

AMALGAMATION AGREEMENT

AMONG:

E36 CAPITAL CORP.

AND:

1266094 B.C. LTD.

AND:

KALO GOLD CORP.

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AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is dated as of the 30th day of September, 2020.

AMONG:

E36 CAPITAL CORP., a corporation existing under the laws of the Province of British Columbia and having an address at 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8

(“E36”)

AND:

1266094 B.C. LTD., a corporation existing under the laws of the Province of British Columbia and having an address at 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8

(“E36Sub”)

AND:

KALO GOLD CORP., a corporation existing under the laws of British Columbia and having a registered and records office at Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7

(“Kalo”)

WHEREAS:

- (A) It is intended that Kalo, and E36Sub, a wholly-owned subsidiary of E36, will amalgamate and form one corporation under the provisions of the BCBCA (as defined herein);
- (B) E36 is a Capital Pool Company (as defined in the policies of Exchange (as defined herein)) and the Amalgamation is intended to serve as E36’s Qualifying Transaction (the “**Qualifying Transaction**”) as defined in the policies of the Exchange; and
- (C) Upon the Amalgamation taking effect, shareholders of Kalo will receive common shares of E36 in the proportion and on the terms set out herein;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties (as defined herein) hereby covenant and agree as follows:

PART 1
INTERPRETATION

Definitions

1.1 In this Agreement, the following defined terms have the meanings hereinafter set forth:

- (a) “**Affiliate**” means any person which, directly or indirectly, controls, is controlled by, or is under common control with, a person;
- (b) “**Agreement**” means this Amalgamation Agreement (including the exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, schedule, exhibit or other portion hereof;
- (c) “**Amalco**” means the corporation formed as a result of the Amalgamation;
- (d) “**Amalco Shares**” means the common shares in the capital of Amalco;
- (e) “**Amalgamation**” means the amalgamation of E36Sub and Kalo under the provisions of the BCBCA on the terms and conditions set forth in this Agreement;
- (f) “**Amalgamation Application**” means the amalgamation application as contemplated by the BCBCA and in substantially the form set out in Exhibit “B” hereto;
- (g) “**Amalgamation Resolution**” means the special resolution in respect of the Amalgamation, and other matters, to be considered by the Kalo Shareholders at the Kalo Meeting or the unanimous consent resolution in respect of the Amalgamation, and other matters, to be signed by all Kalo Shareholders;
- (h) “**Applicable Canadian Securities Laws**” means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (i) “**Applicable Laws**” means, in the context that refers to one or more persons, any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such person or persons or its or their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

- (j) “**Articles**” means the Articles of Amalco to be in substantially the form set out in Exhibit “A” to this Agreement;
- (k) “**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder;
- (l) “**Business**” means the business and activities carried on by Kalo, the Kalo Subsidiaries or both, as applicable;
- (m) “**Business Day**” means a day other than a Saturday, Sunday or other day when banks in the City of Vancouver, British Columbia, are not generally open for business;
- (n) “**Claims**” means any and all debts, costs, expenses, liabilities, obligations, losses and damages, penalties, proceedings, actions, suits, assessments, reassessments or claims of whatsoever nature or kind including regulatory or administrative (whether or not under common law, on the basis of contract, negligence, strict or absolute liability or liability in tort, or arising out of requirements of Applicable Laws), imposed on, incurred by, suffered by, or asserted against any person or any property, absolute or contingent, and, except as otherwise expressly provided herein, includes all reasonable out-of-pocket costs, disbursements and expenses paid or incurred by such person in defending any action;
- (o) “**Concurrent Financing**” means a non-brokered private placement of not less than 10,000,000 E36 Shares at a price of \$0.20 per E36 Share for aggregate gross proceeds of not less than \$2,000,000;
- (p) “**Constating Documents**” means, as to each of the Parties, its respective certificate of incorporation, notice of articles and articles as in effect as of the date of this Agreement;
- (q) “**Corporate Records**” means, as to each of the Parties, its respective corporate records, including its Constating Documents, share register, register of directors, list of bank accounts and signing authorities and minutes of shareholders’ and directors’ meetings;
- (r) “**Disclosure Letter**” means a letter from Kalo to E36 and E36Sub, which shall be delivered both as at the date of this Agreement and as at the Effective Date (which shall be current as at the Effective Date);
- (s) “**Dissenting Shareholder**” means a registered holder of Kalo Shares who has validly exercised its dissent rights in respect of the Amalgamation and transactions related thereto under the applicable provisions of the BCBCA;
- (t) “**E36**” means E36 Capital Corp., a corporation incorporated under the laws of the Province of British Columbia;

