

AGENCY AGREEMENT

December 13, 2024

BluMetric Environmental Inc.
1682 Woodward Dr
Ottawa, ON K2C 3R8

Attention: Scott MacFabe, Chief Executive Officer

Dear Sirs/Mesdames:

RE: Best Efforts Listed Issuer Financing Exemption (LIFE) Private Placement Offering of Common Shares

Subject to the terms and conditions hereof, Clarus Securities Inc. (the “**Agent**”), as lead agent and sole bookrunner, understands that BluMetric Environmental Inc. (the “**Company**”) proposes to issue and sell, on a “best efforts” private placement basis, up to 4,375,000 common shares in the capital of the Company (the “**Offered Shares**”) at a price of \$0.80 per Offered Share (“**Offering Price**”) for gross proceeds of up to \$3,500,000 (the “**Offering**”).

The Offered Shares will be offered by way of a private placement in reliance on the “listed issuer financing exemption” (the “**LIFE Exemption**”) under Part 5A.2 of NI 45-106 (as defined herein) in each of the provinces of Canada, other than Québec (the “**Selling Jurisdictions**”).

For the purposes of relying on the LIFE Exemption, the Company has prepared, filed on SEDAR+ and posted on its website the Offering Document (as defined herein) in respect of the Offered Shares to be issued pursuant to the LIFE Exemption which satisfies the requirements of NI 45-106 and has filed the Prescribed News Release (as defined herein) announcing the Offering.

It is understood and agreed that the Company shall be entitled to designate certain individuals (“**President’s List Purchasers**”) to participate in the Offering, pursuant to which up to the lesser of (i) 2% of the total gross proceeds in Offered Shares, or (ii) \$100,000 in Offered Shares may be sold to such individuals on a designated president’s list (the “**President’s List**”) at the Offering Price. The Agent shall not be required to conduct a suitability review in respect of sales to President’s List Purchasers and the Company shall indemnify and save harmless the Agent from any and all losses or expenses relating to sales to purchasers on the President’s List. The Agent may in their sole discretion refuse to process any subscription for a purchaser on the President’s List.

In addition to the Offering, the Agent understands the Company may concurrently issue and sell up to a maximum of 625,000 common shares in the capital of the Company (the “**Concurrent Offered Shares**”) at the Offering Price to certain purchasers in Canada that qualify as “accredited investors” within the meaning of NI 45-106 and to other eligible purchasers in all provinces and territories of Canada and other jurisdictions at the Company and Agent may decide pursuant to available prospectus or registration exemptions in accordance with applicable laws, on a private placement basis for aggregate gross proceeds up to a maximum of \$500,000.00 (the “**Concurrent Offering**”). The Concurrent Offered Shares issued under the Concurrent Offering

will be subject to a 4-month hold period as set out in NI 45-102 (as defined herein). The Agent undertakes no obligation to the Company or to the purchasers under the Concurrent Offering. The Company acknowledges and agrees that the purchasers under the Concurrent Offering do not and will not have any recourse to or any rights against the Agent, and the Agent does not and will not have any liability whatsoever to purchasers under or in connection with the Concurrent Offering.

The following are the terms and conditions of the agreement between the Company and the Agent:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions

In this Agreement (including the preamble), the following terms shall have the following meanings:

“**affiliate**”, “**associate**”, “**distribution**”, “**misrepresentation**”, “**material fact**”, and “**material change**” have the respective meanings ascribed thereto in the *Securities Act* (Ontario) in effect on the date hereof;

“**Agent**” has the meaning ascribed to such term on the face page of this Agreement;

“**Agent’s Fee**” has the meaning ascribed to such term in Section 2.2(1)

“**Aggregate Subscription Price**” means the aggregate subscription proceeds from the sale and issue of the Offered Shares;

“**Agreement**” means this agency agreement, being the agreement resulting from the acceptance by the Company of the offer made by the Agent hereby;

“**Anti-Money Laundering Laws**” has the meaning ascribed to such term in Section 4.1(1)(dd);

“**Broker Warrant Certificates**” means the certificates representing the Broker Warrants;

“**Broker Warrant Share**” has the meaning ascribed to such term in Section 2.2(1);

“**Broker Warrants**” has the meaning ascribed to such term in Section 2.2(1);

“**Business Day**” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in the City of Toronto, Ontario are not open for business;

“**Closing**” means the completion of the purchase and sale of the Offered Shares as contemplated by this Agreement and the Subscriber Questionnaires;

“**Closing Date**” means the day on which the Closing shall occur, being on or about December 13, 2024 or such other date as the Agent and the Company may determine, but

in any event, not later than 45 days after the dissemination of the Offering Document and Prescribed News Release;

“**Closing Time**” means 8:30 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company and the Agent may determine;

“**Common Shares**” means the common shares in the capital of the Company;

“**Company**” has the meaning ascribed to such term on the face page of this Agreement;

“**Concurrent Offered Shares**” has the meaning ascribed to such term on page 2 of this Agreement;

“**Concurrent Offering**” has the meaning ascribed to such term on page 2 of this Agreement;

“**Engagement Letter**” means the engagement letter agreement dated November 25, 2024 between the Company and the Agent in respect of the Offering;

“**Environmental Laws**” has the meaning ascribed to such term in Section 4.1(1)(t)(i);

“**Environmental Permit**” has the meaning ascribed to such term in Section 4.1(1)(t)(ii);

“**Financial Statements**” means the audited consolidated financial statements of the Company for the fiscal year ended September 30, 2023 and September 30, 2022 and the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended June 30, 2024;

“**Governmental Licenses**” has the meaning ascribed to such term in Section 4.1(1)(p);

“**Hazardous Materials**” has the meaning ascribed to such term in Section 4.1(1)(t)(i);

“**including**” means including without limitation;

“**Ineligible Person**” means any person named in the RENA or considered to be ineligible to participate in procedures for awarding public contracts or to enter into or maintain the validity of a public contract in accordance with the Public Procurement Laws or who, within the timeframe prescribed by the applicable legislative authority and as set forth herein, has committed a breach, offence or wrongdoing in respect of public contracts, the awarding of public contracts or a government authority (including any public or municipal body) that would result in this person being considered ineligible to participate in the procedures for awarding public contracts or to enter into or maintain the validity of a public contract;

“**Intellectual Property**” has the meaning ascribed to such term in Section 4.1(1)(tt);

“**IT Systems and Data**” has the meaning ascribed to such term in Section 4.1(1)(uu)(i);

“**Leased Premises**” has the meaning ascribed to such term in Section 4.1(1)(r);

“**Liens**” means any encumbrance or title defect or whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of pre-emption, privilege, encumbrance, easement, servitude, right of way, restrictive covenant, right of use or any other right of claim or claim of any kind or nature whatever which affects ownership or possession of, or title to, any interest in, or the right to use or occupy such property or assets;

“**LIFE Exemption**” has the meaning ascribed to such term on the face page of this Agreement;

“**Lock-Up Period**” has the meaning ascribed to such term in Section 4.2(1)(n);

“**Material Adverse Effect**” means any event, action, state, condition or major financial occurrence of national or international consequence or any outbreak or escalation of national or international hostilities or any crisis or calamity or plague of national or international consequence, or any governmental action, law, regulation, inquiry or other similar occurrence which, in the opinion of the Agent, acting reasonably, materially adversely affects or could reasonably be expected to materially adversely affect the business, operations, or affairs of the Company and its Subsidiary on a consolidated basis;

“**Membership Interest Purchase Agreement**” has the meaning ascribed to such term in Section 4.1(1)(y);

“**NI 45-102**” means National Instrument 45-102 – *Resale of Securities*;

“**NI 45-106**” means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**NI 52-109**” means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**notice**” has the meaning ascribed to such term in Section 7.6;

“**Offered Shares**” has the meaning ascribed to such term on the face page of this Agreement;

“**Offering**” has the meaning ascribed to such term on the face page of this Agreement;

“**Offering Document**” means the listed issuer financing document of the Company dated November 26, 2024, prepared by the Company in compliance with Form 45-106F19 *Listed Issuer Financing Document*;

