

## AGENCY AGREEMENT

August 29, 2019

Talisker Resources Ltd.  
1 First Canadian Place  
100 King Street West, Suite 7010  
Toronto, Ontario M5X 1A0

**Attention: Terry Harbort, President and Chief Executive Officer**

Dear Sirs:

The undersigned, Haywood Securities Inc. ("**Haywood**") and PI Financial Corp. ("**PI Financial**") as co-lead agents and co-bookrunners (collectively, the "**Agents**" and each separately, an "**Agent**") understand that Talisker Resources Ltd. (the "**Company**") proposes to issue and sell pursuant to a private placement offering any combination of (i) common shares in the capital of the Company (the "**Offered Shares**") at a price of \$0.14 per Offered Share (the "**Offered Share Purchase Price**"), (ii) common shares in the capital of the Company which are "flow-through shares" as defined in subsection 66(15) of the Tax Act (as defined herein) (the "**Flow-Through Shares**") at a price of \$0.16 per Flow-Through Share (the "**Flow-Through Purchase Price**"), and (iii) common shares in the capital of the Company which are "flow-through shares" as defined in subsection 66(15) of the Tax Act (as defined herein) as part of a charitable donation arrangement (the "**Charity Flow-Through Shares**") at a price of \$0.21 per Charity Flow-Through Share (the "**Charity Flow-Through Purchase Price**"), for aggregate gross proceeds of up to \$3,513,097.94 million on a "best efforts" basis (the "**Offering**"). The Offered Shares, Flow-Through Shares and Charity Flow-Through Shares shall be referred to herein as the "**Offered Securities**".

The Company agrees that the Agents will be permitted to appoint other registered dealers (or other dealers duly licensed or registered in their respective jurisdictions) as their agents to assist in the Offering and that the Agents may determine the remuneration payable to such other dealers appointed by them. Such remuneration shall be payable by the Agents.

In consideration of the services to be rendered by the Agents in connection with the Offering, the Company shall pay the Agents, at the Closing Time (as defined below) (i) a cash commission (the "**Agents' Fee**") equal to 6.0% of the gross proceeds realized by the Company from the sale of Offered Securities pursuant to the Offering (other than in respect of sales of up to \$1,000,000 of Offered Securities to those persons on the "President's List" in respect of which no fee will be payable), and (ii) compensation options (the "**Compensation Options**") equal to 6.0% of the total number of Offered Shares issued pursuant to the Offering (other than in respect of sales of up to \$1,000,000 of Offered Shares to those persons on the "President's List" in respect of which no Compensation Options will be issuable). Each Compensation Option will be exercisable to purchase one Common Share (a "**Compensation Share**") at the Offered Share Purchase Price for a period of 24 months following the Closing Date. The Agents' Fee will be paid and the certificate representing the Compensation Options (the "**Compensation Option Certificate**") will be issued to the Agents on the Closing Date.

This offer is conditional upon and subject to the additional terms and conditions set forth below.

## 1. Definitions.

In this Agreement, in addition to the terms defined above, the following terms shall have the following meanings:

**“Agents”** shall have the meaning ascribed thereto in the first paragraph of the Agreement;

**“Agent’s Fee”** shall have the meaning ascribed thereto in the fourth paragraph of this Agreement;

**“Agreement”** means this agency agreement, being the agreement between the Company and the Agents in respect of the Offering;

**“BC Flow-Through Mining Expenditure”** means an expenditure that meets the criteria set forth in subsection 4.721(1) of the BC Tax Act;

**“BC Tax Act”** means the *Income Tax Act* (British Columbia) and all rules and regulations made pursuant thereto and any proposed amendments thereto announced publicly by or on behalf of the Minister of Finance (British Columbia) prior to the date of the Subscription Agreement;

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

**“Canadian Exploration Expense”** or **“CEE”** means an expense of the nature described in paragraph (f) of the definition of “Canadian exploration expense” in subsection 66.1(6) of the Tax Act or which would be included in paragraph (h) of such definition if the reference therein to “paragraphs (a) to (d) and (f) to (g.4)” were read as “paragraph (f)”, other than amounts which are (i) prescribed to be “Canadian exploration and development overhead expense” for the purposes of paragraph 66(12.6)(b) of the Tax Act, (ii) Canadian exploration expenses to the extent of the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act, (iii) the cost of acquiring or obtaining the use of seismic data described in paragraph 66(12.6)(b.1) of the Tax Act, or (iv) any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of the term “expense” in paragraph 66(15) of the Tax Act;

**“Charity Flow-Through Shares”** shall have the meaning ascribed thereto in the first paragraph of this Agreement;

**“Closing”** means the closing on the Closing Date of the transaction of purchase and sale in respect of the Offered Securities as contemplated by this Agreement and the Subscription Agreement;

**“Closing Date”** means August 29, 2019 or such other date as the Agents and the Company may agree upon;

**“Closing Time”** means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Agents and the Company may agree upon;

**“Commitment Amount”** means the aggregate Flow-Through Purchase Price and Charity Flow-Through Purchase Price paid by the Subscribers on the Closing Date for the subscription of the Flow-Through Shares and Charity Flow-Through Shares, respectively;

**“Common Shares”** means the common shares in the capital of the Company as constituted on the date hereof;

**“Company”** shall have the meaning ascribed thereto in the first paragraph of this Agreement;

**“Company’s knowledge”** means to the actual knowledge of the following individuals: Terry Harbort and Charlotte May, after having made due inquiry;

**“Compensation Options”** shall have the meaning ascribed thereto in the fourth paragraph of this Agreement;

**“Compensation Shares”** shall have the meaning ascribed thereto in the fourth paragraph of this Agreement;

**“CRA”** means the Canada Revenue Agency;

**“CSE”** means the Canadian Securities Exchange;

**“Debt Instrument”** means any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or other liability;

**“Directed Selling Efforts”** means “directed selling efforts” as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Securities and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of any of the Offered Securities;

**“Flow-Through Mining Expenditure”** means an expense that will, once renounced to the Subscriber, qualify as a “flow-through mining expenditure” (as defined in subsection 127(9) of the Tax Act) of the Subscriber, or where the Subscriber is a partnership, of the members of the Subscriber to the extent of their respective shares of the expenses so renounced;

**“Flow-Through Shares”** shall have the meaning ascribed thereto in the first paragraph of this Agreement;

**“Follow-On Transactions”** has the meaning ascribed to such term in Section 2(e)(i) hereof;

**"FT Shares"** means the Flow-Through Shares and the Charity Flow-Through Shares;

**"Governmental Authority"** means any (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) subdivision, agent, commission, board, or authority of any of the foregoing, or (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

**"Haywood"** shall have the meaning ascribed thereto in the first paragraph of this Agreement;

**"IFRS"** shall have the meaning ascribed thereto in subsection 3(g);

**"including"** means including without limitation;

**"Indemnified Parties"** shall have the meaning ascribed thereto in Section 12;

**"Material Adverse Effect"** means the effect resulting from any event or change which is materially adverse to the business, affairs, capital, operations, prospects, Property rights or assets, liabilities (contingent or otherwise) of the Company, taken as a whole, or which event or change would reasonably be expected to have a significant negative effect on the market price or value of the Common Shares;

**"Material Agreement"** means any joint-venture or earn-in agreement, Debt Instrument, mortgage, indenture, contract, commitment, agreement (written or oral), instrument, lease or other document, to which the Company is a party and which is material to the Company;

**"misrepresentation"**, **"material fact"**, **"material change"**, **"affiliate"**, **"associate"**, and **"distribution"** have the respective meanings ascribed thereto in the *Securities Act* (British Columbia);

**"NI 43-101"** shall have the meaning ascribed thereto in subsection 3(zz);

**"OBCA"** means the *Business Corporations Act* (Ontario);

**"Offering"** shall have the meaning ascribed thereto in the first paragraph of this Agreement;

**"person"** means any individual, corporation, partnership, joint venture, association, trust or other legal entity;

**"Prescribed Forms"** means the forms prescribed from time to time under subsection 66(12.7) of the Tax Act and under the applicable provision of any relevant provincial tax legislation, filed or to be filed by the Company within the prescribed time renouncing to the Subscribers the Resource Expenses incurred pursuant to the Subscription Agreements and all parts or copies of such forms required by the CRA and any applicable provincial tax authority, to be delivered to the Subscribers;

**“Principal Business Corporation”** means a “principal-business corporation” as defined in subsection 66(15) of the Tax Act;

**“Properties”** means the Company’s properties being, the Baker Gold / Silver Project including the Shasta Mine and Baker Mill, the Chappelle (Baker and Multinational Mines) Property, the Mets Lease, the Bot Property, the Blustry Mountain Property, the Lola Property, the Remington Property, the Tulox Project, the WCGG properties and the Spences Bridge Regional Project;

**“Public Disclosure Documents”** means, collectively, all of the documents which have been filed by or on behalf of the Company prior to the Closing Time under its profile on SEDAR;

**“Purchase Price”** means collectively, the Charity Flow-Through Purchase Price, the Flow-Through Purchase Price and the Offered Share Purchase Price;

**“Qualifying Expenditure”** means expenditures that are CEE on the date they are incurred to the extent permitted to be renounced to the Subscribers under the Subscription Agreements;

**“Regulation S”** means Regulation S promulgated by the Securities and Exchange Commission under the *U.S. Securities Act*;