- (u) “**E36 Agent’s Warrants**” means the non-transferable share purchase warrants of E36, each entitling the holder to purchase one E36 Share at a price of \$0.10 per E36 Share for a period of two years from the date of issue;
- (v) “**E36 Consideration Shares**” means the E36 Shares issued in exchange for the Kalo Shares to the Kalo Shareholders in consequence of the Amalgamation;
- (w) “**E36 Shares**” means the common shares in the capital of E36;
- (x) “**E36 Stock Option Plan**” means the stock option plan of E36;
- (y) “**E36 Stock Options**” means options to purchase E36 Shares pursuant to the E36 Stock Option Plan;
- (z) “**E36Sub**” means 1266094 B.C. Ltd., a wholly-owned subsidiary of E36 incorporated under the laws of the Province of British Columbia and formed solely for the purpose of completing the Amalgamation;
- (aa) “**E36Sub Shares**” means common shares in the capital of E36Sub;
- (bb) “**Effective Date**” means the effective date of the Amalgamation as set forth in the Certificate of Amalgamation issued to Amalco;
- (cc) “**Effective Time**” means the effective time of the Amalgamation as set forth in the Certificate of Amalgamation issued to Amalco;
- (dd) “**Encumbrance**” means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), title retention agreement or arrangement, option, licence or licence fee, royalty, production payment, restrictive covenant or other encumbrance of any nature, or any agreement to give or create any of the foregoing, any obligation in connection with the Licences, or any encumbrance that might be imposed by any Governmental Authority;
- (ee) “**Environmental Approvals**” means, with respect to any person, all permits, certificates, licences, authorizations, consents, instructions, registrations, directions, approvals, decisions, decrees, conditions, notifications, orders, demands or Claims issued or required by any Governmental Authority pursuant to any Environmental Laws, which are binding upon or applicable to such person or its business, assets or securities;
- (ff) “**Environmental Laws**” means all Applicable Laws, whether foreign or domestic, including applicable common law and civil law, for the protection of the natural environment, human health and safety, or for the regulation of contaminants, pollutants, waste, toxic or hazardous substances, and includes Environmental Approvals;
- (gg) “**Exchange**” means the TSX Venture Exchange;

- (hh) “**Filing Statement**” means the filing statement of E36 pertaining to the Qualifying Transaction and in the form prescribed by the Exchange;
- (ii) “**Finder**” means [REDACTED];
- (jj) “**Finder Fee Shares**” means 1,500,000 E36 Shares to be issued by E36 to the Finder on the Effective Date;
- (kk) “**Governmental Authority**” means any federal, state, provincial, local, municipal, regional, territorial or other government, regulatory authority, governmental department, ministry, agency, commission, bureau, official, minister, crown corporation, court, board, tribunal, stock exchange, dispute settlement panel or body, domestic or foreign, or other law, rule or regulation-making entity having jurisdiction;
- (ll) “**IFRS**” means International Financial Reporting Standards applicable as of the date of the financial statements, document or event in question;
- (mm) “**ITA**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, as amended from time to time;
- (nn) “**Kalo**” means Kalo Gold Corp., a corporation incorporated under the laws of the Province of British Columbia;
- (oo) “**Kalo Meeting**” means the special meeting of Kalo Shareholders to be called to consider and, if thought fit, authorize, approve and adopt the Amalgamation Resolution and related matters, and includes any adjournments thereof;
- (pp) “**Kalo Shareholders**” means the holders of Kalo Shares;
- (qq) “**Kalo Shares**” means common shares in the capital of Kalo;
- (rr) “**Kalo Subsidiaries**” means, collectively, Aloki Mining Limited, a company incorporated under the laws of British Virgin Islands, Tego Mining Limited, a company incorporated under the laws of British Virgin Islands, and Kalo Exploration Pte Limited, a company incorporated under the laws of Fiji, and a “**Kalo Subsidiary**” means any thereof;
- (ss) “**Licences**” has the meaning ascribed to it in Section 4.2(cc);
- (tt) “**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to a person, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, results of operations, assets, capitalization, financial condition, rights, liabilities or prospects, contractual or otherwise, of such person and its subsidiaries, if applicable, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) a matter that has been publicly disclosed prior to the date of this Agreement or otherwise disclosed in writing by a Party to the

other Party prior to the date of this Agreement; (ii) any action or inaction taken by such person to which the other person had consented in writing; (iii) the announcement of the transactions contemplated by the Amalgamation or this Agreement; or (iv) general economic, financial, currency exchange, securities, banking or commodity market conditions in the United States, Canada or worldwide;

- (uu) “**Material Change**” and “**Material Fact**” have the meanings ascribed thereto under the Applicable Canadian Securities Laws;
- (vv) “**Material Contract**” means those contracts, agreements, understandings or arrangements entered into by Kalo or the Kalo Subsidiaries which have individual payment obligations on the part of Kalo or the Kalo Subsidiaries that exceed \$25,000, are for a term extending one year after the Effective Time, have been entered into out of the ordinary course of business, or are otherwise material to the Business;
- (ww) “**Mineral Rights**” means any permit, claim, licence, lease, concession, tenement, mineral disposition, mineral lease or other form of title or tenure, and any other right (including the right of entry to, or the right to work upon, lands), whether contractual, statutory or otherwise, which, among other things, allows or permits a person to explore for, develop, mine, extract, sell or otherwise dispose of, Minerals, including the Licences;
- (xx) “**Minerals**” means any ore, solution, concentrate, or metal derived therefrom, containing precious, base or industrial minerals (including gems and uranium) which are found in, on or under the Property and may lawfully be explored for, mined and sold under the Mineral Rights and other instruments of title under which the Property is held;
- (yy) “**misrepresentation**” shall have the meaning ascribed to it in the Securities Act;
- (zz) “**Other Rights**” means any interest in real property, whether freehold, leasehold, license, right-of-way, easement, any other surface or other right in relation to real property, and any right, licence or permit in relation to the use or diversion of water, but excluding any Mineral Rights;
- (aaa) “**Outside Date**” means March 31, 2021;
- (bbb) “**Parties**” means, collectively, the parties to this Agreement, and “**Party**” means any one of them;
- (ccc) “**person**” is to be construed broadly and includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;