“**Offering Price**” has the meaning ascribed to such term on the face page of this Agreement;

“**Person**” includes any individual (whether acting as an executor, trustee administrator, legal representative or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning;

“**Personnel**” has the meaning ascribed to such term in Section 7.2(1);

“**Prescribed News Release**” means the news release issued by the Company announcing the Offering on November 26, 2024;

“**President’s List**” has the meaning ascribed to such term on page 2 of this Agreement;

“**President’s List Purchasers**” has the meaning ascribed to such term on page 2 of this Agreement;

“**Public Disclosure Documents**” means, collectively, all of the documents which have been filed on SEDAR+ by or on behalf of the Company since January 1, 2021 to the Closing Time with the relevant Securities Regulators pursuant to the requirements of Securities Laws;

“**Public Procurement Laws**” means the legal framework governing procedures for awarding public and private contracts (or contracts deemed to be public contracts, or contracts entered into with a government authority (each, for the purposes hereof, a “public contract”)), including licences, permits, authorizations or approvals that must be issued or obtained under the Public Procurement Laws in order to (i) participate in procedures for awarding public contracts; (ii) enter into a public contract; (iii) enter into a subcontract directly related to a public contract; and (iv) preserve a public contract’s validity and, without duplication, the legal framework governing integrity, the fight against corruption and, more generally, ethical conduct in public markets;

“**Purchasers**” mean, collectively, those Persons who are purchasing the Offered Shares as contemplated herein;

“**RENA**” means the *Registre des entreprises non admissibles aux contrats publics*;

“**Securities Laws**” means, as applicable, the securities laws in each of the Selling Jurisdictions and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, notices, orders, blanket rulings and other regulatory instruments of the Securities Regulators in each of the Selling Jurisdictions, and all rules and policies of the TSX-V;

“**Securities Regulators**” means, collectively, the securities commissions, regulators or other securities regulatory authorities in the Selling Jurisdictions;

“**SEDAR+**” means the System for Electronic Document Analysis and Retrieval+ of the Canadian Securities Administrators available electronically at www.sedarplus.ca;

“**Selling Group**” has the meaning ascribed to such term in Section 2.2(3);

“**Selling Jurisdictions**” means each of the provinces of Canada except Québec;

“**Standard Listing Conditions**” means the customary post-closing conditions imposed by the TSX-V in similar circumstances to the Offering;

“**Subscriber Questionnaire**” means the form agreed to by the Company and the Agent, to be completed by each Purchaser, which includes the information on and the deemed representations of such Purchaser relying on the LIFE Exemption;

“**Subsidiary**” means Gemini Water, LLC;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time including every specific proposal to amend the Tax Act that is publicly announced by the Minister of Finance (Canada), and which is to have effect, prior to the date hereof;

“**Transfer Agent**” means Odyssey Trust Company, in its capacity as transfer agent and registrar of the Common Shares, at its office in the City of Toronto, Ontario;

“**TSX-V**” means the TSX Venture Exchange;

“**United States**” and “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

Section 1.2 Knowledge

In this Agreement a reference to “knowledge” of the Company means to the actual knowledge of the following senior officers of the Company, in all cases after reasonable inquiry: Scott A. MacFabe, Chief Executive Officer, and Dan Hilton, Chief Financial Officer.

ARTICLE 2 TERMS AND CONDITIONS

Section 2.1 Offering

- (1) The Agent agrees to act and the Company appoints the Agent as the Company’s exclusive agent, and subject to the conditions contained in Section 5.2 being satisfied and subject to the rights of the Agent contained in ARTICLE 6, the Agent agrees to offer for sale and sell the Offered Shares in the Selling Jurisdictions in accordance with the terms of the Agreement, by way of private placement on a “best efforts” basis without underwriter liability, pursuant to exemptions from the prospectus requirements of Securities Laws, such that each of the offer and sale of the Offered Shares do not obligate the Company to file a

prospectus, a registration statement or other offering document (other than the Offering Document and the Prescribed News Release) with any Securities Regulator under Securities Laws or otherwise comply with any continuous disclosure or reporting obligation in any jurisdiction outside of Canada.

- (2) The Company undertakes to file, or cause to be filed, all forms, undertakings, and other documents required to be filed by the Company, and to pay all filing fees in connection with the issue and sale of the Offered Shares, so that the distribution of such securities in the Selling Jurisdictions may lawfully occur without the necessity of filing a prospectus, registration statement, or offering memorandum (other than the Offering Document) in the Selling Jurisdictions. The Agent undertakes to use commercially reasonable efforts to cause the Purchasers to complete any forms required by Securities Laws.
- (3) The Company and the Agent acknowledge that the Offered Shares have not been and will not be registered under the U.S. Securities Act or applicable state securities laws.
- (4) Neither the Company nor the Agent shall (a) provide to prospective Purchasers any document or other material that would constitute an offering memorandum or future oriented financial information within the meaning of Securities Laws (other than the Offering Document); or (b) engage in any form of general solicitation or general advertising in connection with the offer and sale of the Offered Shares, including but not limited to, by causing the sale of the Offered Shares to be advertised in any newspaper, magazine, printed public media or similar medium of general and regular paid circulation or broadcast over radio, television or telecommunications, including electronic display, or conduct any seminar or meeting in connection with the offer and sale of the Offered Shares whose attendees have been invited by general solicitation or general advertising.

Section 2.2 Agent's Compensation

- (1) In consideration for the performance of its obligations hereunder, the Company shall (a) pay to the Agent a cash commission equal to 6.0% of the gross proceeds of the Offering, other than any proceeds raised from the members of the President's List for which the commission payable to the Agent shall be equal to 1.0% of such aggregate proceeds raised from members of the President's List (the "**Agent's Fee**"); and (b) issue to the Agent such number of broker warrants (the "**Broker Warrants**") as is equal to: (i) 6.0% of the number of Offered Shares sold pursuant to the Offering and (ii) 1.0% of the number of Offered Shares sold pursuant to the President's List. Each Broker Warrant will be exercisable to acquire one Common Share (the "**Broker Warrant Shares**") at the Offering Price until the date which is 18 months from the Closing Date.
- (2) The obligation of the Company to pay the Agent's Fee and Broker Warrants shall arise at the Closing Time. The Agent's Fee and the Broker Warrants shall be earned by the Agent upon the Closing. The Company shall pay any goods and services tax and harmonized sales tax imposed by the *Excise Tax Act* (Canada) and any other applicable sales tax applicable in respect of the Agent's Fee.

- (3) The Agent will be permitted to appoint, at its sole expense, other registered dealers or other dealers duly qualified in their respective jurisdictions, as its agents to assist in the Offering in the Selling Jurisdictions (such dealers collectively, the “**Selling Group**”). The Agent may determine the remuneration payable by the Agent to the members of the Selling Group, provided that such remuneration shall not in any way increase the aggregate Agent’s Fee or Broker Warrants payable to the Agent under this Agreement, and shall only be paid as permitted by and in compliance with Securities Laws.

ARTICLE 3

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE AGENT

Section 3.1 Representations and Warranties of the Agent.

- (1) The Agent represents and warrants to the Company and acknowledges that the Company is relying upon such representations and warranties in entering into the transactions contemplated by this Agreement, that:
 - (a) it has been duly created and is validly existing under the laws of its jurisdiction of incorporation, continuation, amalgamation or organization, and has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement on the terms and conditions set forth in this Agreement;
 - (b) this Agreement has been duly authorized, executed and delivered by the Agent, and is a legal, valid and binding obligation of, and is enforceable against, the Agent in accordance with its terms (subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally, the availability of equitable remedies and the qualification that rights to indemnity, contribution, and waiver of contribution may be limited by applicable laws);
 - (c) the Agent, and each member of the Selling Group, is duly registered and in good standing under applicable Securities Laws, is duly registered or licensed as investment dealer or exempt market dealer in those jurisdictions in which it is required to be so registered in order to perform the services contemplated by this Agreement, or if or where not so registered or licensed, the Agent will act only through members of the Selling Group who are so registered or licensed; and
 - (d) the Company is not a “related issuer” or “connected issuer” (as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*) of the Agent.