**“Resource Expense”** means an expense (1) which qualifies as CEE, (2) which qualifies as a Flow-Through Mining Expenditure, (3) which qualifies as a BC Flow-Through Mining Expenditure and (4) which is incurred (or is deemed to be incurred) on or after the Closing Date and on or before the Termination Date, that will be renounced by the Company pursuant to subsection 66(12.6) of the Tax Act, in conjunction with subsection 66(12.66) of the Tax Act, as necessary, with an effective date not later than December 31, 2019 and in respect of which, but for the renunciation, the Company would be entitled to a deduction from income for income tax purposes;

**“Reporting Jurisdictions”** means British Columbia, Alberta and Ontario collectively;

**“Requirements”** means the exemptions from the prospectus requirements of the Canadian Securities Laws which are outlined in National Instrument 45-106 and similar exemptions applicable or such other jurisdictions where the Offered Securities may be offered or sold;

**“Securities Laws”** means, as applicable, the securities legislation, regulations, rules, rulings and orders in each of the Selling Jurisdictions in each case having the force of law and the rules of the CSE;

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

**“Selling Jurisdictions”** means each of the provinces in Canada and such other jurisdictions as mutually agreed to by the Company and the Agents;

**“Subscribers”** means the persons who, as purchasers or beneficial purchasers, acquire Offered Securities by duly completing, executing and delivering a Subscription Agreement and any other required documentation;

**“Subscription Agreements”** means the subscription agreements with respect to the Offered Shares and the subscription and renunciation agreements with respect to the FT Shares, in each case in the form agreed upon by the Agents and the Company, pursuant to which Subscribers agree to subscribe for and purchase the Offered Securities herein contemplated and shall include, for greater certainty, all schedules and appendices thereto;

**“Tax Act”** means the *Income Tax Act* (Canada) and any proposed amendments thereto announced publicly by or on behalf of the Minister of Finance (Canada) on or prior to the date of this Agreement;

**“Taxes”** shall have the meaning ascribed thereto in subsection 3(l);

**“Termination Date”** means December 31, 2020;

**“Transfer Agent”** means TSX Trust Company, in its capacity as transfer agent and registrar of the Company at its head offices in the cities of Toronto, Ontario;

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

**“U.S. Person”** means “U.S. person” as defined in Rule 902 of Regulation S; and

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

## 2. **Terms and Conditions.**

- (a) **Sale on Exempt Basis.** The Agents shall offer for sale and sell the Offered Securities pursuant to the Offering in the Selling Jurisdictions on a “best efforts” private placement basis in compliance with all applicable Securities Laws such that each of the offer and sale of the Offered Securities does not obligate the Company to file a prospectus or other offering document or deliver or file an offering memorandum or other offering document with any Securities Regulators under the Securities Laws or subject the Company to any continuous disclosure or other similar reporting requirements under the laws of any jurisdiction outside of the Selling Jurisdictions to which it is not currently subject.
- (b) **Tax Act and BC Tax Act.** Any reference to a word or term defined in the Tax Act shall include, for purposes of British Columbia income taxation, a reference to the equivalent word or term, where applicable, defined in the BC Tax Act. Any reference to the Tax Act or a provision thereof shall include, for purposes of British Columbia income taxation, a reference to the BC Tax Act or the equivalent provision thereof, where applicable. Any reference to a filing or similar requirement imposed under the Tax Act shall include, for purposes of British Columbia income taxation, a reference to the equivalent filing or similar requirement, where applicable, under the BC Tax Act; provided that, if no filing or

similar requirement is provided under the BC Tax Act, a copy of any material filed under the Tax Act will be filed with the BC Minister of Finance.

- (c) **Filings.** The Company undertakes to file, or cause to be filed, all forms or undertakings required to be filed by the Company in connection with the issue and sale of the Offered Securities that the distribution of the Offered Securities to the Subscribers may lawfully occur without the necessity of filing a prospectus or an offering memorandum (but on terms that will permit the Offered Securities acquired by the Subscribers in the Selling Jurisdictions to be sold by such Subscribers at any time in the Selling Jurisdictions subject to applicable hold periods and other restrictions under the Securities Laws), and the Agents undertake to use their commercially reasonable best efforts to cause Subscribers of Offered Securities to complete (and it shall be a condition of closing in favour of the Company that the Subscribers complete and deliver to the Company) any forms or undertakings required by the Securities Laws. All fees payable in connection with such filings shall be at the expense of the Company.
- (d) **Offering Memorandum.** The Agents shall not (i) provide to prospective purchasers of Offered Securities any document or other material that would constitute an offering memorandum within the meaning of the Securities Laws of the Selling Jurisdictions or (ii) engage in any form of general solicitation or general advertising in connection with the offer and sale of the Offered Securities, including but not limited to, causing the sale of the Offered Securities to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display or the Internet, or otherwise, or conduct any seminar or meeting relating to any offer and sale of the Offered Securities whose attendees have been invited by a general solicitation or general advertising.
- (e) **Follow-On Transactions.**
  - (i) The Company understands that following the Closing, some or all of the Charity Flow-Through Shares may be donated by the Subscribers to one or more “qualified donees”, as defined in the Tax Act, and subsequently may be sold to investors by the qualified donee or qualified donees (the “**Follow-On Transactions**”).
  - (ii) The Agents will cause or arrange for the purchasers to deliver such documentation respecting the Follow-on Transactions as may be required by the Company, acting reasonably, to determine that such transactions are exempt from applicable Securities Laws and in compliance with the rules and policies of the CSE and to make filings under applicable Securities Laws. Such documentation may include accredited investor certificates or evidence of such other exemption from the charities and subsequent investors and their consents to the disclosure of their acquisitions and or dispositions to the CSE and to the securities commissions under applicable Securities Laws.
  - (iii) The Agents acknowledge that the Company has no knowledge of the Follow-On Transactions other than that they may or may not occur and

that the Company will have no involvement or participation in any Follow-On Transactions, other than to register any transfer of securities required as a result.

- (iv) The Agents do not act, and will not purport to act, as agent or representative of the Company in connection with any Follow-On Transaction and services or activities, if any, performed by the Agents in connection with any Follow-On Transaction are excluded from this Agreement. The consideration payable to the Agents hereunder is for the Agents' services in respect of the Offering only. The parties further acknowledge that the Company is not entitled, and will not become entitled, to receive any consideration in respect of any Follow-On Transaction that might occur.
- (v) The Agents understand the Follow-On Transactions may or may not restrict the ability of a Subscriber to claim deductions for Resource Expenses to be renounced pursuant to a Subscription Agreement. The Follow-On Transactions may or may not affect whether the FT Shares purchased by Subscribers under the Subscription Agreement are "prescribed shares" under subsection 6202.1(1) of the regulations to the Tax Act. Any covenant or representation by the Company that the FT Shares are not "prescribed shares" is made on the basis that the Subscriber will not enter into any agreement or transaction (which would include any Follow-On Transactions) that could cause the shares to be "prescribed shares". The Company shall not be liable or responsible for any breach of any covenant or representation given in this Agreement if the FT Shares are "prescribed shares" under subsection 6202.1(1) of the regulations to the Tax Act as a result of the Follow-On Transactions.

### **3. Representations and Warranties of the Company.**

The Company represents and warrants to the Agents and the Subscribers, and acknowledges that each of them is relying upon such representations and warranties in connection with the completion of the Offering, that:

- (a) the Company has been duly organized and is validly existing under the laws of its jurisdiction of existence, is in good standing, has the corporate power and authority and is duly qualified and possesses all material certificates, authority, permits and licences issued by the appropriate provincial, municipal, federal regulatory agencies or bodies necessary (and has not received or is not aware of any modification or revocation to such certificates, authority, permits or licences, except such modifications or amendments as are necessary for the conduct of its business) to carry on its business as now conducted and to own its properties and assets, except for those certificates, authority, permits and licences which the failure to obtain would not, individually or in the aggregate, have a Material Adverse Effect;
- (b) the Company has no subsidiaries or affiliates;
- (c) the Company has the corporate power and authority to enter into this Agreement, the Subscription Agreements and the Compensation Option Certificates and to

perform the transactions contemplated hereby and thereby and the issuance and sale by the Company of the Offered Securities and the issuance of the Compensation Options and the Compensation Shares upon the due exercise of the Compensation Options have been duly authorized by all necessary corporate action of the Company, and this Agreement, the Subscription Agreements and the Compensation Option Certificates have been duly executed and delivered by the Company and this Agreement, the Subscription Agreements and the Compensation Option Certificates are, and will upon execution and delivery in accordance with the terms hereof and thereof be, a valid and binding obligation of the Company enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium, or similar laws affecting creditors' rights generally and except as limited by the application of equitable remedies which may be granted in the discretion of a court of competent jurisdiction and that enforcement of the rights to indemnity and contribution set out in this Agreement and the Subscription Agreements as may be limited by applicable law;

- (d) the authorized capital of the Company consists of an unlimited number of Common Shares, of which, as of the close of business on August 28, 2019, 65,062,554 Common Shares were issued and outstanding as fully paid and non assessable and no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any unissued shares in the capital of the Company or any other security convertible into or exchangeable for any such shares, or to require the Company to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital other than options to purchase up to 4,031,250 Common Shares, 100,000 restricted share units and warrants to purchase up to 11,730,000 Common Shares;
- (e) all consents, approvals, permits, authorizations or filings as may be required under Canadian Securities Laws necessary for the execution and delivery of this Agreement, the Subscription Agreements and the Compensation Option Certificates and the issuance and sale of the Offered Securities and the issuance of the Compensation Options (and the Compensation Shares upon the due exercise thereof) and the consummation of the transactions contemplated hereby and thereby have been made or obtained, as applicable other than the filings required under National Instrument 45-106 which will be completed on a post-closing basis;
- (f) each of the execution and delivery of this Agreement, the Subscription Agreements and the Compensation Option Certificates, the performance by the Company of its obligations hereunder or thereunder, the issue and sale of the Offered Securities and the issuance of the Compensation Options (and the Compensation Shares upon the due exercise thereof) hereunder and the consummation of the transactions contemplated hereby, respectively, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (A) any statute, rule or regulation applicable to the Company, including Canadian Securities Laws; (B) the constating documents of the Company or any resolutions passed by the board of directors or shareholders of the Company which are in effect at the date hereof; (C) any Material Agreement to which the