- (ddd) “**Personnel**” means, in relation to a Party, any of its, or its Affiliates’, directors, officers, employees, agents, consultants, invitees, subcontractors and representatives;
- (eee) “**Property**” means the Mineral Rights and Other Rights, if any, described in Exhibit “D”, together with any present or future renewal, extension, modification, substitution, amalgamation or variation of any of those Mineral Rights or Other Rights that derive directly from those Mineral Rights or Other Rights (whether granting or conferring the same, similar or any greater rights, and whether extending over the same or a greater or lesser domain);
- (fff) “**Public Record**” means all information filed by E36 with any securities commission or similar regulatory authority which are available through the SEDAR website as of the date hereof;
- (ggg) “**Qualifying Transaction**” has the meaning ascribed thereto in the recitals to this Agreement;
- (hhh) “**Registrar**” means the Registrar of Companies or a Deputy Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (iii) “**Securities Act**” means the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder;
- (jjj) “**subsidiary**” has the meaning ascribed thereto in the Securities Act;
- (kkk) “**Tax**” or “**Taxes**” means all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including (i) those levied on, or measured by, or referred to as income, gross receipts, earnings, profits, capital, capital stock, alternative minimum, corporate, transfer, land transfer, sales, goods and services, use, value-added, excise, stamp, withholding, business, licence, franchising, real or personal property, payroll, employment, wage, employer health, social services, severance, utility, occupation, premium, windfall, education and social security taxes, all surtaxes, all custom duties and import and export taxes, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Quebec and other government pension plan premiums, workers’ compensation levies, retirement contributions, including those imposed by any Governmental Authority, and (ii) any liability for the payment of any amount of the type described in the immediately preceding clause (i) as a result of being a “transferee” (within the meaning of section 160 of the ITA or any other Applicable Laws) of another taxpayer or entity or a member of a related, non-arm’s length, affiliated or combined group;
- (lll) “**Transfer Agent**” means Odyssey Trust Company, the transfer agent for the E36 Shares; and

(mmm)“U.S. Securities Act” means the United States *Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder.

Interpretation

1.2 For the purposes of this Agreement, except as otherwise expressly provided:

- (a) the division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereto”, “herein” and “hereunder” and similar expressions refer to this Agreement (including exhibits hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto;
- (b) words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders;
- (c) the word “including”, when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (d) if any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place;
- (e) any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, and to any regulations promulgated thereunder. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time;
- (f) all sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted;
- (g) unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature shall be made in a manner consistent with IFRS;
- (h) all representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights generally, and the discretionary nature of certain

remedies (including specific performance and injunctive relief and general principals of equity);

- (i) where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers to the actual knowledge of the senior officers of the Party after due inquiry; and
- (j) the Parties acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.

Exhibits

1.3 The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

Exhibit "A" – Form of Articles of Amalco

Exhibit "B" – Form of Amalgamation Application

Exhibit "C" – Kalo Material Contracts

Exhibit "D" – Description of the Property

PART 2 **THE AMALGAMATION**

Agreement to Amalgamate

2.1 The Parties agree that E36Sub and Kalo shall amalgamate pursuant to the provisions of the BCBCA as of the Effective Date and continue as one corporation on the terms and conditions set out in this Agreement.

Effect of Amalgamation

2.2 Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time and in consequence of the Amalgamation:

- (a) Kalo and E36Sub shall be amalgamated and continue as one corporation;
- (b) each of Kalo and E36Sub shall cease to exist as entities separate from Amalco;
- (c) all of the property of each of E36Sub and Kalo shall continue to be the property of Amalco;
- (d) Amalco shall continue to be liable for all of the liabilities and the obligations of each of E36Sub and Kalo

- (e) the Articles attached hereto as Exhibit “A” shall be the articles of Amalco; and
- (f) all of the shareholders who owned shares of Kalo or E36Sub immediately before the Amalgamation shall receive shares on the basis as set out in this Agreement.

Name

2.3 The name of Amalco shall be “Kalo Gold Corp.” or such other name as determined by the directors of Kalo.

Registered Office

2.4 The registered office of Amalco shall be Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

Authorized Capital

2.5 The authorized capital of Amalco shall consist of an unlimited number of common shares without par value, which shall have the rights, privileges, restrictions and conditions set out in the Articles.

Fiscal Year

2.6 The fiscal year end of Amalco shall be August 31 of each calendar year.

Business

2.7 There shall be no restriction on the business which Amalco is authorized to carry on.

Initial Directors

2.8 The first directors of Amalco shall be the persons whose name and address appear below:

<u>Name</u>	<u>Address</u>
Fred Tejada	[REDACTED]

Such directors shall hold office until the first annual meeting of shareholders of Amalco or until their successors are elected or appointed.

Initial Officers

2.9 The first officers of Amalco shall be the persons whose name and position appear below:

<u>Name</u>	<u>Position</u>
Fred Tejada	Chief Executive Officer

Exchange of E36Sub Shares and Kalo Shares

2.10 Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time and in consequence of the Amalgamation:

- (a) each Kalo Shareholder (other than Dissenting Shareholders who are ultimately entitled to be paid the fair market value for their Kalo Shares) will receive one E36 Consideration Share in exchange for each Kalo Share held by such Kalo Shareholder, and the Kalo Shares will be cancelled;
- (b) E36 will receive one Amalco Share in exchange for each E36Sub Share and the E36Sub Shares will be cancelled; and
- (c) in consideration for E36's issuance of E36 Consideration Shares referenced in Section 2.10(a), Amalco shall issue to E36 one Amalco Share for each E36 Consideration Share issued by E36 under Section 2.10(a).

No fractional E36 Consideration Shares will be issued in connection with the Amalgamation. Where a Kalo Shareholder would otherwise be entitled to receive a fraction of an E36 Consideration Share, the number of E36 Consideration Shares to be issued to such Kalo Shareholder will be rounded down to the nearest whole number.

E36 shall be entitled to withhold any portion of the E36 Consideration Shares as it deems necessary in connection with any withholding or remittance obligations under Applicable Laws.