Section 3.2 Covenants of the Agent.

- (1) The Agent hereby covenants to the Company and acknowledges that the Company is relying on such covenants, that it shall (and shall use commercially reasonable efforts to cause the Selling Group to):

- (a) offer the Offered Shares on a private placement basis in accordance with the terms and conditions of this Agreement and in compliance with Securities Laws and other laws applicable to the Agent or the Selling Group;
- (b) not solicit, offer, sell, trade, distribute or otherwise do any act in furtherance of a trade of the Offered Shares in such manner as to require registration of the Offered Shares or the filing of a prospectus, registration statement or any similar document (other than the Offering Document) under the laws of any jurisdiction or to subject the Company to any continuous disclosure or other similar reporting requirements under the laws of any jurisdiction to which it is not currently subject;
- (c) other than the Offering Document, not deliver to any prospective Purchaser any document or material which constitutes an offering memorandum as defined under applicable Securities Laws and other applicable securities laws of other jurisdictions;
- (d) not directly or indirectly solicit offers to purchase or sell the Offered Shares in any jurisdiction other than the Selling Jurisdictions;
- (e) not make any representation or warranty with respect to the Offered Shares other than as set forth in this Agreement, the Offering Document or the Subscriber Questionnaires;
- (f) not engage in or authorize, directly or indirectly, any form of general advertising or general solicitation in connection with the Offering, including in: (i) printed media of general and regular circulation or any similar medium; (ii) radio; (iii) television; or (iv) electronic media, nor shall it conduct any seminar or meeting in connection with the offer and sale of the Offered Shares whose attendees have been invited by any form of general solicitation or general advertising;
- (g) obtain from each Purchaser a completed and executed Subscriber Questionnaire and deliver copies of such agreements to the Company at least one (1) Business Day prior to the date scheduled for Closing, together with all documentation contemplated by the Subscriber Questionnaire or as may be necessary under Securities Laws in connection with the distribution of the Offered Shares, in form acceptable to the Company and the Agent, each acting reasonably; and
- (h) provide to the Company all necessary information in respect of the Agent, the Purchasers and the Selling Group to allow the Company to file, with the Securities Regulators, reports of the sale of the Offered Shares pursuant to the Offering in accordance with applicable Securities Laws within ten (10) days of the Closing.

ARTICLE 4

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY

Section 4.1 Representations and Warranties of the Company.

- (1) The Company represents and warrants to the Agent and to the Purchasers, and acknowledges that each of them is relying upon such representations and warranties in purchasing the Offered Shares, that:
- (a) *Good Standing of the Company.* The Company has been incorporated and is validly existing under the federal laws of Canada and has all requisite corporate power and authority to carry on their business, and to own, lease and operate its properties and assets and to carry out the transactions contemplated by this Agreement including executing and delivering this Agreement; and the Company is duly qualified or authorized to transact business and is in good standing (in respect of the filing of annual returns where required or other information filings under applicable corporations information legislation) in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business;
 - (b) *Subsidiaries.* The Company does not have any subsidiaries other than the Subsidiary, and the Subsidiary is duly created and is validly existing under the laws of its jurisdiction of incorporation, continuation, amalgamation or organization, and is properly registered under the laws of all jurisdictions in which its business is carried on;
 - (c) *Share Capital.* As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares. As of the close of business on the Business Day immediately preceding the date hereof, 31,919,974 Common Shares and 3,877,029 options to acquire Common Shares are issued and outstanding, and there are no other securities of the Company issued and outstanding;
 - (d) *Listed Securities.* The Common Shares are listed and posted for trading on the TSX-V, and the Company has not taken any action which would be reasonably expected to result in the delisting or suspension of such securities on or from the TSX-V;
 - (e) *Authorization.* The Company has taken, or will have taken prior to the Closing Time, all necessary corporate action, (i) to authorize the execution, delivery and performance of this Agreement and the Broker Warrant Certificates, (ii) allot and authorize the issuance of the Offered Shares, and when issued and delivered by the Company pursuant to the terms hereof, the Offered Shares will be validly issued as fully paid and non-assessable Common Shares; and (iii) to create and issue the Broker Warrants and to allot, authorize and reserve for issuance the Broker Warrant Shares issuable upon exercise of the Broker Warrants and, upon the due exercise of the Broker Warrants, the Broker Warrant Shares will be validly issued as fully paid and non-assessable Common Shares;
 - (f) *Bankruptcy and Insolvency.* Neither the Company nor the Subsidiary has committed an act of bankruptcy, is insolvent, has proposed a compromise or arrangement to its creditors generally, had a petition or a receiving order in bankruptcy filed against it, made a voluntary assignment in bankruptcy, taken any proceedings with respect to a compromise or arrangement, taken any proceedings

to have itself declared bankrupt or wound-up or to have a receiver appointed for any of its property, had any Person holding any Lien or receiver take possession of any of the property thereof, or had any execution or distress become enforceable or become levied upon any of its property or assets;

- (g) *Dissolution or Liquidation.* No proceedings have been taken, instituted or, to the knowledge of the Company, are pending for or relating to the dissolution or liquidation of the Company or the Subsidiary;
- (h) *Books and Records.* All of the Company's transactions have been promptly and properly recorded or filed in its books or records and its minute books or records contain all records of the meetings and proceedings of its directors, shareholders, and committees of directors, if any, relating to any such transactions or other matters that may be material to the Company; the minute books and records of the Company made available to counsel for the Agent in connection with its due diligence investigation of the Company are all of the minute books and records of the Company;
- (i) *Absence of Rights.* Except as disclosed in the Public Disclosure Documents or as disclosed to the Agent, the Offering is not subject to any pre-emptive right or other contractual right or obligation to purchase securities granted by the Company or to which the Company is subject, and there is no other right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the issue or allotment of any unissued Common Shares or any other agreement or option, for the issue or allotment of any unissued Common Shares or any other security convertible into or exchangeable for any such Common Shares or to require the Company to purchase, redeem or otherwise acquire any of the issued and outstanding Common Shares, except for those convertible securities listed in Section 4.1(1)(c);
- (j) *Financial Statements.* The Financial Statements and the notes thereto: (i) have been prepared in conformity with International Financial Reporting Standards; (ii) contain no misrepresentation and present fairly, in all material respects, the financial position of the Company, on a consolidated basis, as at the dates thereof, and the results of operations and cash flows of the Company, on a consolidated basis, for the periods then ended; and (iii) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of the Company, on a consolidated basis. Except as disclosed in the Financial Statements, there has been no change in accounting policies or practices of the Company since June 30, 2024. The officer's certificates filed by the Company in connection with the Financial Statements in accordance with NI 52-109 are in the form required by NI 52-109;
- (k) *Independent Auditors.* The auditors who reported on and audited the Financial Statements that are audited are independent with respect to the Company within the meaning of the Canadian Institute of Chartered Accountants Handbook and there

has never been a “reportable event” (within the meaning of NI 51-102) with respect to the present auditor or any former auditor of the Company;

