an Agreement dated the 15th day of September, 2022 between Auka Capital Corp. and Canaccord Genuity Corp.

NOT MORE THAN 50 PERCENT OF THE AGGREGATE NUMBER OF COMMON SHARES WHICH CAN BE ACQUIRED BY THE HOLDER MAY BE SOLD BY THE HOLDER BEFORE THE CORPORATION COMPLETES ITS QUALIFYING TRANSACTION PURSUANT TO THE POLICIES OF THE TSX VENTURE EXCHANGE.

WARRANT AGREEMENT

MEMORANDUM OF AGREEMENT dated the ___ day of _____, 2022.

BETWEEN:

AUKA CAPITAL CORP. a corporation incorporated under the laws of the Province of Alberta (the "**Corporation**")

- and -

CANACCORD GENUITY CORP., a corporation with an office in the City of Calgary, in the Province of Alberta (the "**Agent**")

WHEREAS the Corporation has agreed pursuant to an agreement dated effective September 15, 2022 (the "**Agency Agreement**") to grant the Agent warrants to purchase 750,000 common shares in the capital of the Corporation (the "**Common Shares**") in consideration of the Agent's services performed under the Agency Agreement;

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

1. Warrants

The Corporation hereby grants to the Agent, subject to the terms and conditions hereinafter set out, irrevocable warrants to purchase 750,000 Common Shares in the capital of the Corporation (the "**Warrants**").

2. Exercise Date

The Warrants granted hereunder shall be exercised on or before the expiration of 24 months from the date of the listing and posting of the Common Shares on the Exchange (the "**Expiry Date**"), after which all rights granted hereunder shall terminate. The Agent agrees that only up to a total of 375,000 Common Shares obtained by the Agent pursuant to the exercise of these Warrants may be sold prior to the completion of a Qualifying Transaction (as that term is defined in the CPC Policy) by the Corporation. The remaining 375,000 Common Shares may only be sold after completion of a Qualifying Transaction. The Exchange may vary these requirements in exceptional circumstances upon the application of the Agent.

3. **Exercise Price**

The exercise price shall be the sum of \$0.10 per Warrant.

4. **Exercise of Warrants**

The Warrants granted hereunder may be exercised in whole or in part, at any time and from time to time, on or prior to 4:30 p.m. (Calgary time) on the Expiry Date, the Agent delivering to the Corporation an election to exercise substantially in the form attached hereto as Exhibit "1" (the "**Election to Exercise**") at the address specified in the Agency Agreement, specifying therein the number of warrant shares in respect of which the Warrants are being exercised, accompanied by payment in cash, certified cheque or bankers' draft payable to the Corporation in full payment of the purchase price for such number of warrant shares so specified therein.

5. **Share Certificates**

Upon exercise of the Warrants, or any of them, the Corporation shall forthwith cause the Transfer Agent to deliver to the Agent or as the Agent may otherwise in writing direct in the notice of exercise of warrants, within three Business Days following the receipt by the Corporation of payment for the number of Common Shares so exercised, a certificate or certificates (unless such Common Shares are issued in non-certificated form) representing in the aggregate such number of Common Shares as the Agent may have paid for.

6. **No Rights of Shareholder Until Exercise**

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

7. **Non Transferable**

The rights conferred hereunder shall be non-transferable and non-tradeable.

8. **No Fractional Common Shares**

No fractional Common Shares will be issued on exercise of these Warrants, or any compensation made for such fractional Common Shares, if any.

9. **Dilution**

In the event of any reclassification, subdivision or redivision of the issued Common Shares of the Corporation at any time prior to the Expiry Date into a greater number of Common Shares or any consolidation or change in the Common Shares of the Corporation at any time prior to the Expiry Date into a lesser number of Common Shares (any such event, a "**Common Share Reorganization**"), then the exercise price per Common Share payable upon exercise of this warrant will be adjusted effective immediately after the effective date or record date for the happening of the Common Share Reorganization, as the case may be, at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization, by multiplying the exercise price in effect immediately prior to such effective date or record date by a fraction, the numerator of which is the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which is the number of Common Shares outstanding immediately after giving effect to such

Common Share Reorganization. If at any time after the date hereof and prior to the Expiry Date any adjustment in the exercise price shall occur as a result of the foregoing, then the number of Common Shares purchasable upon the subsequent exercise of this warrant shall be simultaneously adjusted by multiplying the number of Common Shares purchasable upon the exercise of this warrant immediately prior to such adjustment by a fraction which shall be the reciprocal of the fraction employed in the adjustment of the exercise price.

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

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

10. Reservation of Treasury Shares

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

11. Further Assurances

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

12. Entire Agreement

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

13. Definitions

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

14. Enurement

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

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

AUKA CAPITAL CORP.

Per: _____

CANACCORD GENUITY CORP.

Per: _____

EXHIBIT 1

Election to Exercise

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

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

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

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

DATED this _____ day of _____, 20____.