Dissenting Shareholders

2.11 Registered Kalo Shareholders entitled to vote at the Kalo Meeting will be entitled to exercise dissent rights with respect to their Kalo Shares in connection with the Amalgamation pursuant to and in the manner set forth in the BCBCA. Kalo shall give E36 notice of any written notice of a dissent or withdrawal of a dissent notice, and of any other instrument served pursuant to such dissent rights and received by Kalo, and shall immediately provide E36 with copies of any such notice or instrument. Kalo Shares which are held by a Dissenting Shareholder shall not be exchanged for E36 Consideration Shares pursuant to the Amalgamation. However, if a Dissenting Shareholder fails to perfect or effectively withdraws such Dissenting Shareholder's dissent right under the BCBCA, or forfeits such Dissenting Shareholder's right to make a claim under the BCBCA, or if such Dissenting Shareholder's rights as a Kalo Shareholder are otherwise reinstated, such Kalo Shareholder's Kalo Shares shall thereupon be deemed to have been exchanged for E36 Consideration Shares as of the Effective Time as prescribed herein.

Completion of the Amalgamation and Effective Date

2.12 Upon the satisfaction or waiver of the conditions herein contained in favour of each Party, Kalo and E36Sub shall deliver to the Registrar the Amalgamation Application and such other documents as may be required to give effect to the Amalgamation. The Amalgamation shall become effective at the Effective Time.

Acknowledgment of Escrow and Resale Restrictions

2.13 Kalo acknowledges and agrees that, in accordance with the policies of the Exchange, E36 Consideration Shares issued to certain Kalo Shareholders will be subject to escrow and/or seed share resale restrictions under the policies of the Exchange and Applicable Laws.

E36 Guarantee

2.14 E36 hereby unconditionally and irrevocably guarantees the due and punctual performance by E36Sub of each and every covenant and obligation of E36Sub arising under the Amalgamation. E36 hereby agrees that Kalo shall not have to proceed first against E36Sub before exercising its rights under this guarantee against E36.

Finder Fee Shares

2.15 The Parties acknowledge and agree that E36 will pay a finder fee to the Finder by issuance of the Finder Fee Shares. At the Effective Time, E36 shall issue from treasury to the Finder the Finder Fee Shares which shall be issued at a deemed price of \$0.20 per Finder Fee Share.

PART 3 **COVENANTS**

Mutual Covenants

3.1 From the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with Part 9, except as otherwise expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, each of the Parties shall:

- (a) carry on its business in the usual, regular and ordinary course of business consistent with its past practice;
- (b) not incur any indebtedness other than in the ordinary course of business consistent with its past practice, or as required in connection with the Qualifying Transaction;

- (c) not alter or amend its Constatng Documents as the same exist at the date of this Agreement, except in connection with a change of name or as contemplated by this Agreement;
- (d) take, or cause to be taken, all action and do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Amalgamation, including using reasonable commercial efforts:
 - (i) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
 - (ii) to effect all necessary registrations, filings and submissions of information requested by any Governmental Authority in connection with the Amalgamation;
 - (iii) to oppose, lift or rescind any injunction, restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Amalgamation, and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby; and
 - (iv) to reasonably cooperate with the other Parties and their tax advisors in structuring the Amalgamation and other transactions contemplated to occur in conjunction with the Amalgamation in a tax effective manner and assist the other Parties and their tax advisors in making such investigations and enquiries with respect to such Parties in that regard, as the other Parties and its tax advisors shall consider necessary, acting reasonably;
- (e) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by such Party in this Agreement untrue in any material respect;
- (f) use reasonable commercial efforts to obtain and maintain the third party approvals applicable to them and provide the same to the other Parties on or prior to the Effective Date;
- (g) use reasonable commercial efforts to complete the Qualifying Transaction by January 31, 2021;
- (h) except as provided in this Agreement, not amalgamate or consolidate with, or enter into any other transaction with, any other person, or perform any act or enter into any transaction or negotiation which, in the opinion of Kalo or E36, acting reasonably, interferes or is inconsistent with the completion of the transactions contemplated hereby. Without limiting the foregoing, except as provided in this Agreement, none of the Parties shall (i) make any distribution by way of dividend,

return of capital or otherwise to or for the benefit of its shareholders, (ii) subdivide, consolidate or reclassify its share capital, or (iii) issue any of its shares or other securities convertible into shares or enter into any commitment or agreement (other than on the exercise of convertible securities);

- (i) furnish to the other Parties such information, in addition to the information contained in this Agreement, relating to its financial condition, business, properties and affairs as may reasonably be requested by another Party, which information shall be true and complete in all material respects and shall not contain an untrue statement of any Material Fact or omit to state any Material Fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading and will notify the other Parties of any significant development or Material Change relating to it promptly after becoming aware of any such development or change;
- (j) promptly notify the other Parties in writing of any change in any representation or warranty provided in this Agreement which change is or may be of such a nature as to render any representation or warranty misleading or untrue in any material respect and the Parties shall in good faith discuss with the other Parties such change in circumstances (actual, anticipated, contemplated, or to its knowledge, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other Parties pursuant to this Section 3.1(j);
- (k) promptly notify the other Parties in writing of any material breach by such Party of any covenant, obligation or agreement contained in this Agreement; and
- (l) not, directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, or entertain or enter into discussions or negotiations with, any person other than the other Parties, with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of such Party, or any other transaction, unless such action, matter or transaction is in connection with the transactions contemplated in this Agreement or is required as a result of the duties of directors and officers of the applicable Party in compliance with Applicable Laws.