- (l) *Audit Committee.* The audit committee of the Company is comprised and operates in accordance with the requirements of NI 52-110;
- (m) *Dividends.* Since June 30, 2024, the Company has not declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or agreed to do so or otherwise effected any return of capital with respect to such shares;
- (n) *Liabilities.* The Company and the Subsidiary do not have any liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, which are not disclosed or referred to in the Financial Statements or referred to or disclosed herein or in the Public Disclosure Documents, other than liabilities, obligations, or indebtedness or commitments: (i) incurred in the normal course of business; and (ii) which would not reasonably be expected to have a Material Adverse Effect;
- (o) *No Default.* None of the execution and delivery of this Agreement, the performance by the Company of its obligations hereunder or the sale or issuance of the Offered Shares and Broker Warrants:
 - (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, securities regulatory authority or other third party, except: (A) such as have been or will be obtained by the Closing Date; or (B) such as may be required under the applicable by laws, policies, regulations and prescribed forms of the TSX-V;
 - (ii) will conflict with or result in any breach of (A) any of the constating documents of the Company, or (B) any securities laws pursuant to the *Securities Act* (Ontario) and the published rules and regulations and forms prescribed thereunder together with all applicable policy statements, multilateral instruments or national instruments, published blanket orders and rulings issued or adopted by any Securities Regulators to whom the Company is subject; or
 - (iii) give rise to any Lien or claim in or with respect to the properties or assets now owned by the Company or the acceleration of or the maturity of any debt under any indenture, mortgage, lease, agreement or instrument binding or affecting any of them or any of their properties;
- (p) *Possession of Licenses and Permits.* Each of the Company and the Subsidiary has conducted and is conducting its business in compliance in all material respects with all applicable law, rules, regulations, tariffs, orders and directives of each jurisdiction in which it carries on business. All material permits, certificates,

licenses, approvals, consents and other authorizations (collectively, “**Governmental Licenses**”) issued by the appropriate federal, provincial, state, local or foreign regulatory agencies or bodies necessary to carry on the business currently carried on, or contemplated to be carried on, by it, are in place, or with respect to Government Licenses to conduct future activities, will be in place at the time such activities are commenced. There has been no breach of the material terms and conditions of all such Governmental Licenses. All of the Governmental Licenses are valid and in full force and effect and will remain valid and in full force and effect. No notice of proceedings relating to the revocation or material modification of any such Governmental Licenses has been issued or is contemplated;

- (q) *Title to Assets.* Each of the Company and the Subsidiary has good and marketable title to all tangible assets owned by it free and clear of all material Liens, save and except as disclosed in the Public Disclosure Documents;
- (r) *Title to Real Property.* At the Closing Time, all of the leases, subleases and agreements with respect to real property material to the business of the Company and the Subsidiary, considered on a consolidated basis, and under which the Company and the Subsidiary have an interest in properties described in the Public Disclosure Documents, are in full force and effect, and, except as otherwise disclosed in the Public Disclosure Documents, neither the Company or the Subsidiary have received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or the Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or the Subsidiary to the continued possession of the property under any such lease, sublease or agreement;
- (s) *Leased Premises.* With respect to each premises of the Company which is material to the Company and which the Company occupies as tenant (the “**Leased Premises**”), the Company occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Company occupies the Leased Premises is in good standing and in full force and effect;
- (t) *Environmental Laws.*
 - (i) The Company and the Subsidiary are not in material violation of any federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, policy or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, “**Hazardous Materials**”) or to the

manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, “**Environmental Laws**”);

- (ii) The Company and the Subsidiary have all material permits, licenses, authorizations, certificates, registrations and approvals (the “**Environmental Permits**”) required under any applicable Environmental Laws to conduct their business as currently conducted and are in material compliance with their requirements under such Environmental Laws and, to the knowledge of the Company, no proceeding is pending or threatened to revoke or limit any such Environmental Permit;
- (iii) Neither the Company nor the Subsidiary (including, if applicable, any predecessor companies) has received any notice of, or been prosecuted for an offence alleging, non-compliance with any Environmental Law, and neither the Company nor the Subsidiary (including, if applicable, any predecessor companies) has settled any allegation of non-compliance short of prosecution. There are no pending or, to the knowledge of the Company, threatened administrative, regulatory or judicial actions, suits, orders, demands, demand letters, claims, Liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Company and the Subsidiary which if determined adversely, would reasonably be expected to have a Material Adverse Effect;
- (iv) There are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Company or the Subsidiary, nor has the Company or the Subsidiary received notice of any of the same;
- (v) The Company and the Subsidiary are not subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment or non-compliance with Environmental Laws which would reasonably be expected to have a Material Adverse Effect;
- (vi) Except as ordinarily or customarily required by applicable permits, neither the Company nor the Subsidiary has received any notice wherein it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws. Neither the Company nor the Subsidiary has received any request for information in connection with any federal, state, municipal or local inquiries as to disposal sites; and
- (vii) There are no environmental audits, evaluations, assessments, studies or tests relating to the Company or the Subsidiary except for ongoing assessments conducted by or on behalf of the Company or the Subsidiary in the ordinary course;

- (u) *Public Procurement Laws.* Without limiting the generality of other subsections of this Section 4.1: (A) the Company, its Subsidiary and their respective employees and other representatives (including the directors, officers and, where so required by the Public Procurement Laws, shareholders or partners) have in all material respects complied with all applicable Public Procurement Laws; and (B) the Company, its Subsidiary or their respective employees and other representatives (including the directors, officers and, where so required by the Public Procurement Laws, shareholders or partners) are not Ineligible Persons and have committed no action or omission that might cause them to be considered or to become Ineligible Persons;
- (v) *Reporting Issuer.* The Company is a reporting issuer in each of the provinces of British Columbia, Alberta, Ontario and Manitoba and is not in default of any of its obligations under applicable Securities Laws of such provinces;
- (w) *Compliance.* The Company is, and will at the Closing Time be, in compliance in all material respects with the by-laws, rules and regulations of the TSX-V and no material change relating to the Company has occurred within the past twelve (12) months that has not been generally disclosed and that in relation thereto the requisite material change report has not been filed under applicable Securities Laws and no such disclosure has been made on a confidential basis that at the date hereof remains confidential;
- (x) *No Material Adverse Effect.* Since June 30, 2024, (i) there has been no change in the condition (financial or otherwise), or in the properties, capital, affairs, prospects, operations, assets liabilities of the Company or the Subsidiary, whether or not arising in the ordinary course of business, which would reasonably be expected to give rise to a Material Adverse Effect;
- (y) *No Material Transactions.* Since June 30, 2024, other than the membership interest purchase agreement entered into among the Company, the Subsidiary and GSWS Holdco. Inc. dated September 23, 2024 (the “**Membership Interest Purchase Agreement**”), there have been no transactions entered into by the Company or the Subsidiary, other than those in the ordinary course of business, which are material with respect to the Company and the Subsidiary, and the Company and the Subsidiary have not approved or entered into any agreement in respect of: (A) the purchase of any property material to the Company or the Subsidiary or assets or any interest therein or the sale, transfer or other disposition of any property material to the Company or the Subsidiary or assets or any interest therein currently owned, directly or indirectly, by the Company or the Subsidiary whether by asset sale, transfer of shares or otherwise; or (B) the change of control (by sale or transfer of shares or sale of all or substantially all of the property and assets of the Company, or any of the Subsidiary or otherwise) of the Company or the Subsidiary;
- (z) *Absence of Proceedings.* There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency, governmental instrumentality or body, domestic or foreign, now pending or, to the knowledge of

the Company, threatened against or affecting the Company or the Subsidiary, which has not been disclosed to the Agent or its counsel, or which if determined adversely, would reasonably be expected to have a Material Adverse Effect, or which, if determined adversely, would reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement or the performance by the Company or the Subsidiary of its obligations hereunder;

- (aa) *Outstanding Judgments.* There is no outstanding judgment, order, decree, arbitral award or decision of any court, tribunal or government agency against the Company or the Subsidiary, which, either separately or in the aggregate, may result in a Material Adverse Effect;
- (bb) *No Cease Trade Orders.* No order ceasing or suspending trading in securities of the Company or prohibiting the sale of securities by the Company has been issued by an exchange or Securities Regulator, and no proceedings for this purpose have been instituted, or are, to the Company's knowledge, pending, contemplated or threatened;
- (cc) *Unlawful Payment.* None of the Company or, to the knowledge of the Company any of its employees or agents has made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any law, or made any payment to any foreign, Canadian, United States or provincial or state governmental officer or official, or other Person charged with similar public or quasi-public duties, other than payments required or permitted by applicable laws;
- (dd) *Anti-Money Laundering.* The operations of the Company and the Subsidiary are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental authority (collectively, the "**Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental authority or any arbitrator or non-governmental authority involving the Company and the Subsidiary with respect to the Anti-Money Laundering Laws is, to the best knowledge of the Company, pending or threatened;
- (ee) *Brokerage Fees.* Other than the Agent (or any members of the Selling Group), there is no Person, acting or, to the knowledge of the Company, purporting to act at the request of the Company, who is entitled to any brokerage or finder's fees in connection with the Offering contemplated herein;
- (ff) *Authorization of Agreement.* At the Closing Time, this Agreement will have been duly authorized, executed and delivered by the Company and will be a legal, valid and binding obligation of, and is enforceable against, the Company in accordance with its terms (subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally, the availability of equitable remedies and the qualification

that rights to indemnity, contribution, and waiver of contribution may be limited by applicable laws);