Company is a party or by which it is bound; or (D) any judgment, decree or order binding the Company or the property or assets of the Company;

- (g) the audited annual financial statements of the Company for its fiscal year ended December 31, 2018, and notes thereto (the “**Annual Financial Statements**”), are true and correct in all material respects and present fairly, in all material respects, the financial position and results of the operations of the Company for the period then ended and such financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board applied on a consistent basis;
- (h) the unaudited financial statements of the Company for the interim period ended June 30, 2019 and notes thereto (together with the Annual Financial Statements, the “**Company’s Financial Statements**”), are true and correct in all material respects and present fairly, in all material respects, the financial position and results of the operations of the Company for the period then ended and such financial statements will have been prepared in accordance with IFRS applied on a consistent basis;
- (i) there has been no change in accounting policies or practices of the Company since January 1, 2017;
- (j) other than as disclosed in the Public Disclosure Documents, since December 31, 2018 and excluding expenditures in the ordinary course of business consistent with past practice, there has not been any adverse material change in the financial position or condition of the Company, nor any change in circumstances materially affecting its business, affairs, prospects, capital or assets, or the right or capacity of the Company to carry on its business, such business having been carried on in the ordinary course;
- (k) there are no material liabilities of the Company, whether direct, indirect, contingent or otherwise which are not disclosed or reflected in the Company’s Financial Statements except those incurred in the ordinary course of its business since December 31, 2018;
- (l) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers’ compensation payments, property taxes, customs duties and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, “**Taxes**”) due and payable or required to be collected or withheld and remitted, by the Company have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Company have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate in all material respects and no material fact has been omitted therefrom which would make any of them misleading or result in a Material Adverse Effect. To the knowledge of the Company, no examination of any tax return of the Company 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. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to the Company;

- (m) the auditors of the Company who audited the Annual Financial Statements and who provided their audit report thereon are independent public accountants as required under applicable Canadian Securities Laws;
- (n) since December 31, 2018, there has not been a “reportable event” (within the meaning of National Instrument 51-102) with the present or former auditors of the Company;
- (o) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with the Company’s management’s general or specific authorizations, (ii) transactions are recorded as necessary to permit the preparation of financial statements for the Company in conformity with generally accepted accounting principles in Canada and to maintain asset accountability, (iii) access to the assets of the Company is permitted only in accordance with the Company’s management’s general or specific authorization, (iv) the recorded accountability for assets of the Company is compared with the existing assets of the Company at reasonable intervals and appropriate action is taken with respect to any differences;
- (p) there is not, in the constating documents nor in any Material Agreement, any restriction upon or impediment to, the declaration or payment of cash dividends by the directors of the Company or the payment of cash dividends by the Company to the holders of the Common Shares;
- (q) the Company is not a party to nor bound by or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Company to compete in any line of business, transfer or move any of its assets or operations or which has a Material Adverse Effect on the Company;
- (r) the Company has conducted, and is conducting, its business in compliance in all material respects with all applicable laws and regulations of each jurisdiction in which it carries on business (including all applicable federal, provincial, municipal and local environmental, anti-pollution and licensing laws, regulations and other lawful requirements of any governmental or regulatory body, including relevant exploration permits and concessions), and has not received a notice of non-compliance, and does not know of, nor have reasonable grounds to know of, any facts that could give rise to a notice of material non-compliance with any such laws or regulations;
- (s) the Company is in compliance in all material respects with corporate laws and its continuous disclosure obligations under Securities Laws and the information and statements in the Public Disclosure Documents were true and correct as of the respective dates of such information and statements and at the time such documents were filed on SEDAR, do not contain any misrepresentations and no material facts have been omitted therefrom which would make such information

materially misleading, and the Company has not filed any confidential material change reports which remain confidential as of the date hereof. The Company is not aware of any circumstances presently existing under which liability is or would reasonably be expected to be incurred under Part XXIII.1 – Civil Liability for Secondary Market Disclosure of the Securities Act (Ontario) and analogous provisions under Securities Laws in the other Canadian Selling Jurisdictions;

- (t) the Company has filed all forms, reports, documents and information required to be filed by it, whether pursuant to applicable securities laws or otherwise, with the CSE (or one of its predecessors) or the applicable securities regulatory authorities. As of the time the Public Disclosure Documents were filed with the applicable securities regulators and on SEDAR (System for Electronic Document Analysis and Retrieval) (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Public Disclosure Documents compiled in all material respects with the requirements of the applicable securities laws; and (ii) none of the Public Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (u) there is no “material fact” or “material change” (as those terms are defined in the applicable securities laws) in the affairs of the Company that has not been generally disclosed to the public;
- (v) the Company is not and has not been in material violation of, in connection with the ownership, use, maintenance or operation of its Properties and assets, any applicable federal, provincial, state, municipal or local laws, by-laws, regulations, orders, policies, permits, licences, certificates or approvals having the force of law, domestic or foreign, relating to environmental, health or safety matters or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, “**environmental laws**”). Without limiting the generality of the foregoing:
  - (i) the Company has occupied its Properties and has received, handled, used, stored, treated, shipped and disposed of all pollutants, contaminants, hazardous or toxic materials, controlled or dangerous substances or wastes in compliance in all material respects with all applicable environmental laws and has received all permits, licences or other approvals required of it under applicable environmental laws to conduct its business; and
  - (ii) there are no orders, rulings or directives and to the Company’s knowledge there have been no past unresolved claims, complaints, notices or requests for information issued against the Company or the Properties or, to the knowledge of the Company, there are no orders, rulings or directives pending or threatened against the Company under or pursuant to any environmental laws requiring any material work, repairs, construction or capital expenditures with respect to any Properties or assets of the Company;

- (w) no notice with respect to any of the matters referred to in the immediately preceding paragraph, including any alleged violations by the Company with respect thereto has been received by the Company and no writ, injunction, order or judgement is outstanding, and no legal proceeding under or pursuant to any environmental laws or relating to the ownership, use, maintenance or operation of the Properties and assets of the Company is in progress, threatened or, to the Company's knowledge, pending, which would reasonably be expected to have a Material Adverse Effect on the Company, and, to the Company's knowledge, there are no grounds or conditions which exist, on or under any property now owned, operated or leased by the Company, on which any such legal proceeding would reasonably be expected to commence or with the passage of time, or the giving of notice or both, would reasonably be expected to give rise;
- (x) all significant acquisitions completed by the Company of any securities, business or assets of any other entity have been fully and properly disclosed in the Public Disclosure Documents, were completed in material compliance with all applicable corporate and Securities Laws and all required corporate and regulatory approvals, consents, authorizations, registrations, and filings required in connection therewith were obtained and complied with;
- (y) to the Company's knowledge, all operations on the Properties of the Company have been conducted and are currently conducted in all material respects in accordance with engineering practices consistent with industry standards and any applicable material workers' compensation, and health, safety and workplace laws, regulations and policies;
- (z) the Company has all material licences, permits, approvals, consents, certificates, registrations and other authorizations (collectively the "**Permits**") under all applicable laws and regulations necessary for the operation of the businesses carried on by the Company and each Permit is valid, subsisting and in good standing and the Company is not in default or breach of any Permit, and to the Company's knowledge, no proceeding is pending or threatened to revoke or limit any Permit;
- (aa) the title opinion to be delivered by the Company pursuant to the terms of this Agreement, covers all of the material claims and mining leases that comprise the Spences Bridges Project;
- (bb) there are no claims held by third parties that overlap the material claims or mining leases that comprise the Spences Bridges Project, other than overlapping claims that would overlap less than [1%] of the material claims and mining leases that comprise the Spences Bridges Project;
- (cc) to the best of the Company's knowledge, the Company has registered mineral claims over all geographic areas that are required for the exploration plans to be conducted with the gross proceeds of the Offering;
- (dd) all necessary corporate action has been taken by the Company to allot and authorize the issuance of the Offered Securities and the Compensation Options and to reserve the Compensation Shares;

- (ee) at the Closing Time, the Offered Securities will be duly and validly created, authorized and issued as fully paid and non-assessable common shares of the Company;
- (ff) the Company is a reporting issuer in the Reporting Jurisdictions and on the Closing Date will have been a reporting issuer in such provinces for at least four months. The Company is not included on a list of reporting issuers in default maintained by any of the Securities Regulators of the Reporting Jurisdictions;
- (gg) the Company does not have any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, or any person not dealing at "arm's length" (as such term is defined in the Tax Act) with the Company;
- (hh) the Company has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any person, firm or corporation whatsoever;
- (ii) the Company maintains insurance against loss of, or damage to, its material assets including property and casualty insurance for all of its operations on a basis consistent with insurance obtained by reasonably prudent participants in a comparable business in comparable circumstances and all of the policies in respect of such insurance are in amounts and on terms that in the view of the Company's management are reasonable for operations such as these and are in good standing in all respects;
- (jj) the Transfer Agent, at its principal offices in the city of Toronto, Ontario has been duly appointed as transfer agent and registrar in respect of the Common Shares;
- (kk) other than the Agents, there are no persons acting or purporting to act at the request of or on behalf of the Company, that are entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement;
- (ll) other than the Company, there is no person that is or will be directly entitled to the proceeds from the sale of the Offered Securities pursuant to this Offering under the terms of any Debt Instrument or Material Agreement, or other instrument, agreement or document (written or unwritten);
- (mm) the Company is not a party to any agreement, nor is the Company aware of any agreement, which in any manner affects the voting control of any of the securities of the Company;
- (nn) the Company is not a party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument other than in the ordinary course of business;
- (oo) neither the Company nor, to the knowledge of the Company, any other person is in default in the observance or performance of any material term or obligation to be performed by it under any Material Agreement, and no event has occurred which with notice or lapse of time or both would reasonably be expected to constitute such a default;