Additional Covenants of E36 and E36Sub

3.2 From the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with Part 9, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, each of E36 and E36Sub covenant and agree that:

- (a) E36 and E36Sub shall use their reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 7.1 and Section 7.3 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of E36 or E36Sub, as the case may be; and

- (b) E36 shall, as the sole shareholder of E36Sub, approve by special resolution the Amalgamation, together with such matters as are required to effect the Amalgamation.

Additional Covenants of Kalo

3.3 From the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with Part 9, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, Kalo covenants and agrees that:

- (a) Kalo shall use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 7.1 and Section 7.2 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Kalo;
- (b) Kalo shall use reasonable commercial efforts to seek approval of the Amalgamation Resolution, together with the approval of such matters as are required to effect the Amalgamation; and
- (c) Kalo shall promptly advise E36 of the number of Kalo Shares for which Kalo receives any notice of dissent in connection with the Amalgamation.

PART 4

REPRESENTATIONS AND WARRANTIES

Representations and Warranties of E36 and E36Sub

4.1 E36 and E36Sub represent and warrant, jointly and severally, to Kalo as follows, and acknowledge that Kalo is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) each of E36 and E36Sub is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) each of E36 and E36Sub has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its businesses as now being conducted;
- (c) E36 is a “reporting issuer” in the provinces of British Columbia and Alberta, and is currently listed on the Exchange;
- (d) E36 is authorized to issue an unlimited number of E36 Shares, of which 6,075,000 E36 Shares are issued and outstanding as at the date hereof;

- (e) E36 shall, as of the Effective Time have, at least 200 Public Shareholders, as such term is defined in the policies of the Exchange, or such lesser number as may be acceptable to the Exchange;
- (f) E36Sub is authorized to issue an unlimited number of E36Sub Shares, of which one E36Sub Share is outstanding as at the date hereof, which is held by E36;
- (g) other than the 6,075,000 E36 Shares, 600,000 E36 Stock Options and 280,000 E36 Agent Warrants outstanding, there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a “security” of E36 or E36Sub (as that term is defined in the Securities Act) and, except as provided in this Agreement, E36 has no agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by E36 of any E36 Shares or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any E36 Shares;
- (h) there are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting E36 or E36Sub at law or in equity or before or by any Governmental Authority, nor are there, to their knowledge, any pending or threatened;
- (i) this Agreement is a binding agreement on E36 and E36Sub, enforceable against each of them in accordance with its terms and conditions;
- (j) neither the execution and delivery of this Agreement, nor the consummation of the Amalgamation, will conflict with or result in any breach of any of the terms or provisions of, or constitute a default under, the Constating Documents of E36, any director or shareholder minutes of E36, any agreement or instrument to which E36 is a party or by which E36 is bound, or any order, decree, statute, regulation, covenant or restriction applicable to E36;
- (k) the documents and materials comprising the Public Record of E36 are, to E36’s knowledge, in all material respects accurate and up to date and contain no misrepresentation, nor omit any facts, the omission of which makes the Public Record or any particulars therein, materially misleading or incorrect;
- (l) neither E36 nor E36Sub has any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind whatsoever, and, there is no basis for assertion against E36 nor E36Sub of any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind, other than liabilities disclosed or reflected in the financial statements of E36 as disclosed in the Public Record or incurred in the ordinary course of business following the dates of the most recent financial statements of E36;
- (m) E36 is a Capital Pool Company as defined in the policies of the Exchange and, since incorporation, has had no active business other than pursuing a Qualifying Transaction and is not currently party to any employee or consulting contracts;

- (n) the information in the Filing Statement relating to E36 and E36Sub will be true, correct and complete in all material respects and not contain any untrue statement of any material fact, nor omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the context in which they are to be made;
- (o) neither E36 nor E36Sub has any outstanding Taxes due and payable;
- (p) each of E36 and E36Sub has duly and on a timely basis prepared and filed all Tax returns required to be filed by it prior to the date hereof, and such returns and documents are complete and correct. E36 has no knowledge of any contingent Tax liabilities or any ground which would prompt an assessment or reassessment of any of such returns or reports, including aggressive treatment of income and expenses in filing any Tax returns.;
- (q) the Corporate Records of E36 and E36Sub are complete and accurate in all material respects and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all Applicable Laws and with the Constatng Documents of E36 and E36Sub, as applicable. Without limiting the generality of the foregoing, in respect of the Corporate Records of E36 (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) to E36's knowledge, the register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any Tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be;
- (r) the audited consolidated financial statements of E36 as at and for the period from July 1, 2019 to June 30, 2020 (the "**E36 Financial Statements**") have been prepared in accordance with IFRS applied on a basis consistent with prior periods. The E36 Financial Statements are true, correct and complete in all material respects, and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of E36 as at the date thereof, and results of operations of E36 for the period then ended. Since June 30, 2020, there has been no material alteration in the manner of keeping the books, accounts or records of E36 or in its accounting policies or practices;
- (s) E36's auditors who audited the E36 Financial Statements are independent public accountants;
- (t) except as disclosed in the E36 Financial Statements, there are no related-party transactions or off-balance sheet structures or transactions with respect to E36;