- (gg) *Disclosure.* The Company has filed all documents required to be filed by it under applicable Securities Laws, and the Public Disclosure Documents, were as of the date of such documents, true and correct in all material respects, contained no misrepresentation and no material change or material fact or facts were omitted therefrom which would make such information misleading in light of the circumstances in which it was made, as at the date thereof;
- (hh) *Material Contracts.* All of the current material contracts and agreements of the Company and the Subsidiary not made in the ordinary course of business have been disclosed in the Public Disclosure Documents and filed with the appropriate Securities Regulators as required by Securities Laws;
- (ii) *Filings.* All material filings and fees required to be made and paid, respectively, by the Company pursuant to the *Canada Business Corporations Act* have been made and paid and such filings were true and accurate in all material respects as at the respective dates thereof;
- (jj) *Interest of Insiders.* Except as disclosed in the Public Disclosure Documents, none of the directors, officers or employees of the Company, any known holder of more than 10% of any class of shares of the Company, or any known associate or affiliate of any of the foregoing Persons has had any material interest, direct or indirect, in any material transaction within the previous two (2) years or has any material interest in any proposed material transaction involving the Company which, as the case may be, materially affected, is material to or will materially affect the Company on a consolidated basis;
- (kk) *Voting Agreements.* The Company is not party to any agreement, and to the knowledge of the Company, there is no agreement, which in any manner affects the voting control of any of the securities of the Company;
- (ll) *Shareholder Agreements.* Neither the Company or the Subsidiary nor, to the Company's knowledge, any of their shareholders is a party to any shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Company;
- (mm) *Interest in Revenues.* Except as disclosed in the Public Disclosure Documents, no officer, director, employee or any other person not dealing at arm's length with the Company or the Subsidiary, any associate or affiliate of such Person, owns, has or is entitled to any royalty, net profits interest, carried interest, licensing fee, or any other encumbrances or claims of any nature whatsoever which are based on the revenues of the Company or the Subsidiary, except for claims in the ordinary and normal course of the business of the Company or the Subsidiary such as for accrued vacation pay or other amounts or matters which would not be material to the Company or the Subsidiary;

- (nn) *Employees.* All material employment agreements, severance agreements and change of control agreements and all employee plans, currently in place or proposed, have been disclosed in the Public Disclosure Documents or to the Agent or its counsel. The Company and the Subsidiary are in material compliance with all laws respecting employment and employment practices, terms and conditions of employment, occupational health and safety, pay equity and wages and there has not been in the last two (2) years and there is not currently any labour disruption or conflict involving the Company. The Company and the Subsidiary are not party to a collective bargaining agreement. To the Company's knowledge, there are no union organizing efforts being made at the Company and the Subsidiary;
- (oo) *Interest in Other Companies.* The Company does not, directly or indirectly, beneficially own or exercise control or direction over 10% or more of the outstanding voting shares of any company, other than the Subsidiary;
- (pp) *Indebtedness.* Except as disclosed in the Public Disclosure Documents, the Company and the Subsidiary are not a party to any material loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or any agreement, contract or commitment to create, assume or issue any debt instrument;
- (qq) *Taxes.* All tax returns, reports, elections, remittances and payments of the Company and the Subsidiary required by applicable law to have been filed or made in any applicable jurisdiction, have been filed or made (as the case may be), and are substantially true, complete and correct in all material respects and all taxes due and payable by the Company and the Subsidiary have been paid or accrued in the Financial Statements; to the best of the knowledge of the Company, no examination of any tax return of the Company and the Subsidiary is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Company, in any case, except where such examinations, issues or disputes would not have a Material Adverse Effect;
- (rr) *Transfer Agent.* The Transfer Agent has been duly appointed as the transfer agent and registrar for the Common Shares;
- (ss) *Insurance.* The Company and the Subsidiary maintain insurance against losses of, or damage to, their assets by all insurable hazards or risks as are customarily insured against by companies operating or owning similar properties and conducting a business similar to the business of the Company and the Subsidiary, and the Company and the Subsidiary are not in default or breach with respect to any of the provisions contained in any of their insurance policies nor has the Company and the Subsidiary failed to give any notice or present any claim under any of their insurance policies in a due and timely fashion. All insurance policies maintained by the Company and the Subsidiary are in good standing in all respects as of the date hereof;

- (tt) *Intellectual Property.* (i) Each of the Company and the Subsidiary owns or has the right to use under license, sub-license or otherwise all material intellectual property used by it in its business, including patents, copyrights, industrial designs, trademarks, trade secrets, know-how and proprietary rights (collectively “**Intellectual Property**”), free and clear of any and all Liens, and all such Intellectual Property is sufficient to conduct its business as currently conducted; (ii) to the knowledge of the Company, there is no infringement by third parties of any Intellectual Property owned, licensed or commercialized by the Company or the Subsidiary; and (iii) there is no action, suit, proceeding or claim pending or, to the knowledge of the Company, threatened by others challenging the Company’s or the Subsidiary’s rights in or to any Intellectual Property or the validity or scope of any Intellectual Property owned, licensed or commercialized by the Company and the Subsidiary, and the Company is unaware of any other fact which could form a reasonable basis for any such action, suit, proceeding or claim. No material royalty or other fee is required to be paid by the Company or any Subsidiary to any other person in respect of any of its intellectual property;
- (uu) *IT Systems and Data.*
- (i) (A) there has been no security breach or other compromise of or relating to any of the Company’s or its Subsidiary’s information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, “**IT Systems and Data**”) which would reasonably be expected to have a Material Adverse Effect, and (B) the Company and its Subsidiary have not been notified of, and have no knowledge of, any security breach or other compromise to their IT Systems and Data that would reasonably be expected to result in a Material Adverse Effect; and (iii) the Company and its Subsidiary are presently, and have been at all times during the last two years, in compliance in all material respects with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, misappropriation or modification; and
- (ii) the Company and its Subsidiary have implemented in a commercially reasonable manner (i) all measures required to prevent that the IT Systems and Data be infected by viruses, spywares, malwares or be subject to any unauthorized access, and (ii) functioning backup systems in order to guarantee, in the event of any failure of the IT Systems and Data, that no material data would be irrevocably compromised or lost;
- (vv) *Directors and Officers.* None of the directors or officers of the Company are now, or have within the past 10 years been subject to an order or ruling of any securities

regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;

- (ww) *Proposed Legislation.* To the knowledge of the Company, there is no legislation, or proposed legislation (published by a legislative body), which the Company anticipates will have a Material Adverse Effect;
- (xx) *Due Diligence Matters.* The Company has, and to the Company's knowledge, the directors and officers of the Company have, answered every question or inquiry of the Agent and its counsel in connection with the Agent's due diligence investigations fully and truthfully;
- (yy) *Full Disclosure.* All information which has been prepared by the Company relating to the Company and its Subsidiary, any of its business, properties and liabilities, and either publicly disclosed or provided to the Agent including all financial, marketing, sales and operational information provided to the Agent and all Public Disclosure Documents is, as of the date of such information, true and correct in all material respects, and no fact or facts have been omitted therefrom which would make such information misleading;
- (zz) *LIFE Exemption.*
 - (i) during the 12 months prior to the date of the Prescribed News Release, the Company has not raised any capital using the LIFE Exemption and is not otherwise raising funds under the LIFE Exemption other than under the Offering;
 - (ii) all information and statements contained in the Offering Document are true and correct, in all material respects. The Offering Document, together with any document filed under Securities Laws on or after November 26, 2023, contains disclosure of all material facts about the securities being distributed in the Offering and does not contain a misrepresentation. The Offering Document complies in all material respects with the requirements of Securities Laws;
 - (iii) the Company is and has been a reporting issuer in at least one jurisdiction of Canada for the 12 months immediately prior to the date of the Prescribed News Release;
 - (iv) the Company's operations have not ceased or its principal asset is not cash or cash equivalents, or its exchange listing;
 - (v) the Company has filed all periodic and timely continuous disclosure documents that it is required to have filed by each of the following: (i) Securities Laws; (ii) an order issued by a Securities Regulator; and (iii) an undertaking to a Securities Regulator;