- (pp) the minute books and records of the Company which the Company has made available to the Agents and their legal counsel in connection with their due diligence investigation of the Company, are all of the minute books and all of the records of the Company and contain copies of all proceedings (or certified copies thereof) of the shareholders, the board of directors and all committees of the board of directors of the Company to the date of review of such corporate records and minute books. All material transactions of the Company have been properly recorded in the minute books in all material respects;
- (qq) there are no material actions, suits, judgments, investigations or proceedings of any kind whatsoever outstanding or, to the Company's knowledge, pending, threatened against or affecting the Company, or to the Company's knowledge, threatened or pending, against the Company at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency of any kind whatsoever;
- (rr) there are no judgments against the Company which are unsatisfied, nor are there any consent decrees or injunctions to which the Company is subject;
- (ss) the Company is the absolute legal and beneficial owner of, and has good and marketable title to all of the material property or assets thereof as described in the Public Disclosure Documents, including the Properties, as described in the Public Disclosure Documents, free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, other than those described in the Public Disclosure Documents, and no other rights are necessary for the conduct of the business of the Company as currently conducted or contemplated to be conducted other than those described in the Public Disclosure Documents, the Company knows of no claim or basis for any claim that would reasonably be expected to materially adversely affect the right of the Company to use, transfer or otherwise exploit such property rights, other than those described in the Public Disclosure Documents, and the Company has no responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property rights thereof, except as described in the Public Disclosure Documents;
- (tt) the Company, holds either freehold title, mining leases, mining concessions, mining claims or other conventional property, proprietary or contractual interests or rights, including access and surface rights, recognized in the jurisdiction in which the Properties are located in respect of the ore bodies and specified minerals located in the Properties in which the Company has an interest as described in the Public Disclosure Documents under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit the Company to access the Properties and explore and exploit the minerals relating thereto as are appropriate in view of their respective rights and interests therein; all such properties, leases, concessions or claims in which the Company has any interests or rights have been validly located and recorded in accordance with all applicable laws and are valid, subsisting and in good standing.
- (uu) any and all of the agreements and other documents and instruments pursuant to which the Company holds its property and assets (including any interest in, or

right to earn an interest in, any Property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, the Company is not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged. None of the Properties (or any interest in, or right to earn an interest in, any Property) of the Company are subject to any right of first refusal or purchase or acquisition rights other than as set forth in the Public Disclosure Documents;

- (vv) the Company has disclosed all material information relating to the Properties and any other material mineral properties of the Company in the Public Disclosure Documents in compliance with Canadian Securities Laws and such disclosure remains true, complete and accurate in all material respects as of the date hereof;
- (ww) to the Company's knowledge there are no environmental audits, evaluations, assessments, studies or tests relating to the Company, except for ongoing assessments conducted by or on behalf of the Company in the ordinary course;
- (xx) no part of the Properties or the mining rights or permits of the Company have been taken, revoked, condemned, or expropriated by any Governmental Authority nor has any written notice or proceedings in respect thereof been given, or to the knowledge of the Company, been commenced, threatened, or is pending, nor does the Company have any knowledge of the intent or proposal to give such notice or commence any such proceedings;
- (yy) there are no claims or actions with respect to indigenous rights currently outstanding, or to the best knowledge of the Company, threatened or pending, with respect to the Properties. No land entitlement claims have been asserted and no legal actions relating to indigenous issues have been instituted with respect to the Properties, and no material dispute in respect of the Properties or any of the material mineral projects of the Company with any local or indigenous group or other interest group exists or, to the knowledge of the Company, is threatened or imminent;
- (zz) the Company is in compliance in all material respects with National Instrument 43-101 ("**NI 43-101**") and has duly filed all reports required to be filed by the Company pursuant to NI 43-101, and all such reports comply in all material respects with the requirements of NI 43-101;
- (aaa) the currently issued and outstanding Common Shares are, and at the time of issue of the Offered Securities will be, listed and posted for trading on the CSE and no order ceasing or suspending trading in any securities of the Company or prohibiting the sale or trading of the Company's issued securities has been issued and no proceedings for such purpose are pending or, to the Company's knowledge, threatened;
- (bbb) the Company has not taken any action which would be reasonably expected to result in the delisting or suspension of the Common Shares on or from the CSE and the Company is currently in compliance with the rules and policies of the CSE in all material respects;

- (ccc) to the knowledge of the Company, (i) there are no regulatory investigations commenced, pending or threatened against any of the Company's officers or directors and (ii) none of the officers or directors of the Company are now or have ever 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;
- (ddd) the Company has established on its books and records reserves which are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the assets of the Company except for Taxes not yet due, and, to the Company's knowledge, there are no audits of any of the tax returns of the Company pending, and there are no claims which have been or would reasonably be expected to be asserted relating to any such tax returns which, if determined adversely, would result in the assertion by any governmental agency of any deficiency which would have a Material Adverse Effect;
- (eee) no proceedings have been taken, instituted or, to the Company's knowledge, are pending for the dissolution or liquidation of the Company;
- (fff) to the knowledge of the Company, neither the Company nor any director, officer, employee, consultant, representative or agent of the Company, has (i) violated any anti-bribery or anti-corruption laws applicable to the Company, including but not limited to the *Foreign Corrupt Practices Act* of 1977 (United States) and the *Corruption of Foreign Public Officials Act* (Canada), or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any government official, whether directly or through any other person, for the purpose of influencing any act or decision of a government official in his or her official capacity; inducing a government official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a government official to influence or affect any act or decision of any Governmental Authority; or assisting any representative of the Company in obtaining or retaining business for or with, or directing business to, any person; or (Y) to any person in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. The Company has not and, to the knowledge of the Company no director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded the Company, or any director, officer, employee, consultant, representative or agent of the Company violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such laws, or received any notice, request, or citation from any person alleging noncompliance with any such laws;
- (ggg) the operations of the Company are and have been conducted at all times in all material respects 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 applicable Governmental Authority (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court of Governmental Authority or any arbitrator or non-Governmental Authority involving the Company with respect to the Money Laundering Laws is to the knowledge of the Company pending or threatened;

- (hhh) the expenses to be renounced by the Company to the Subscribers of the FT Shares will constitute Resource Expenses on the effective date of the renunciation and on the date incurred. The expenses to be renounced by the Company to the Subscribers (i) will not include any amount that has previously been renounced by the Company to any of the Subscribers or to any other person; and (ii) would be deductible by the Company in computing its income for the purposes of Part I of the Tax Act but for the renunciation to the Subscribers;
- (iii) the Company has no reason to believe that it will be unable to incur (or be deemed to incur), on or after the Closing Date and on or before the Termination Date or that it will be unable to renounce to the Subscribers of the FT Shares, effective on or before December 31, 2019, Resource Expenses in an amount equal to the respective Commitment Amount and the Company has no reason to expect any reduction of such amounts by virtue of subsection 66(12.73) of the Tax Act;
- (jjj) except as a result of any Follow-On Transaction or any agreement, arrangement, undertaking or understanding to which the Company is not a party and of which it has no knowledge, upon issue the FT Shares will be “flow-through shares” as defined in subsection 66(15) of the Tax Act and will not be “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act;
- (kkk) if the Company amalgamates with any one or more companies, any shares issued to or held by the Subscriber as a replacement for the FT Shares as a result of such amalgamation will qualify, by virtue of subsection 87(4.4) of the Tax Act or otherwise, as “flow-through shares” as defined in subsection 66(15) of the Tax Act, and in particular will not be “prescribed shares” as defined in section 6202.1 of the regulations to the Tax Act;
- (lll) the Company is and will continue to be a Principal Business Corporation until such time as all of the Resource Expenses required to be renounced under this Agreement and the Resource Expenses have been incurred or have been deemed to be incurred and validly renounced pursuant to the Tax Act;
- (mmm) the Company is not, and (other than as disclosed to the Agents) has never been in default of any of its legal obligations in respect of any “flow-through share” financings previously undertaken by the Company;
- (nnn) the Company has not breached any flow-through share agreement to which it is or was a party and, in particular, the Company has not failed to incur or renounce expenses which it covenanted to incur or renounce nor has the Minister of National Revenue or the Company reduced pursuant to subsection 66(12.73) of the Tax Act any amount renounced by the Company;

- (ooo) provided that the Subscriber is not a “control person” of the Company or otherwise subject to any escrow requirements under applicable Securities Laws, the Flow-Through Shares will not be subject to a restricted period or statutory hold period under the securities laws of the Reporting Jurisdictions or to any resale restriction under the policies of the Canadian Securities Exchange which extends beyond four months and one day after the Closing Date; and
- (ppp) the Company has not committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any person holding any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it.