- (u) except as disclosed in the E36 Financial Statements, E36 is not a party to, or bound by, any Material Contract of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (v) since June 30, 2020, there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of E36;
- (w) E36 is up to date and current with all filings required by the Securities Commissions of British Columbia and Alberta;
- (x) as of the date hereof, neither E36 nor E36Sub has any debts or obligations other than those disclosed in its accounts or for professional fees accrued but not yet invoiced and has granted no general security over its assets or security in any particular asset;
- (y) no proceedings have been taken, are pending or authorized by E36 or E36Sub or by any other person, in respect of the bankruptcy, insolvency, liquidation or winding up of E36 or E36Sub;
- (z) as at the date hereof, there are no reasonable grounds for believing that any creditor of E36 or E36Sub will be prejudiced by the Amalgamation;
- (aa) as at the date hereof, E36 has no subsidiaries, except for E36Sub;
- (bb) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of either E36 or E36Sub or any instruments binding on it or its assets:
 - (i) which would preclude it from entering into this Agreement;
 - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon E36 or E36Sub;
 - (iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any Material Contract to which E36 or E36Sub is a party or to purchase any of E36's, E36Sub's or Amalco's assets; or
 - (iv) which would impose restrictions on the ability of Amalco:
 - (A) to carry on any business which it might choose to carry on within any geographical area;
 - (B) to acquire property or dispose of its property and assets as an entirety;

- (C) to pay dividends, redeem shares or make other distributions to its shareholders;
 - (D) to borrow money or to mortgage and pledge its property as security therefor; or
 - (E) to change its corporate status;
- (cc) other than in connection with the Concurrent Financing and the Finder Fee Shares (in respect of which the extent to which any person has been authorized by E36 to act as a broker or finder or in any other capacity or that may or will impose liability on E36, E36Sub or Kalo has been authorized by E36), E36 has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement that in any manner may or will impose liability on Kalo;
- (dd) all information supplied by E36 or its representatives to Kalo in the course of Kalo's due diligence review in respect of the transactions contemplated by this Agreement, is accurate and correct in all material respects; and
- (ee) the representations, warranties or statements of fact made in this section do not contain any untrue statement of a material fact or omit to state any material fact necessary to make any such warranty or representation not misleading to Kalo in seeking full information as to E36 and E36Sub and their assets, liabilities and business.

Representations and Warranties of Kalo

4.2 Kalo represents and warrants to E36 and E36Sub as follows, and acknowledges that E36 and E36Sub are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Kalo is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) each of the Kalo Subsidiaries is duly incorporated under its applicable jurisdiction of incorporation and is currently in good standing and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (c) as of the date hereof, Kalo has no subsidiaries, except for the Kalo Subsidiaries, and Kalo legally and beneficially, directly or indirectly, owns 100% of the issued share capital of each of the Kalo Subsidiaries as set out in the Disclosure Letter;

- (d) Kalo has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, and to perform its obligations hereunder and thereunder;
- (e) Kalo and each of the Kalo Subsidiaries has the corporate power and capacity to own and lease its property (including the Property), and to carry on its business as now being conducted;
- (f) this Agreement has been, and each additional agreement or instrument to be delivered by Kalo or any Kalo Subsidiary pursuant to or in connection with this Agreement will be prior to the Effective Time, duly authorized, executed and delivered by Kalo or such Kalo Subsidiary, and each is, or will be at the Effective Time, a legal, valid and binding obligation of Kalo or such Kalo Subsidiary, enforceable against Kalo or such Kalo Subsidiary in accordance with its terms;
- (g) the execution and delivery of this Agreement does not, and the consummation of the Amalgamation will not, (i) result in a breach or violation of the Constatting Documents of Kalo or any Kalo Subsidiary, or of any resolutions of the directors or shareholders of Kalo or of any Kalo Subsidiary, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Kalo Material Contract), license (including the Licenses) or permit to which Kalo or any Kalo Subsidiary is a party or by which Kalo or any Kalo Subsidiary is bound or to which any material assets or property of Kalo or any Kalo Subsidiary is subject (including the Mineral Rights or Other Rights), or (iii) violate any provision of any Applicable Laws applicable to Kalo or any Kalo Subsidiary;
- (h) the authorized capital of Kalo consists of an unlimited number of common shares with no par value, of which, as of the date of this Agreement, 27,450,000 common shares are issued and outstanding as fully paid and non-assessable;
- (i) other than the Kalo Subsidiaries, Kalo does not own any shares in or other securities of, or has any interest in the assets or business of, any other person;
- (j) there are no other common shares of Kalo or securities convertible, exercisable or exchangeable into common shares of Kalo issued or outstanding;
- (k) no person (other than E36 and E36Sub pursuant to this Agreement) has any Material Contract, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming a Material Contract, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of Kalo;
- (l) each of Kalo and the Kalo Subsidiaries has conducted and is conducting its business in compliance in all material respects with all Applicable Laws of each jurisdiction in which its business is carried on or to which its business is subject;

- (m) Exhibit "C" provides a complete and accurate list of all Material Contracts to which Kalo or any Kalo Subsidiary is party;
- (n) neither Kalo nor any Kalo Subsidiary has received any notice of a default by Kalo or a Kalo Subsidiary, as applicable, or a dispute between Kalo or a Kalo Subsidiary and any other party in respect of any Kalo Material Contract;
- (o) there are no waivers, consents, notices or approvals required to be given or obtained by Kalo or any Kalo Subsidiary in connection with the Amalgamation and the other transactions contemplated by this Agreement under any contract to which Kalo or any Kalo Subsidiary is a party, or in connection with the Licenses, the Mineral Rights or the Other Rights;
- (p) no consent, approval, order or authorization of, or registration or declaration with, any Governmental Authority with jurisdiction over Kalo or any Kalo Subsidiary is required to be obtained by Kalo or any Kalo Subsidiary, as applicable, in connection with the execution and delivery of this Agreement, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Amalgamation or otherwise prevent or materially delay Kalo from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on Kalo or any Kalo Subsidiary;
- (q) the information in the Filing Statement relating to Kalo and the Kalo Subsidiaries will be true, correct and complete in all material respects and will not contain any untrue statement of any material fact, nor omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the context in which they are to be made;
- (r) there is no suit, action or proceeding against or, to the knowledge of Kalo, pending or threatened against Kalo or any Kalo Subsidiary that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Kalo or any Kalo Subsidiary, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against Kalo or any Kalo Subsidiary causing, or which could reasonably be expected to cause, a Material Adverse Effect on Kalo or any Kalo Subsidiary;
- (s) no bankruptcy, insolvency or receivership proceedings have been instituted by Kalo or any Kalo Subsidiary or, to the knowledge of Kalo, are pending against Kalo or any Kalo Subsidiary;
- (t) Kalo and each Kalo Subsidiary has good and marketable title to its properties and assets (other than any property or asset as to which Kalo or any Kalo Subsidiary is a lessee, in which case it has a valid leasehold interest), except for such defects in

title that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Kalo or any Kalo Subsidiary;