- (vi) the Company has filed all periodic and timely continuous disclosure documents that it is required to have filed by each of the following: (i) Securities Laws; (ii) an order issued by a Securities Regulator; and (iii) an undertaking to a Securities Regulator;
- (vii) the total dollar amount of the Offering, combined with the dollar amount of all other distributions made by the Company under the LIFE Exemption during the 12 months immediately before the date of the Prescribed News Release, will not exceed the greater of the following: (i) \$5,000,000; or (ii) 10% of the aggregate market value of the Company listed securities, on the date of the Prescribed News Release, calculated in accordance with NI 45-106, to a maximum total dollar amount of \$10,000,000;
- (viii) the Offering, combined with all other distributions made by the Company under the LIFE Exemption during the 12 months immediately before the date of the Prescribed News Release, will not result in an increase of more than 50% of the number, or, in the case of debt, of the principal amount, of the Company's issued and outstanding securities, as of the date that is 12 months before the date of the Prescribed News Release; and
- (ix) the Company reasonably expects that, on completion of the Offering, the Company will have sufficient available funds to meet its business objectives and all liquidity requirements for a period of 12 months.

Section 4.2 Covenants of the Company.

- (1) The Company hereby covenants to the Agent and to the Purchasers, and acknowledges that each of them is relying on such covenants in connection with the purchase of the Offered Shares, that:
 - (a) the Company shall use its commercially reasonable efforts to remain a company validly subsisting, licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the character of its properties owned or leased or the nature of the activities conducted by it make such licensing, registration or qualification necessary, and for a period of two (2) years from the Closing Date, the Company shall carry on its business in the ordinary course and in compliance in all material respects with all applicable laws of each such jurisdiction, provided that, in each case, this covenant shall not restrict the Company from entering into an agreement with respect to, or effecting, a transaction pursuant to which the common shares of the Company are exchanged for cash and/or securities of another person that is a reporting issuer and listed on a recognized stock exchange;
 - (b) the Company shall use commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the Securities Laws in each of the provinces of British Columbia, Alberta, Manitoba and Ontario for a period of two (2) years following the Closing Date; provided that this covenant 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 Common Shares receive securities of an entity which is listed on a stock exchange in Canada or cash, or the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the rules and policies of the TSX-V;

- (c) the Company shall use commercially reasonable efforts to maintain the listing of the Common Shares on the TSX-V to the date which is two (2) years following the Closing Date; provided that this covenant shall not prevent the Company from transferring its listing to the Toronto Stock Exchange or completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or cash, or the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the rules and policies of the TSX-V;
- (d) up until the Closing Time, the Company shall provide the Agent and its legal counsel with timely access to all information that they may reasonably request to permit them to conduct all due diligence investigations of the Company and its business operations, properties, assets, affairs and financial condition. In particular, the Company will make available to the Agent and its legal counsel, on a timely basis, all corporate and operating records, material contracts, technical and financial information, budgets, key officers, and other relevant information necessary in order to complete the due diligence investigation of the Company and its business operations, properties, assets, affairs and financial condition for this purpose, and without limiting the scope of the due diligence inquiries the Agent may conduct, to participate in one or more due diligence sessions to be held prior to the Closing Time;
- (e) the Company shall duly execute and deliver any material documents in connection with the Offering at the Closing Time, and comply with and satisfy all terms, conditions and covenants herein or therein contained to be complied with or satisfied by the Company;
- (f) the Company shall, as soon as practicable, use its commercially reasonable efforts to obtain all necessary consents to the transactions contemplated herein;
- (g) the Company shall ensure that the Offered Shares, upon issuance in accordance with this Agreement, shall be duly issued as fully paid and non-assessable Common Shares, and shall have the attributes corresponding in all material respects to the description thereof set forth in this Agreement;
- (h) the Company shall ensure that at all times prior to the expiry of the Broker Warrants, a sufficient number of Broker Warrant Shares are allotted and reserved for issuance upon the exercise of the Broker Warrants in accordance with their applicable terms;

- (i) the Company shall ensure that, upon issuance thereof and payment therefor, the Broker Warrant Shares will be duly issued as fully paid and non-assessable Common Shares;
- (j) the Company shall have taken all steps as are necessary to cause the Offered Shares and the Broker Warrant Shares to be listed and posted for trading on the TSX-V, subject to the satisfaction of by the Company of the Standard Listing Conditions within the applicable time frame pursuant to the rules and policies of the TSX-V;
- (k) the Company shall use commercially reasonable efforts to fulfill or cause to be fulfilled, at or prior to the Closing Date, each of the conditions set out in Section 5.2;
- (l) the Company shall execute and file with the Securities Regulators and the TSX-V all forms, notices and certificates required to be filed by the Company pursuant to the Securities Laws and the policies of the TSX-V in the time required by the applicable Securities Laws and the policies of the TSX-V, including, for greater certainty, Form 45-106F1 of NI 45-106 and any other forms, notices and certificates set forth in the opinions delivered to the Agent pursuant to the closing conditions set forth in Section 5.2 hereof, as are required to be filed by the Company;
- (m) the Company shall provide the Agent with a reasonable opportunity to review and provide comments on a draft of any proposed announcement or press release relating to the Offering. In addition, if required by applicable Securities Laws, any press release announcing or otherwise referring to the Offering shall include an appropriate notation on each page as follows: “Not for distribution to United States news wire services or for dissemination in the United States.” All press releases announcing the Offering will also be tailored to qualify for the safe harbour provided for in Rule 135e under the U.S. Securities Act, and include the following statement:

“This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein in the United States. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available.”
- (n) the Company shall use the net proceeds from the purchase and sale of the Offered Shares in accordance with the description set forth under the heading “Use of Proceeds” in the Offering Document;
- (o) the Company shall not, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to, or announce any intention

to, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any additional Common Shares or any securities convertible or exchangeable into Common Shares of the Company, other than pursuant to (i) the grant, exercise or vesting of stock options and other similar issuances pursuant to any stock option plan, share unit plan or similar share compensation arrangements in place prior to the Closing Date, (ii) an arm's length acquisition, or (iii) the exchange, transfer, conversion or exercise of rights of existing outstanding securities or existing commitments, for a period commencing on the date hereof and ending on the date that is four months plus one day following the Closing Date (the "**Lock-Up Period**"), without the prior written consent of the Agent, such consent not be unreasonably withheld or delayed; and

- (p) the Company shall cooperate with the Agent in marketing the Offering, including, to the extent reasonable, by making its senior officers available to meet with prospective investors identified by the Agent.

ARTICLE 5 CLOSING

Section 5.1 Closing Deliveries.

The purchase and sale of the Offered Shares shall be completed at the Closing Time through the electronic exchange of documents. At or prior to the Closing Time, the Company shall deliver to the Agent, certificates or the electronic registration by book-entry of evidence of ownership (as may be agreed upon by the Agent and the Company) representing the Offered Shares and Broker Warrants and such further documentation as may be contemplated herein, including the requisite legal opinions and certificates as contemplated in Section 5.2, against payment of the Aggregate Subscription Price in lawful money of Canada by certified cheque or wire transfer payable to the Company or as otherwise directed by the Company. The Company will, at the Closing Time, make payment in full of the Agent's Fee and the reasonable out-of-pocket costs and expenses of the Agent, including fees and disbursements of counsel to the Agent as specified in Section 7.3 herein.

Section 5.2 Closing Conditions.