[NAME OF HOLDER]

Per: _____

Direction as to Registration

Name of Registered Holder: _____

Address of Registered Holder: _____

SCHEDULE "B"

To an Agreement dated the 15th day of September, 2022 between Auka Capital Corp. (the "**Corporation**") and Canaccord Genuity Corp. (the "**Agent**")

1. The Corporation is a corporation incorporated under the laws of Alberta. At the date hereof, the Corporation has full corporate power and authority to carry on its business as described in the Prospectus.
2. The authorized capital of the Corporation is an unlimited number of Common Shares of which 5,000,000 Common Shares are issued and outstanding as fully paid and non-assessable shares, prior to the issuance of the Offered Shares.
3. The Corporation has full corporate power and authority to enter into the Agency Agreement, Escrow Agreement, Agent's Warrant Agreement, and all other material contracts (as disclosed in the Prospectus), and to perform its obligations set out therein, and the Agency Agreement, Escrow Agreement, Agent's Warrant Agreement, and all other material contracts (as disclosed in the Prospectus) have been duly authorized, executed and delivered by the Corporation, and each of the Agency Agreement, Escrow Agreement, Agent's Warrant Agreement, and all other material contracts (as disclosed in the Prospectus) constitutes a valid and binding obligation of the Corporation, enforceable against it in accordance with its respective terms.
4. All necessary corporate action has been taken by the Board of Directors of the Corporation to authorize the creation, issuance and sale by the Corporation of the Offered Shares in the manner contemplated by the Agency Agreement.
5. All approvals, permits, consents, orders and authorizations have been obtained and all necessary documents have been filed and all other legal requirements have been fulfilled by the Corporation under the laws of the Provinces of Alberta, Ontario and British Columbia to qualify the issuance, sale and distribution of the Offered Shares by the Prospectus to subscribers resident in the Provinces of Alberta, Ontario and British Columbia through registrants registered under the laws of the Provinces of Alberta, Ontario and British Columbia who have complied with such laws.
6. The authorization, execution, delivery and fulfilment of the terms of the Agency Agreement, Agent's Warrant Agreement and the Escrow Agreement by the Corporation do not conflict with or result in a breach of or a default under:
 - 6.1 any of the terms, conditions or provisions of the articles or by-laws of the Corporation;
 - 6.2 any agreement or indenture to which the Corporation is a party or by which it is bound and of which we are aware;
 - 6.3 any shareholders' or directors' resolutions of the Corporation of which we are aware; or
 - 6.4 any applicable laws of the Province of Alberta and the federal laws of Canada applicable therein.
7. Upon the Offered Shares being issued pursuant to the terms of the Agency Agreement, such Offered Shares will have been validly issued as fully paid and non assessable shares.

8. All necessary corporate action has been taken by the Corporation to authorize the issuance of up to 750,000 additional Common Shares (the "**Agent's Shares**") in the event the Agent should exercise its warrants pursuant to the Agent's Warrant Agreement, and the Agent's Shares, when issued in accordance with the terms of the Agent's Warrant Agreement, will be validly issued as fully paid and non-assessable shares.
9. Assuming that the Agent's Shares are issued in accordance with the terms and conditions of the Agent's Warrant Agreement, no filing, proceeding, approval, permit, consent or authorization is required to be made, taken or obtained under the laws of the Provinces of Alberta, Ontario and British Columbia to permit the issuance to the Agent by the Corporation of the Agent's Shares upon the exercise of the Agent's Warrant Agreement.
10. The first trade by the Agent of the Agent's Shares, other than a trade which is otherwise exempted under the applicable securities legislation of the Provinces of Alberta, Ontario and British Columbia will be a distribution subject to the prospectus requirements of the applicable securities legislation of the Provinces of Alberta, Ontario and British Columbia unless:
 - 10.1 the trade is not a "control distribution" within the meaning ascribed thereto pursuant to Section 1.1 of National Instrument 45-102 "Resale of Securities" ("**NI 45-102**"); and
 - 10.2 the Corporation is a "reporting issuer" under the applicable securities legislation at the time of trade; and
11. The Exchange has conditionally granted the application for listing of the Offered Shares and has conditionally approved the listing of the 12,500,000 issued and outstanding Common Shares (inclusive of the Offered Shares) and the 2,000,000 Common Shares issuable upon exercise of the Directors' and Officers' stock options to be granted by the Corporation and the Agent's Shares, subject to completion of the conditions referred to in the Exchange Letter.
12. The Transfer Agent at its office in the City of Calgary has been duly appointed registrar and transfer agent of the Common Shares.
13. The form of share certificate representing the Common Shares of the Corporation has been duly approved and adopted by the Corporation and complies with the provisions of the *Business Corporations Act* (Alberta) and with the applicable published policies and by-laws of the Exchange.
14. The statements concerning tax matters under the heading "Eligibility for Investment" in the Prospectus are accurate, subject to the assumptions, qualifications, limitation and restrictions set forth therein.