- (u) other than the Amalgamation, no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment, for the purchase from Kalo or the Kalo Subsidiary, as applicable, of any of its assets, properties or securities;
- (v) Kalo and each Kalo Subsidiary has duly filed on a timely basis all Tax returns required to be filed by it and has paid all Taxes which are due and payable and has paid all assessments and reassessments, and all other Taxes, governmental charges, penalties, interest and fines due and payable on or before the date hereof, and adequate provision has been made for Taxes payable for the current period for which tax returns are not yet required to be filed. There are no Claims asserted or assessed against Kalo or any Kalo Subsidiary in respect of Taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to Taxes, governmental charges or assessments asserted by such Governmental Authority. Kalo and each Kalo Subsidiary has withheld from each payment made by it to any person and remitted to the proper Tax and other receiving offices within the time required all income Tax and other deductions required to be withheld from such payments;
- (w) neither Kalo nor any Kalo Subsidiary has been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified Kalo or any Kalo Subsidiary of any such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on Kalo or any Kalo Subsidiary;
- (x) neither Kalo nor any Kalo Subsidiary has any employees other than those employees listed in the Disclosure Letter and neither Kalo nor any Kalo Subsidiary is a party to any employment, management or consulting agreement of any kind whatsoever, except as set out in the Disclosure Letter;
- (y) no current or former employee, officer or director of Kalo or any Kalo Subsidiary is entitled to a severance, termination or other similar payment as a result of the Amalgamation;
- (z) the Corporate Records of Kalo and each of the Kalo Subsidiaries are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of Kalo and each Kalo Subsidiary, as applicable. Without limiting the generality of the foregoing: (i) the minute books of Kalo and each Kalo Subsidiary contain complete and accurate minutes of all meetings of the directors and shareholders of Kalo and such Kalo Subsidiary; (ii) such minute books contain all written resolutions passed by the directors and

shareholders of Kalo or such Kalo Subsidiary; (iii) the securities register of Kalo and each Kalo Subsidiary are complete and accurate, and all transfers of shares of Kalo and each Kalo Subsidiary have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of Kalo and each Kalo Subsidiary were duly elected or appointed as the case may be;

- (aa) Kalo is not a 'reporting issuer' or equivalent in any jurisdiction nor are any shares of Kalo or any Kalo Subsidiary listed or quoted on any stock exchange or electronic quotation system;
- (bb) neither Kalo nor any Kalo Subsidiary has authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on E36, E36Sub or Kalo;
- (cc) Kalo, through the Kalo Subsidiaries, is the 100% legal and beneficial owner of the prospective licenses relating to the Property as set out in Exhibit "D" hereto (together, the "**Licenses**") duly issued by the Director of Mines under the Government of Fiji, which Licenses are valid effective, enforceable and in good standing, and there are no grounds for the revocation and/or suspension of any of the Licenses, Mineral Rights or Other Rights;
- (dd) the Licenses are held by Kalo Exploration Pte Limited free and clear of all Encumbrances, other than those Encumbrances set forth in Exhibit "D";
- (ee) to Kalo's knowledge, there are no adverse Claims or challenges to any interest of Kalo or any Kalo Subsidiary in the Licenses, the Mineral Rights, the Other Rights or the Property;
- (ff) the exploration rights of Kalo and each Kalo Subsidiary with respect to the Property are in good standing and in full force and effect in accordance with the laws of Fiji;
- (gg) Kalo and each Kalo Subsidiary has complied in all material respects with all terms and conditions applicable to the Property, the Licenses, the Mineral Rights and the Other Rights under Applicable Laws;
- (hh) Kalo and each Kalo Subsidiary, as required, has timely filed all reports and returns which it is required to submit under Applicable Laws in respect of the Licenses, the Mineral Rights and the Other Rights or otherwise under any Applicable Laws;
- (ii) to the best of Kalo's knowledge, Kalo, each Kalo Subsidiary, and each of its and their respective Personnel, have conducted all activities on or in respect of the Property in compliance with all Applicable Laws;