#### **4. Covenants of the Company.**

- 4.1 The Company hereby covenants to the Agents, the Subscribers and their respective permitted assigns and acknowledges that each of them is relying on such covenants in connection with the completion of the Offering that the Company shall:
  - (a) for a period of two years following the Closing Date, use commercially reasonable efforts to maintain its status as a “reporting issuer” or the equivalent not in default in at least one of the Reporting Jurisdictions, 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 policies of the CSE (or any securities exchange, market or trading or quotation facility on which the Common Shares are then listed or quoted);
  - (b) for a period of two years following the Closing Date, use commercially reasonable efforts to maintain its listing on the CSE, or on such other recognized stock exchange provided that this covenant shall not prevent the Company from completing any transaction which would result in the Company 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 policies of the CSE (or any securities exchange, market or trading or quotation facility on which the Common Shares are then listed or quoted);
  - (c) obtain any necessary regulatory approvals from the CSE in connection with the sale of the Offered Securities hereunder on such conditions as are acceptable to the Agents and the Company, acting reasonably;

- (d) immediately send to the Agents and their legal counsel copies of all correspondence and filings to and correspondence from the Securities Regulators relating to the Offering;
- (e) permit the Agents and their legal counsel to participate fully in the preparation of any documents regarding the Offering and allow the Agents and their legal counsel to conduct such full and comprehensive review of the Company's business, capital and operations as the Agents consider necessary, acting reasonably;
- (f) use its commercially reasonable efforts to cause each of the directors and officers of the Company to execute a lock-up agreement in a form acceptable to the Agents, acting reasonably, providing that such individuals shall not sell or agree to sell any Common Shares or securities exchangeable or convertible into Common Shares held as of the Closing Date, for a period of 120 days following the Closing Date, without the prior consent of the Agents, such consent not to be unreasonably withheld;
- (g) not directly or indirectly, issue or announce its intention to issue, or negotiate or enter into an agreement to issue, any Common Shares, or financial instruments convertible or exercisable into Common Shares on a public or private placement basis in an agency or underwritten offering or otherwise, except in conjunction with (i) the Offering, (ii) the grant or exercise of stock options and other similar issuances pursuant to the stock option plan of the Company and other share compensation arrangements currently in existence, or (iii) to satisfy existing convertible instruments issued at the date hereof, for a period commencing on the date of this Agreement and ending 120 days after the Closing Date, without the prior written consent of the Agents, such consent not to be unreasonably withheld;
- (h) duly execute and deliver the Subscription Agreements and the Compensation Option Certificate at the Closing Time and shall comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Company;
- (i) fulfil or cause to be fulfilled, at or prior to the Closing Date, each of the conditions set out in Section 7 hereof;
- (j) ensure that the Offered Securities and the Compensation Shares shall, upon issuance, 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 and the Subscription Agreements;
- (k) ensure that the Compensation Options shall be validly issued;
- (l) provide the Agents with draft press releases relating to the Offering and the opportunity to comment and obtain their prior approval, acting reasonably, to the form and content of any such press releases;
- (m) not take any action so as to require the filing of a prospectus with respect to the Offering;

- (n) take all such steps as may reasonably be necessary to enable the FT Shares to be offered for sale and sold on a private placement basis to the Subscriber in accordance with the terms hereof by way of exemption under applicable Securities Laws and on the basis that the “hold period” under applicable Securities Laws applicable to the FT Shares issued as contemplated hereunder shall not exceed four months and a day, subject to any “control person” or escrow requirements applicable to the Subscriber;
- (o) keep proper books, records and accounts of all Qualifying Expenditures and all transactions affecting the Commitment Amount and the Qualifying Expenditures and, in the event the CRA denies or proposes to deny the deduction of Qualifying Expenditures renounced to the Subscriber hereunder, and upon reasonable notice, to make such books, records and accounts available for inspection and audit by or on behalf of the Subscriber during normal business hours at the Subscriber’s expense and to provide such other assistance to the Subscriber as may be reasonably required, for the sole purpose of responding to the demand or proposal of the CRA;
- (p) not enter into transactions or take deductions which would otherwise reduce its cumulative CEE to an extent which would preclude a renunciation of Qualifying Expenditures hereunder in an amount equal to the Commitment Amount effective on or before December 31, 2019;
- (q) in the event that the Minister of National Revenue determines that the Company cannot renounce to the Subscriber Qualifying Expenditures equal to the Commitment Amount, renounce such lesser amount as is permitted without any prejudice to any other rights the Subscriber may have under this Agreement; and
- (r) use commercially reasonable efforts to remain, for a period of a least 18 months after the Closing Date, a corporation validly subsisting under the laws of its jurisdiction of incorporation, 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 shall carry on its business in the ordinary course and in compliance in all material respects with all applicable laws, rules and regulations of each such jurisdiction.

4.2 The Company hereby covenants to the Agents, the Subscribers and their respective permitted assigns and acknowledges that each of them is relying on such covenants in connection with the completion of sale and purchase of the FT Shares, as follows:

- (a) *Use of Proceeds.* The Company shall use the Commitment Amount to fund directly or indirectly Resource Expenses on the Company’s Properties.
- (b) *Renunciation of Resource Expenses.* The Company agrees to incur (or be deemed to have incurred) Resource Expenses in an amount equal to the Commitment Amount on or after the Closing Date and on or before the Termination Date in accordance with this Agreement and the Subscription Agreements and agrees to renounce to the Subscribers of the FT Shares, with an effective date no later than December 31, 2019, pursuant to subsection 66(12.6) of the Tax Act, and in respect of Resource Expenses incurred by the Company in

2020, in conjunction with subsection 66(12.66) of the Tax Act, Resource Expenses incurred (or deemed to be incurred) by the Company on or after the Closing Date and on or before the Termination Date, in an amount equal to the Commitment Amount.

- (c) *No Reduction to Renunciation.* Unless required to do so pursuant to subsection 66(12.73) of the Tax Act, the Company shall not reduce the amount renounced to the Subscribers pursuant to subsection 66(12.6) of the Tax Act. If the Company receives, or becomes entitled to receive, or may reasonably be expected to receive, any assistance which is described in the definition of “assistance” in subsection 66(15) of the Tax Act and the receipt of or entitlement or reasonable expectation to receive such assistance has or will have the effect of reducing the amount of Resource Expenses validly renounced to the Subscribers of the FT Shares, the Company will incur (or be deemed to have incurred) additional Resource Expenses using funds from sources other than the Commitment Amount in an amount equal to such assistance, such that the aggregate Resource Expenses renounced to the applicable Subscribers effective no later than December 31, 2019 pursuant to the terms of this Agreement and the Subscription Agreements will not be less than nor exceed the Commitment Amount.
- (d) *No Impairment to Renounce.* The Company shall not be subject to the provisions of subsection 66(12.67) of the Tax Act in a manner which impairs its ability to renounce Resource Expenses to the Subscribers of FT Shares in an amount equal to the Commitment Amount.
- (e) *Indemnification.* If the Company does not renounce to the Subscribers of FT Shares effective on or before December 31, 2019 Resource Expenses equal to the Commitment Amount, and provided the Subscriber is not in breach of any of its representations and warranties which would prevent the renunciation of such expenses, the Company shall indemnify and hold harmless the Subscribers and each of the partners thereof if the Subscribers are a partnership or a limited partnership (for the purposes of this paragraph each an “**Indemnified Person**”) as to, and pay to the Indemnified Person on or before the 20<sup>th</sup> Business Day following the date the amount is definitively determined, an amount equal to the amount of any tax (within the meaning of subparagraph (c) of the definition of “excluded obligation” at subsection 6202.1(5) of the regulations to the Tax Act) payable under the Tax Act (and under the corresponding provincial legislation) by any Indemnified Person as a consequence of such failure. In the event that the amount renounced by the Company to the Subscribers is reduced pursuant to subsection 66(12.73) of the Tax Act, the Company shall indemnify and hold harmless each Indemnified Person as to, and pay to the Indemnified Person on or before the 20<sup>th</sup> Business Day following the date the amount is definitively determined, an amount equal to the amount of any tax (within the meaning of subparagraph (c) of the definition of “excluded obligation” at subsection 6202.1(5) of the regulations to the Tax Act) payable under the Tax Act (and under the corresponding provincial legislation) by the Indemnified Person as a consequence of such reduction. This indemnity is in addition to and not in derogation of any other recourse, rights or remedies the Subscribers may have against the Company. For certainty, the foregoing indemnity shall have no force or effect and the Subscribers shall not have any recourse or rights of action to the extent that

such indemnity would otherwise cause the FT Shares to be “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act.