The Agent's obligation to purchase the Offered Shares at the Closing Time shall be conditional upon the fulfilment at or before the Closing Time of the following conditions:

- (a) *Requisite Approvals.* The Agent shall have received at the Closing Time, evidence that any requisite approvals (including any applicable shareholder approvals from the Company's shareholders), consents and acceptances of the appropriate regulatory authorities and the TSX-V, required to be made or obtained by the Company in order to complete the Offering, have been made or obtained.
- (b) *Board Approval.* The board of directors of the Company shall have authorized and approved the execution and delivery of this Agreement, the allotment, issuance and delivery of the Offered Shares, Broker Warrants and the allotment and reservation for issuance of the Broker Warrant Shares and all matters relating thereto.

- (c) *Officer's Certificates.* The Agent shall have received officers' certificates, in form and substance satisfactory to the Agent's counsel acting reasonably, dated the Closing Date, signed by appropriate officers of the Company addressed to the Agent and its counsel, with respect to the articles of the Company, all resolutions of the Company's board of directors relating to this Agreement and the transactions contemplated hereby, the incumbency and specimen signatures of signing officers in the form of a certificate of incumbency.
- (d) *Canadian Legal Opinions.* The Agent shall have received favourable legal opinions with respect to Canadian corporate and securities matters, in form and substance satisfactory to the Agent's counsel acting reasonably, dated the Closing Date, from Perley-Robertson, Hill & McDougall LLP/S.R.L., Canadian counsel to the Company or where appropriate, counsel in the other provinces of Canada, which counsel in turn may rely, as to matters of fact, on certificates of public officials, the Transfer Agent and officers of the Company.
- (e) *Subsidiary Opinion.* The Agent shall have received a favorable legal opinion from local counsel to the Company, as to: (a) the incorporation and existence of the Subsidiary; (b) the corporate power and capacity of the Subsidiary to carry on their business as presently carried on and to own, lease and operate their properties and assets; (c) the authorized capital and issued and outstanding share capital of the Subsidiary; and (d) the ownership of the issued and outstanding securities of the Subsidiary, in form and in substance acceptable to the Agent's counsel, acting reasonably.
- (f) *Listing Approval.* The Offering shall have been conditionally approved by the TSX-V, subject only to the Company satisfying the Standard Listing Conditions within the applicable time frame pursuant to the rules and policies of the TSX-V; and the Company shall not have received any notice from the TSX-V that the Offered Shares or the Broker Warrant Shares shall not be accepted for listing on such exchange.
- (g) *Broker Warrant Certificate.* The Agent shall have received fully executed Broker Warrant Certificates in respect of all Broker Warrants.
- (h) *Certificate of Status.* The Agent shall have received a certificate of status (or equivalent) under applicable law for the Company.
- (i) *Certificate of Transfer Agent.* The Agent shall have received a certificate from the Transfer Agent as to the number of Common Shares, issued and outstanding as at a date no more than one Business Day prior to the Closing Date.
- (j) *No Termination.* The Agent not having exercised any rights of termination set forth in ARTICLE 6.
- (k) *Other Documentation.* The Agent having received at the Closing Time such further certificates, opinions of counsel and other documentation from the Company as the Agent or its counsel may reasonably require, provided, however, that the Agent or

its counsel shall request any such certificate, opinion or document within a reasonable period prior to the Closing Time that is sufficient for the Company to obtain and deliver such certificate, opinion or document.

- (2) The Company agrees that the aforesaid legal opinions and certificates to be delivered at the Closing Time will also be addressed to the Purchasers and that the Agent may deliver copies thereof to such Persons and the Agent's counsel.

ARTICLE 6 TERMINATION

Section 6.1 Rights of Termination

- (1) The Company shall use its best efforts to cause all conditions in this Agreement which relate to it to be satisfied. It is understood that the Agent may waive in whole or in part or extend the time for compliance with any of such terms and conditions without prejudice to its rights in respect of any other of the foregoing terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding any such waiver or extension must be in writing.
- (2) The Agent shall be entitled, in its sole discretion, to terminate and cancel, without any liability on the Agent's part, its obligations under this Agreement by giving notice at or at any time prior to Closing Time if:
 - (a) there is, in the opinion of the Agent, acting reasonably, a material change or a change in any material fact or a new material fact shall arise which would be expected to have a material adverse change or effect on the business, affairs, prospects or financial condition of the Company or on the market price or the value of the Offered Shares, or other securities of the Company;
 - (b) (i) there should develop, occur or come into effect or existence any event, action, state, condition (including without limitation, terrorism or accident) or major financial occurrence of national or international consequence or a new or change in any law or regulation which in the sole opinion of the Agent materially adversely affects or involves or may materially adversely affect or involve the financial markets or the business, operations or affairs of the Company and its Subsidiary taken as a whole or the market price or value of the securities of the Company, (ii) any order, action or proceeding which cease trades or otherwise operates to prevent or restrict the trading of the Offered Shares, or any other securities of the Company is made or threatened by a securities regulatory authority;
 - (c) the Company is in breach of a material term, condition or covenant of this Agreement, or any representation or warranty given by the Company in this Agreement becomes or is materially false;
 - (d) any inquiry, action, suit, proceeding or investigation (whether formal or informal) (including matters of regulatory transgression or unlawful conduct) is commenced, announced or threatened or any order made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency

or instrumentality including, without limitation, the TSX-V or any securities regulatory authority or any law or regulation is enacted or changed which in the opinion of the Agent, acting reasonably, operates to prevent or restrict the trading of the Offered Shares, or any other securities of the Company or materially and adversely affects or will materially and adversely affect the market price or value of the Offered Shares or any other securities of the Company

- (e) the state of the financial markets, whether national or international, is such that in the sole opinion of the Agent, acting reasonably, it would be impractical or unprofitable to offer or continue to offer the Offered Shares for sale;
 - (f) the Agent is unsatisfied with the results of its due diligence investigation of the Company; or
 - (g) any condition (including, without limitation, those contemplated in Section 5.2) to Closing shall remain outstanding and uncompleted at any time after the time which it is required to be completed.
- (3) The rights of termination contained in the foregoing subsections of this section may be exercised by the Agent and are in addition to, and without prejudice to, any other rights or remedies the Agent may have in respect of any default, act or failure to act or noncompliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there shall be no further liability on the part of the Agent to the Company or on the part of the Company to the Agent except in respect of any liability which may have arisen prior to such termination or may arise after such termination in respect of acts or omissions of the Company prior to such termination or under Section 7.2 and Section 7.3.

ARTICLE 7 GENERAL

Section 7.1 Survival of Representations, Warranties and Covenants

All representations, warranties, and covenants of the Company and the Agent herein contained or contained in documents submitted or required to be submitted pursuant to this Agreement shall survive the purchase by the Purchasers of the Offered Shares and shall continue in full force and effect for the benefit of the Agent and the Purchasers for a period of two (2) years following the Closing Date.

Section 7.2 Indemnity and Contribution.

- (1) The Company and its Subsidiary and affiliated companies, as the case may be, (collectively, for purposes of this Section 7.2, the “**Indemnitor**”) shall indemnify and hold the Agent, each of its Subsidiary and affiliates, and each of their directors, officers and employees (hereinafter referred to as the “**Personnel**”) harmless from and against any and all expenses, losses (other than loss of profits), fees, claims, actions (including shareholder actions, derivative actions or otherwise), damages, obligations, or liabilities, whether joint or several, and the reasonable fees and expenses of their counsel, that may be incurred in

advising with respect to and/or defending any actual or threatened claims, actions, suits, investigations or proceedings to which the Agent and/or any Personnel may become subject or otherwise involved in any capacity under any statute or common law, or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance or professional services rendered to the Indemnitor by the Agent and any Personnel hereunder, or otherwise in connection with the matters referred to in this Agreement to which this indemnity is attached (including the aggregate amount paid in reasonable settlement of any such actions, suits, investigations, proceedings or claims that may be made against the Agent and/or their Personnel, provided that the Indemnitor has agreed to such settlement), provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

- (a) the Agent and/or their any Personnel have been grossly negligent or have committed wilful misconduct or any fraudulent act in the course of such performance; and
- (b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the gross negligence, wilful misconduct or fraud referred to in Section 7.2(1)(a).