- (f) *CRA Filings.* The Company shall file with the CRA and with any applicable provincial tax authority, within the time prescribed by subsection 66(12.68) of the Tax Act and the applicable provisions of provincial law, the forms prescribed for the purposes of such legislation together with a copy of the Subscription Agreements or any “selling instrument” contemplated by such legislation and shall forthwith following such filing provide to the Subscribers of FT Shares a copy of such form certified by an officer of the Company. The Company shall timely file with the CRA and with any applicable provincial tax authority any return required to be filed under Part XII.6 of the Tax Act (or any corresponding provision of applicable provincial law) in respect of the particular year, and will pay any tax or other amount owing in respect of that return on a timely basis.
- (g) *Delivery of Prescribed Forms.* The Company shall deliver to the Subscribers of FT Shares, before March 1, 2020, the relevant Prescribed Forms (including the T101 forms), fully completed and executed, renouncing to the Subscribers of the FT Shares, Resource Expenses in an amount equal to the Commitment Amount with an effective date of no later than December 31, 2019, and such delivery shall constitute the authorization of the Company to the Subscribers to file such Prescribed Forms with the relevant taxation authorities.
- (h) *Renunciation Priority and Pro Rata Reduction.* The Company shall incur and renounce Resource Expenses pursuant to the Subscription Agreements and all other agreements with other persons providing for the issue of FT Shares entered into by the Company on the Closing Date (collectively, the “**Other Agreements**”) before incurring and renouncing Resource Expenses pursuant to any other agreement which the Company may subsequently enter into after the Closing Date with any person with respect to the issue of shares which are “flow-through shares” as defined in subsection 66(15) of the Tax Act. If the Company is required under the Tax Act or otherwise to reduce Resource Expenses previously renounced to the Subscribers and unless the Subscribers are adversely affected and otherwise agree, the reduction shall be made pro rata by the number of FT Shares purchased only after it has first reduced to the extent possible all Resource Expenses renounced to persons (other than the Subscribers) under any agreements relating to shares which are “flow-through shares” as defined in subsection 66(15) of the Tax Act entered into after the Closing Date.
- (i) *Notification of Excess Amounts Renounced.* Upon the Company becoming aware of the fact that an amount purportedly renounced pursuant to the Subscription Agreement exceeds the amount that it is entitled to renounce under the Tax Act, the Company will notify the Subscriber of FT Shares and comply with subsection 66(12.73) of the Tax Act, including the filing with the CRA of the statements contemplated therein, a copy of which will be sent concurrently to the Subscriber.
- (j) *No Other Agreements.* The Company shall not enter into any other agreement which would prevent or restrict its ability to renounce Resource Expenses to the Subscribers in the amount of the Commitment Amount.

- (k) *Books and Records.* The Company shall maintain proper, complete and accurate accounting books and records relating to the Commitment Amount, the Resource Expenses, the amounts renounced to the Subscribers under this Agreement and the Subscription Agreements and all transactions relating to the Resource Expenses. The Company shall retain all such books and records as may be required to support the renunciation of Resource Expenses contemplated by this Agreement and the Subscription Agreements and, upon reasonable notice, shall make such books and records available for inspection and audit by or on behalf of the Subscribers, at the Subscriber's sole expense.
- (l) *Deductibility of CEE.* All the CEE renounced to the Subscribers pursuant to the Subscription Agreements will be CEE incurred by the Company that, but for the renunciation to the Subscriber, the Company would be entitled to deduct in computing income for the purposes of Part I of the Tax Act.

## **5. Representations, Warranties and Covenants of the Agents.**

Each of the Agents hereby severally, and not jointly nor jointly and severally, represents, warrants and covenants to the Company and acknowledges that the Company is relying upon such representations and warranties in completing the Offering, that:

- (a) in respect of the offer and sale of the Offered Securities, each Agent will conduct its activities in connection with the Offering and comply with all applicable Securities Laws and the provisions of this Agreement;
- (b) the Agents shall only sell the Offered Securities in accordance with Securities Laws and to persons who represent themselves as being:
  - (i) persons purchasing as principal or deemed to be purchasing as principal under Securities Laws or purchasing as authorized agents on behalf of a disclosed principal; and
  - (ii) qualified to purchase the Offered Securities under the applicable Requirements in the Selling Jurisdictions or in such other jurisdictions as may be agreed to by the Company and the Agents;
- (c) The Agents shall ensure that any dealer who is appointed by the Agent pursuant to this Agreement agrees in writing to comply with the covenants and obligations given by the Agents herein;
- (d) notwithstanding the foregoing provisions of this Section 5, an Agent will not be liable to the Company under this Section 5 with respect to a default under this Section 5 by another Agent;
- (e) at least one of the Agents is duly registered in the appropriate category of dealer under the Securities Laws in each of the Selling Jurisdictions, and in Selling Jurisdictions in which no Agent is so registered, the Agents will, if required by Securities Laws, act only through members of a selling group who are so registered;

- (f) it has not and will not solicit offer, sell, trade, distribute or otherwise do any act in furtherance of a trade of the Offered Securities so as to require the filing of a prospectus or offering memorandum with respect thereto or the provision of a contractual right of action (as defined in OSC Rule 14-501) under the laws of any jurisdiction;
- (g) None of the Agents, any of their respective affiliates, or any person acting on behalf of the foregoing have made or will make (i) any offer to sell, or any solicitation of an offer to buy, any Offered Securities to a person in the United States or a U.S. Person; or (ii) any sale or facilitate any sale, as applicable, of Offered Securities to any person unless, at the time the buy order was or will have been originated, the purchaser is (A) outside the United States and not a U.S. Person and not acting for the account or benefit of a person in the United States or a U.S. Person or (B) a person that the Company, the Agents, its or their respective affiliates, and any person acting on behalf of the foregoing reasonably believe is outside the United States and not a U.S. Person and not acting for the account or benefit of a person in the United States or a U.S. Person;
- (h) neither the Agents nor their respective affiliates, or any person acting on behalf of the foregoing, have engaged or will engage in any Directed Selling Efforts;
- (i) no selling or promotional expenses will be paid or incurred in connection with the Offering, except for professional services or for services performed by a registered dealer;
- (j) it will not make available to prospective Subscribers any document or material that would constitute an offering memorandum, preliminary prospectus or prospectus, as applicable, as defined under the applicable Securities Laws and the United States federal and state securities laws nor will it conduct its activities so as to require the filing of a prospectus or offering memorandum and will cause similar covenants to be contained in any agreement with any selling firms in connection with the Offering;
- (k) it will not trade in Offered Securities or otherwise do any act in furtherance of a trade of Offered Securities outside of the Selling Jurisdictions, except as contemplated in the Subscription Agreements, this Agreement or otherwise with the prior consent of the Company, not to be unreasonably withheld or delayed;
- (l) it will not advertise the proposed sale of the Offered Securities in printed media of general and regular paid circulation, or broadcast over radio or television or otherwise conduct any seminar or meeting concerning the offer or sale of the Offered Securities where attendees have been invited by general solicitation or general advertising;
- (m) it will not solicit subscriptions for Offered Securities except in accordance with the terms and conditions of this Agreement;
- (n) it will obtain from each Subscriber an executed Subscription Agreement and such forms as may be required by the Governmental Authorities or other similar regulatory authority or the Company as supplied by the Company to such Agent; and

- (o) it will provide or cause to be provided to the Company all necessary information in respect of such Agent and the Subscribers to allow the Company to file, with the Governmental Authorities or other similar regulatory authority, if required, reports of the trades of the Offered Securities in accordance with applicable Securities Law and CSE policies.

## **6. Closing Deliveries.**

The Closing of the transactions contemplated under this Agreement shall be completed at the offices of the Company's counsel in the City of Toronto.

At or before the Closing Time, the Agents shall have delivered to the Company:

- (a) a completed and executed Subscription Agreement (including all certifications, forms and other documentation contemplated thereby or as may be required by applicable securities regulatory authorities) in a form acceptable to the Company, from each Subscriber; and
- (b) an invoice or written direction for the Agents' Fee and expenses payable by the Company to the Agents pursuant to this Agreement; and
- (c) such further documentation as may be contemplated herein or as the Company may reasonably require.

At or before the Closing Time, the Company shall deliver to the Agents:

- (a) evidence of electronic deposit of the Offered Securities registered as the Agents may direct;
- (b) payment of the Agents' Fee and expenses payable by the Company to the Agents pursuant to this Agreement;
- (c) the Compensation Option Certificates;
- (d) the requisite documentation as contemplated in Section 7 of this Agreement; and
- (e) such further documentation as may be contemplated herein or as the Agents may reasonably require;

against payment by the Agents to the Company of the aggregate Purchase Price for the Offered Securities by wire transfer or certified cheque payable to the Company.

## **7. Closing Conditions**

The Agents' obligation to complete the Offering shall be conditional upon the fulfilment at or before the Closing Time of the following conditions:

- (a) the Agents shall have received a certificate dated as of the Closing Date, signed by the Chief Executive Officer and the Chief Financial Officer of the Company, or such other officers of the Company as the Agents may agree, certifying for and on behalf of the Company, to the best of their knowledge, information and belief after due inquiry, that:

- (i) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company (including the Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, are contemplated or threatened by any regulatory authority;
  - (ii) the Company has duly complied with all the terms, covenants and conditions of this Agreement on its part to be complied with up to the Closing Time; and
  - (iii) the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement;
- (b) the Agents shall have received a certificate dated as of the Closing Date, signed by the appropriate officer of the Company addressed to the Agents and their counsel, with respect to the constating documents of the Company, all resolutions of the Company's board of directors relating to this Agreement and the transactions contemplated hereby, the Subscription Agreements, the incumbency and specimen signatures of signing officers and such other matters as the Agents may reasonably request;
- (c) the Agents have received satisfactory evidence that the CSE policies relating to private placements have been complied with;
- (d) the Subscription Agreements shall have been executed and delivered by the parties thereto in form and substance satisfactory to the Agents and their counsel, acting reasonably;
- (e) the Agents shall have received a favourable legal opinion addressed to the Agents dated the Closing Date from counsel for the Company (it being understood that such counsel may rely to the extent appropriate in the circumstances, (i) as to matters of fact, on certificates of the Company executed on its behalf by a senior officer of the Company; (ii) as to matters of fact not independently established, on certificates of a public official or regulatory body; and (iii) as to matters of law, on consulting counsel in the applicable local jurisdictions) substantially with respect to the following matters:
  - (i) the Company is a "reporting issuer" in British Columbia, Alberta and Ontario;
  - (ii) the Company is a corporation continued and existing under the laws of Ontario and has the corporate capacity to carry on its business as now conducted and to own, lease and operate its property and assets;
  - (iii) as to the authorized and outstanding share capital of the Company;
  - (iv) the Company has the corporate capacity and power: (A) to execute and deliver this Agreement and the Subscription Agreements and the

Compensation Option Certificate and to perform its obligations hereunder and thereunder, and (B) to issue and sell the Offered Securities, the Compensation Options and the Compensation Shares;

- (v) all necessary corporate action has been taken by the Company to authorize the execution and delivery of each of this Agreement, the Subscription Agreements and the Compensation Option Certificate and the performance of the Company's obligations hereunder and thereunder and each of this Agreement, the Subscription Agreements and the Compensation Option Certificate have been executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable against it in accordance with its terms;
- (vi) the execution and delivery of this Agreement and the Subscription Agreements and the performance by the Company of its obligations hereunder and thereunder, the issuance, sale and delivery of the Offered Securities to be issued and sold by the Company do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not violate (i) the provisions of the OBCA; or (ii) the constating documents of the Company;
- (vii) the Offered Securities have been and the Compensation Shares will be, upon the due exercise of the Compensation Options, duly and validly issued as fully paid and non-assessable shares in the capital of the Company;
- (viii) the Compensation Options have been duly and validly issued;
- (ix) the form and terms of the certificate(s) representing the Offered Securities and Compensation Shares have been duly approved by the Company and comply with the provisions of the articles and by-laws of the Company and the requirements of OBCA;
- (x) TSX Trust Company at its principal offices in the City of Toronto has been duly appointed as the transfer agent and registrar for the Common Shares;
- (xi) the issuance, sale and distribution of the Offered Securities to Subscribers resident in the Canadian Selling Jurisdictions in accordance with the Subscription Agreements and the issuance of the Compensation Options to the Agents is exempt from the prospectus requirements of the Securities Laws of the Canadian Selling Jurisdictions, and no prospectus is required, nor are any other documents required to be filed, proceedings taken or approvals, permits, consents, orders or authorizations of any regulatory authority required to be obtained by the Company under the Securities Laws of the Canadian Selling Jurisdictions to permit such issuance, sale and distribution, it being noted that, the Company is required to, within ten days after the date the trades are made, file a report on Form 45-106F1 with the securities commissions in the

Canadian Selling Jurisdictions in which the trades were made, accompanied, in all cases, by the prescribed fees;

- (xii) the issuance and delivery of the Compensation Shares upon the due exercise of the Compensation Options in the Canadian Selling Jurisdictions is exempt from the prospectus requirements of the Securities Laws of the Canadian Selling Jurisdictions and no prospectus is required nor are any other documents required to be filed, proceedings taken or approvals, permits, consents, orders or authorizations of regulatory authorities under such Securities Laws required to be obtained to permit such issuance or delivery;
- (xiii) the first trade of the Offered Securities or Compensation Shares will be a distribution subject to the prospectus requirements under the Securities Laws of the Canadian Selling Jurisdictions, unless otherwise exempt from such prospectus requirement or unless at the time of such trade:
  - (A) the Company is and has been a reporting issuer (as defined under the applicable Securities Laws) in a jurisdiction of Canada for the four months immediately preceding the trade;
  - (B) at least four months have elapsed from the “distribution date” (as defined under National Instrument 45-102) of the Offered Securities;
  - (C) the certificates representing the Offered Securities and Compensation Options carry a legend stating “Unless permitted under securities legislation, the holder of this security must not trade the security before December 30, 2019”;
  - (D) if the security is entered into a direct registration or other electronic book-entry system, or if the Subscriber did not directly receive a certificate representing the security, the Subscriber received written notice containing the legend restriction notation set out in subparagraph (C) above;
  - (E) such trade is not a “control distribution” (as defined in the National Instrument 45-102);
  - (F) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of such trade;
  - (G) no extraordinary commission or consideration is paid to a person or corporation in respect of such trade; and
  - (H) if the selling securityholder is an insider or officer of the Company, the selling securityholder has no reasonable grounds to believe that the Company is in default of “securities legislation” (as defined in National Instrument 14-101 – Definitions and Interpretation).

- (xiv) upon issue, the FT Shares will be “flow-through shares” as defined in subsection 66(15) of the Tax Act and will not be “prescribed shares” within the meaning of section 6202.1 of the regulations to the Tax Act;
- (xv) provided they are fully incurred in the manner and otherwise as covenanted and referenced in the Subscription Agreements and in the relevant officer’s certificate, the expenditures to be renounced in respect of the FT Shares pursuant to this Agreement and the Subscription Agreements will be Resource Expenses; and
- (xvi) the Company qualifies as a Principal Business Corporation;
- (f) the Agents shall have received a Certificate of Status (or equivalent) for the Company dated within one Business Day (or such earlier or later date as the Agents may accept) of the Closing Date;
- (g) the Agents shall have received title opinions dated as of the Closing Date from counsel satisfactory to the Agents, acting reasonably, addressed to the Agents and the Subscribers, relating to the right to or ownership of Spence Bridge properties in form and substance satisfactory to the Agents and Agents’ counsel, acting reasonably;
- (h) the Agents shall not have exercised any rights of termination set forth in this Agreement;
- (i) the Agents 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) the Agents being satisfied in their sole discretion, with their due diligence review, inquiries and investigations completed in connection with the Offering; and
- (k) the Agents shall have received from the officers and directors, lock-up agreements pursuant to section 4.1(f) of this Agreement, in favor of the Agents.

## **8. All Terms to be Conditions.**

The Company agrees that the conditions contained in this Agreement will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Company and each of the Company and the Agents will use its respective commercially reasonable efforts to cause all such conditions to be complied with. It is understood that the Agents may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Agents in respect of any such terms and conditions or any other subsequent breach or non-compliance, provided that to be binding on the Agents any such waiver or extension must be in writing.

## **9. Rights of Termination.**

In addition to any other remedies which may be available to the Agents, each of the Agents shall have the right, at its sole option, to terminate its obligations under this Agreement (and the obligations of the Subscribers arranged by it to purchase Offered Securities) by written notice to

that effect given to the Company at or prior to the Closing Time, if at any time prior to the Closing Time:

- (a) there shall exist any material fact or circumstance not disclosed as at the date hereof which, in the opinion of such Agent, results or could be expected to have a significant adverse effect on the market price or value of the Offered Securities;
- (b) there shall have occurred any change in the laws of Canada or of the Selling Jurisdictions, or any inquiry, investigation or other proceeding is made or any order is issued under or pursuant to any law of Canada or of the Selling Jurisdictions or by the CSE in relation to the Company or any of its securities (except for any inquiry, investigation or other proceeding or order based upon activities of the Agents and not upon activities of the Company), which, in the opinion of such Agent, acting reasonably and in good faith, could reasonably have a significant adverse effect on the ability to market the Offered Securities;
- (c) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation, which, in the reasonable opinion of such Agent, seriously adversely affects, or involves, or will seriously adversely affect or involve, (a) the financial markets, (b) the business, operations or affairs of the Company taken as a whole, or (c) the market price or value of the securities of the Company;
- (d) there shall occur any material change or change in a material fact or a new material fact shall arise which, in the opinion of such Agent, would be expected to have a significant adverse effect on the business, operations or affairs of the Company or on the market price of the Common Shares or value of the Offered Securities;
- (e) there is any material breach or failure by the Company to comply with any terms, conditions or covenants in this Agreement, or in the event that any representation or warranty given by the Company in this Agreement becomes false and is not rectified as at the Closing Time. An Agent may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to their respective rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon such Agent only if the same is in writing and signed by it;
- (f) there is announced any change or proposed change in the income tax laws of Canada or the interpretation or administration thereof in respect of "flow-through shares", as defined in the *Income Tax Act* (Canada), and such change, in the opinion of the Agent, could be expected to have a Material Adverse Effect on the market price or value or the marketability of the FT Shares; or
- (g) the state of the financial markets in Canada or elsewhere where it is planned to market the Offered Securities is such that, in the reasonable opinion of the Agents (or any of them), the Offered Securities cannot be marketed profitably.

The rights of termination contained in subparagraphs 9(a), (b), (c), (d), (e), (f) and (g) above may be exercised by an Agent and are in addition to any other rights or remedies an Agent may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by the Agreement or otherwise. In the event of any such termination by an Agent, there shall be no further liability on the part of an Agent (or the Subscribers arrange by it) to the Company or on the part of the Company to an Agent except in respect of any liability which may have arisen or may arise after such termination in respect of Section 10 and Section 12.

The Agents shall make reasonable best efforts to give notice to the Company (in writing or by other means) of the occurrence of any of the events referred to in subparagraphs 9(a), (b), (c), (d), (e), (f) and (g) provided that neither the giving nor the failure to give such notice shall in any way affect the entitlement of the Agents to exercise their rights under subparagraphs 9(a), (b), (c), (d), (e), (f) and (g) at any time prior to or at the Closing Time on the Closing Date.

#### **10. Expenses.**

Whether or not the Offering is completed, the Company shall pay all expenses of or incidental to the offering and sale of the Offered Securities, including all reasonable "out of pocket" expenses of the Agents in relation to the Offering (including HST), including all marketing related expenses, all reasonable fees of the Agents' counsel (up to a maximum of \$40,000, exclusive of taxes and disbursements). Fees and expenses incurred by the Agents or on their behalf shall be payable by the Company in addition to any other fees payable under this Agreement and shall be payable by the Company on Closing and the Agents may deduct such amounts from the gross proceeds of the Offering.