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

If for any reason (other than the occurrence of any of the events itemized in Section 7.2(1)(a) and Section 7.2(1)(b) above), the foregoing indemnification is unavailable to the Agent or any Personnel or insufficient to hold the Agent or any Personnel harmless as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Agent or any Personnel on the other hand but also the relative fault of the Indemnitor and the Agent or any Personnel, as well as any relevant equitable considerations; provided that the Indemnitor shall in any event contribute to the amount paid or payable by the Agent or any Personnel as a result of such expense, loss, claim, damage or liability and any excess of such amount over the amount of the fees received by the Agent pursuant to this Agreement.

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

the Agent for time spent by any Personnel in connection therewith) and out-of-pocket expenses incurred by any Personnel in connection therewith shall be paid by the Indemnitor as they occur.

- (3) Promptly after receipt of notice of the commencement of any legal proceeding against the Agent or any of the Personnel or after receipt of notice of the commencement or any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Agent will notify the Indemnitor in writing of the commencement thereof, and throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed. However, the failure by the Agent to notify the Indemnitor will not relieve the Indemnitor of its obligations to indemnify the Agent and/or any Personnel. The Indemnitor shall on behalf of itself and the Agent and/or any Personnel, as applicable, be entitled (but not required) to assume the defence of any suit brought to enforce such legal proceeding; provided, however, that the defence shall be conducted through legal counsel acceptable to the Agent and/or any Personnel, as applicable, acting reasonably, that no settlement of any such legal proceeding may be made by the Indemnitor without the prior written consent of the Agent and/or any Personnel, as applicable, and none of the Agent and/or any Personnel, as applicable, shall be liable for any settlement of any such legal proceeding unless it has consented in writing to such settlement, such consent not to be unreasonably withheld. The Agent and their Personnel shall have the right to appoint its or their own separate counsel at the Indemnitor's cost provided the Agent and their Personnel act reasonably in selecting such counsel.
- (4) The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability, which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Personnel of the Agent and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Agent and any of the Personnel. The Company hereby constitutes each of the Agent as trustee for the Personnel of the Company's covenants under this indemnity and the Agent agrees to accept such trust and to hold and enforce such covenants on behalf of such Personnel.
- (5) The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

Section 7.3 Expenses.

Whether or not the Closing occurs, the Company shall pay all reasonable and costs and expenses related to the Offering (including without limitation, reasonable costs and expenses of the Agent, including the reasonable and documented fees and disbursements of the Agent's legal counsel, which in the case of the Agent's counsel, shall not exceed \$70,000, unless the parties mutually agree, exclusive of disbursements and applicable taxes), all expenses of or incidental to the creation, issuance, sale and distribution of the Offered Shares, transfer agent and filing fees, all printing costs, and all reasonable expenses of the Agent in connection with the marketing of the Offering. Costs and expenses of the Agent will be payable by the Company in addition to any other fees payable under this Agreement and will be payable by the Company out of the gross

proceeds of the Offering payable at Closing, or will otherwise be paid by the Company upon receiving invoices for such expenses from the Agent. In the event the Offering is not completed because any condition has not been fulfilled (including, without limitation, those set forth in Section 5.2) or the engagement of the Agent has terminated hereunder pursuant to Section 6.1, the Company shall be responsible for the payment of all of the expenses of the Agent otherwise payable by the Company under this Section 7.3. The Company shall pay any goods and services tax, and harmonized sales tax imposed by the *Excise Tax Act* (Canada) and any other applicable sales tax applicable in respect of the Agent's expenses.

Section 7.4 Acknowledgement

- (1) The Company acknowledges that the Agent is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and financial advisory services and that in the ordinary course of its trading and brokerage activities, the Agent and its affiliates at any time may hold long and short positions, and may trade or otherwise effect transactions, for its own account or the accounts of its customers, in debt or equity securities of the Company or any other person that may be involved in or related to the use of proceeds of the Offering or related derivative securities.
- (2) The Company further acknowledges that the Agent is acting solely as agent in connection with the purchase and sale of the Offered Shares. The Company further acknowledges that the Agent is acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event does the Agent intend to act or be responsible as a fiduciary to the Company, its management, shareholders or creditors or any other person in connection with any activity that the Agent may undertake or have undertaken in furtherance of such purchase and sale of the Company's securities, either before or after the date hereof. The Agent hereby expressly disclaims any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company hereby confirms its understanding and agreement to that effect. The Company and the Agent agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Agent to the Company regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company. The Company and the Agent agree that the Agent is acting as principal and not the agent or fiduciary of the Company and has not assumed, and will not assume, any advisory responsibility in favour of the Company with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether the Agent has advised or is currently advising the Company on other matters). The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Agent with respect to any breach or alleged breach of any fiduciary or similar duty to the Company in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

Section 7.5 Public Announcement

Provided the Offering is successfully completed, the Agent shall be permitted to publish, at their own expense, such advertisements or announcements relating to the performance of services provided in respect of the Offering in such newspapers or other publications as the Agent considers appropriate, and, in that regard, shall have the right to include therein the name and corporate logo of the Company, and shall further be permitted to post such advertisements or announcements on its websites, as may be permitted by applicable law.

Section 7.6 Notices.

(1) Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a “**notice**”) shall be in writing addressed as follows:

(a) If to the Company, to it at:

BluMetric Environmental Inc.
1682 Woodward Dr.
Ottawa, Ontario K2C 3R8
Attention: Scott MacFabe
Email: *[Redacted – Personal Information]*

with a copy to (which shall not constitute notice):

Perley-Robertson, Hill & McDougall LLP/S.R.L.
1400 340 Rue Albert Street
Ottawa, Ontario K1R 0A5
Attention: Conor Cronin
Email: *[Redacted – Personal Information]*

(b) If to the Agent, to them at:

Clarus Securities Inc.
130 King St. W., Suite 3640
Toronto, Ontario M5X 1A9
Attention: Robert Orviss
Email: *[Redacted – Personal Information]*

with a copy to (which shall not constitute notice):

McMillan LLP
181 Bay Street, Suite 4400
Toronto, ON M5J 2T3
Attention: Andrew Powers
Email: *[Redacted – Personal Information]*

or to such other address as any of the parties may designate by notice given to the others.

(2) Each notice shall be personally delivered to the addressee or sent by email transmission to the addressee, and: (a) a notice which is personally delivered on a Business Day shall be

deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (b) a notice sent by email which is sent before 5:00 p.m. (local time of the recipient) on a Business Day shall be deemed to be given and received on that day and, in any other case, shall be deemed to be given and received on the first Business Day following the day on which it is sent.

Section 7.7 Time of the Essence.

Time shall, in all respects, be of the essence hereof.

Section 7.8 Canadian Dollars.

All references herein to dollar amounts are to lawful money of Canada.

Section 7.9 Headings.

The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

Section 7.10 Singular and Plural, etc.

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

Section 7.11 Entire Agreement.

This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings between the parties, including, but not limited to, the Engagement Letter, with respect to the subject matter hereof whether verbal or written. This Agreement may be amended or modified in any respect by written instrument only.

Section 7.12 Severability.

If one or more 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 hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

Section 7.13 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.14 Successors and Assigns.

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company, the Agent and the Purchasers and their respective executors, heirs, successors

and permitted assigns; provided that, except as provided herein or in the Subscriber Questionnaires, this Agreement shall not be assignable by any party without the written consent of the others.

Section 7.15 Further Assurances.

Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

Section 7.16 Effective Date.

This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

Section 7.17 Counterparts and Facsimile.

This Agreement may be executed in any number of counterparts and delivered by facsimile or portable document format (pdf), each of which so executed shall constitute an original and all of which taken together shall form one and the same agreement.

If the Company is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Agent.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Yours very truly,

CLARUS SECURITIES INC.

By: (signed) "Robert Orviss"

Name: Robert Orviss

Title: Managing Director

The foregoing is hereby accepted on the terms and conditions therein set forth as of the date first above written.

BLUMETRIC ENVIRONMENTAL INC.

By: (signed) "*Scott MacFabe*"

Name: Scott MacFabe
Title: Chief Executive Director

By: (signed) "*Dan Hilton*"

Name: Dan Hilton
Title: Chief Financial Officer