#### **11. Survival of Representations and Warranties.**

All warranties, representations, covenants and agreements of the Company herein contained or contained in any documents submitted pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Offered Securities and survive for a period of two years following the Closing Date, except with respect to tax matters where the representations and warranties will continue to have full force and effect until expiry of a period of 60 days after the date on which the applicable limitation period expires for action by the applicable taxation authorities, and the Company and the Agents will be entitled to rely thereon, regardless of any subsequent disposition of the Offered Securities or any investigation by or on behalf of the Agents with respect thereto. Notwithstanding the preceding sentence, Section 11 shall survive the purchase and sale of the Offered Securities and the termination of this Agreement and shall continue in full force and effect for the benefit of the Agents regardless of any subsequent disposition of the Offered Securities or any investigation by or on behalf of the Agents with respect thereto without limitation other than any limitation requirements of applicable law.

#### **12. Indemnity.**

The Company (the "**Indemnitor**") hereby agrees to indemnify and hold the Agents and their respective affiliates and the respective directors, officers, employees, agents and shareholders of the Agents and their respective affiliates, other than any person who is a Subscriber for FT Shares (hereinafter referred to as the "**Personnel**") and, collectively, with the Agents, the "**Indemnified Parties**") harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, damages or liabilities, whether joint or several (including the

aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims) (collectively, the “**Claims**”), and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any claim that may be made against the Agents, to which an Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Agents hereunder, 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 Indemnified Party has been grossly negligent, engaged in wilful misconduct or has committed any fraudulent act in the course of such performance; and
- (b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, resulted primarily by the gross negligence, wilful misconduct or fraud referred to in (a).

If for any reason (other than the occurrence of any of the events itemized in (a) and (b) above), the foregoing indemnification is unavailable to an Indemnified Party or insufficient to hold it harmless, then the Indemnitor shall contribute to the amount paid or payable by such Indemnified Party 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 Indemnified Party on the other hand but also the relative fault of the Indemnitor and the Indemnified Party, as well as any relevant equitable considerations, provided that the Indemnitor shall, in any event, contribute to the amount paid or payable by the Indemnified Party as a result of such expense, loss, claim, damage or liability, any excess of such amount over the amount of the fees received by the Agents pursuant to this Agreement.

The Company agrees to waive any right the Company might have of first requiring the Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity.

The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or an Indemnified Party by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnitor and/or an Indemnified Party and any Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Agents, the Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Indemnified Party for time spent by it or its Personnel in connection therewith) and out-of-pocket expenses their per diem by its Personnel in connection therewith shall be paid by the Indemnitor as they occur, provided that in no circumstances will the Indemnitor be required to pay the fees and expenses of more than one legal counsel for all of the Agents and the Personnel.

Promptly after receipt of notice of the commencement of any legal proceeding against an Indemnified Party or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Agents will notify the Indemnitor in writing of the commencement

thereof and the Company will undertake the investigation and defence thereof on behalf of the Indemnified Party, including the prompt employment of counsel acceptable to the Indemnified Parties affected and the payment of all expenses. Failure to so notify the Indemnitor shall not relieve the Indemnitor from liability except and only to the extent that the failure materially prejudices the Indemnitor.

No admission of liability and no settlement, compromise or termination of any Claim will be made without the Company's consent and the consent of the Indemnified Parties affected, such consents not to be unreasonably withheld; provided, however, that no consent of an Indemnified Party will be required if the Company has acknowledged in writing that the Indemnified Parties are entitled to be indemnified in respect of such Claim and such settlement, compromise or termination includes an unconditional release of each Indemnified Party from any liability arising out of such Claim without any admission of negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party. Notwithstanding that the Company will undertake the investigation and defence of any Claim, an Indemnified Party will have the right to employ separate counsel with respect to any Claim and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless:

- (a) employment of such counsel has been authorized in writing by the Company;
- (b) the Company has not assumed the defence of the action within a reasonable period of time after receiving notice of the claim;
- (c) the named parties to any such claim include both the Company and the Indemnified Party and the Indemnified Party will have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the Company and the Indemnified Party; or
- (d) there are one or more defences available to the Indemnified Party which are different from or in addition to those available to the Company;

in which case such fees and expenses of such counsel to the Indemnified Party will be for the Company's account, provided that the Company shall not be responsible for the fees or expenses of more than one legal firm in any single jurisdiction for all of the Indemnified Parties. The rights accorded to the Indemnified Parties hereunder will be in addition to any rights an Indemnified Party may have at common law or otherwise.

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 Agents and their respective affiliates and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Agents, their respective affiliates and any of the Personnel of the Agents. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination thereof.

### **13. Action by Agents.**

All steps which must or may be taken by the Agents in connection with this Agreement, with the exception of the matters relating to termination contemplated by Section 9 or matters relating to indemnity and contribution contemplated by Section 12, may be taken by Haywood on behalf of itself and the Agents and the execution and delivery of this Agreement by the Company and the Agents shall constitute the authority of the Company for accepting any notice, request, direction,

certificate, consent or other communication from Haywood and for delivery by electronic deposit or otherwise the Offered Securities, to Haywood.

**14. Obligation of the Agents to be Several.**

In performing their respective obligations under this Agreement, the Agents shall be acting severally and not jointly and severally. Nothing in this Agreement is intended to create any relationship in the nature of a partnership, or joint venture between the Agents. The following represents the syndicate percentage in respect of the Offering:

<u>Name of Agents</u>	<u>Syndicate Position</u>
Haywood Securities Inc.	60%
PI Financial Corp.	40%
	<b>100%</b>

**15. No Fiduciary Relationship.**

The Company: (i) acknowledges and agrees that the Agents have certain statutory obligations as registered dealers under the Securities Laws and have relationships with their clients; and (ii) consents to the Agents acting hereunder while continuing to act for their clients. To the extent that the Agents' statutory obligations as registered dealers under Securities Laws or relationships with their clients conflicts with their obligations hereunder, the Agents shall be entitled to fulfil their statutory obligations as registered dealers under Securities Laws and their obligations to their clients. Nothing in this Agreement shall be interpreted to prevent the Agents from fulfilling their statutory obligations as registered dealers under Securities Laws or to act for their clients. Nothing in this Agreement or the nature of the Agents' involvement in the Offering shall be deemed to create a fiduciary or advisory relationship between the Agents and the Company or its shareholders, creditors, employees or any other party. The Agents have not provided any legal, accounting, regulatory, or tax advice with respect to the Offering.

**16. Notices.**

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:

Talisker Resources Ltd.

1 First Canadian Place  
100 King Street West, Suite 7010  
Toronto, ON M5X 1A0

Attention: Terry Harbort, President and CEO  
E-mail: [terry.harbort@taliskerresources.com](mailto:terry.harbort@taliskerresources.com)

with a copy to:

Cassels Brock & Blackwell LLP

40 King Street West, Suite 2100  
Toronto, ON M5H 3C2

Attention: Jennifer Campbell  
E-mail: jcampbell@casselsbrock.com

If to the Agents, to:

Haywood Securities Inc.

Brookfield Place  
181 Bay Street, Suite 2910  
Toronto, ON M5J 2T3

Attention: Ryan Matthiesen  
E-mail: rmatthiesen@haywood.com

PI Financial Corp.

666 Burrard Street, Suite 1900  
Vancouver, BC V6C 3N1

with a copy to:

McCarthy Tetrault LLP

66 Wellington Street West, Suite 5300  
Toronto, ON M5K 1E6

Attention: Eva Bellissimo  
Email: ebellissimo@mccarthy.ca

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

Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and (i) a notice which is personally delivered shall, if delivered on a Business Day, 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 (ii) a notice which is sent by email shall be deemed to be given and received on such Business Day provided it is sent before 4:00 p.m. (in the jurisdiction where the addressee resides).

## **17. Public Announcements.**

Neither the Company, nor the Agents, shall make any public announcement in connection with the Offering, except if the other party has consented to such announcement or the announcement is required by applicable laws or stock exchange rules. In such event, the party proposing to make the announcement will provide the other party with a reasonable opportunity, in the circumstances, to review a draft of the proposed announcement and to provide comments thereon.

**18. Time of the Essence.**

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

**19. Canadian Dollars.**

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

**20. Headings.**

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

**21. 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.

**22. Entire Agreement.**

This Agreement, together with any other agreements and other documents referred to herein and delivered in connection herewith, constitutes the entire agreement between and among the parties hereto pertaining to the issue and sale of the Offered Securities and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect to the issue and sale of the Offered Securities including, without limitation, the engagement letter dated August 13, 2019 between the Company and Haywood.

**23. Severability.**

The invalidity or unenforceability of any particular provision of this Agreement shall not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

**24. 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.

**25. Successors and Assigns.**

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company, the Agents and the Subscribers and their respective executors, heirs, successors and permitted assigns; provided that, except as provided herein or in the Subscription Agreements, this Agreement shall not be assignable by any party without the written consent of the others.

**26. 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.

**27. General.**

The forbearance or failure of one of the parties hereto to insist upon strict compliance by the other with any provision of this Agreement, whether continuing or not, shall not be construed as a waiver of any rights or privileges hereunder. No waiver of any right or privilege of a party arising from any default or failure hereunder of performance by the other shall affect such party's rights or privileges in the event of a further default or failure of performance.

**28. Counterparts.**

This Agreement may be executed in any number of counterparts and by e-mail, 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 Agents.

**[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**

Yours very truly,

**HAYWOOD SECURITIES INC.**

Per: "Ryan Matthiesen"

Name: Ryan Matthiesen  
Title: Managing Director, Investment  
Banking

**PI FINANCIAL CORP.**

Per: "Russell Mills"

Name: Russell Mills  
Title: Director, Investment Banking

The foregoing is hereby accepted and agreed to with effect as of the date provided at the top of the first page of this Agreement.

**TALISKER RESOURCES LTD.**

Per: "Terry Harbord"

Name: Terry Harbord  
Title: Chief Executive Officer