- (jj) to the best of Kalo's knowledge, there are no actual, alleged, potential or future adverse Claims against or to the ownership of, or title to, the Property or any challenge to the right, title or interest of Kalo or any Kalo Subsidiary in the Property, nor, to the best of its knowledge, is there any basis for any of the foregoing;
- (kk) neither Kalo nor any Kalo Subsidiary is in violation of any Environmental Laws, including any laws relating to pollution or public health and safety, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including laws relating to the release or threatened release of chemicals, pollutants, contaminants, waste, toxic substances, hazardous substances, petroleum or petroleum products, or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any of the foregoing;
- (ll) to the best of the knowledge of Kalo, Kalo and each Kalo Subsidiary has all permits, licenses, consents, authorizations and approvals required under any applicable Environmental Laws or other Applicable Laws, and is in material compliance with their respective requirements;
- (mm) none of the mineral claims or concessions comprising the Property, including the Mineral Rights, has, or is required to have, any deeds, notices or restrictions, institutional controls, covenants that run with the land or other restrictive covenants or notices arising under any Environmental Laws;
- (nn) neither Kalo nor any Kalo Subsidiary has received any notice, formal or informal, of any proceeding, action or other Claim, liability or potential liability arising under the Environmental Laws or any other Applicable laws, from any person related to any of the mineral claims or concessions comprising the Property or otherwise related to the Mineral Rights, Other Rights or Licenses, which is pending as of the date hereof;
- (oo) Kalo and each Kalo Subsidiary is conducting and has always conducted its business in compliance with all Applicable Laws, including laws relating to bribery of foreign public officials (including the *Corruption of Foreign Public Officials Act*) and anti-money laundering and proceeds of crime legislation (including the *Proceeds of Crime (Money Laundering) Act*), other than acts of non-compliance which, individually or in aggregate, are not material;
- (pp) as at the date hereof, there are no reasonable grounds for believing that any creditor of Kalo will be prejudiced by the Amalgamation;
- (qq) The Kalo Shares are not, and at no time in the five years prior to the Effective Time have been, "taxable Canadian property" for the purposes of the ITA;
- (rr) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of Kalo or any Kalo Subsidiary, or any instruments binding on their respective assets;

- (i) which would preclude Kalo from entering into this Agreement;
- (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon Kalo or any Kalo Subsidiary;
- (iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any Material Contract to which Kalo or any of the Kalo Subsidiaries is a party or to purchase any of Kalo's, any Kalo Subsidiary's or Amalco's assets; or
- (iv) which would impose restrictions on the ability of Amalco:
 - (A) to carry on any business which it might choose to carry on within any geographical area;
 - (B) to acquire property or dispose of its property and assets as an entirety;
 - (C) to pay any dividends, redeem shares or make other distributions to its shareholders;
 - (D) to borrow money or to mortgage and pledge its property as security therefor; or
 - (E) to change its corporate status; and
- (ss) the representations, warranties or statements of fact made in this section do not contain any untrue statement of a material fact or omit to state any material fact necessary to make any such warranty or representation not misleading to E36 or E36Sub in seeking full information as to Kalo and each Kalo Subsidiary and its respective assets, liabilities and business.

Survival of Representation and Warranties

4.3 The representations and warranties herein shall survive the performance of the Parties respective obligations hereunder and the termination of this Agreement but shall expire one year after the Effective Date.

PART 5 **AGREEMENTS**

Amalgamation Resolutions

5.1 As promptly as practicable following the execution of this Agreement and conditional acceptance of the Qualifying Transaction by the Exchange and in compliance with Applicable Laws (including Applicable Canadian Securities Laws), Kalo shall seek approval of

the Amalgamation Resolution and such other matters as are required to effect the Amalgamation by:

- (a) unanimous written consent of the Kalo Shareholders; or
- (b) by special resolution of the Kalo Shareholders at the Kalo Meeting.

5.2 In the event that Kalo proceeds with the Kalo Meeting, as promptly as practicable following the execution of this Agreement and receipt of conditional acceptance of the Qualifying Transaction by the Exchange and in compliance with Applicable Laws (including Applicable Canadian Securities Laws), Kalo shall:

- (a) prepare materials for the Kalo Meeting containing the information required by all Applicable Laws, including Applicable Canadian Securities Laws, and not containing any misrepresentation with respect thereto, other than with respect to any information relating to and provided by E36;
- (b) cause the Kalo Meeting materials, together with any other documents required by Applicable Laws (including Applicable Canadian Securities Laws), to be provided to the Kalo Shareholders in accordance with the Constatting Documents of Kalo; and
- (c) take all commercially reasonable lawful action to solicit proxies in favour of the Amalgamation, if required under Applicable Laws (including Applicable Canadian Securities Laws).

Qualifying Transaction

5.3 Kalo and E36 shall:

- (a) as soon as practicable, apply to the Exchange and diligently seek the approval of the Exchange for the Qualifying Transaction;
- (b) as soon as practicable, deliver to the Exchange the Filing Statement; and
- (c) use their reasonable commercial efforts to consummate the transactions contemplated by this Agreement as part of E36's "Qualifying Transaction" under the rules and policies of the Exchange.

Filing Statement

5.4 As soon as practicable following the execution of this Agreement, and in compliance with Applicable Laws (including Applicable Canadian Securities Laws) and the policies of the Exchange:

- (a) E36 and Kalo shall cooperate in the preparation of the Filing Statement and Kalo shall provide to E36 the necessary information in respect of Kalo and each Kalo

Subsidiary to ensure that the Filing Statement provides information in compliance in all material respects with Exchange policies on the date of filing thereof; and

- (b) E36 shall cause the Filing Statement to be filed with applicable regulatory authorities in all jurisdictions where the same is required to be filed.

Preparation of Filings

- 5.5 (a) E36 and Kalo shall cooperate in the taking of all such action as may be required under the BCBCA, Applicable Canadian Securities Laws and other Applicable Laws in connection with the transactions contemplated by this Agreement and the Amalgamation.
- (b) Each of E36 and Kalo shall promptly furnish to the other all information concerning it as may be required for the effectuation of the actions described in this Agreement and the provisions of this Section 5.5.

Name Change

5.6 On or prior to the Effective Date, E36 shall change its name to “Kalo Inc.” or such other name as may be agreed by the Parties, subject to the approval of the Exchange and as may be accepted by the Registrar.

PART 6 **INDEMNIFICATION**

Mutual Indemnifications for Breaches of Warranty

6.1 Subject to Section 6.2, Kalo hereby covenants and agrees with each of E36 and E36Sub, and their respective directors, officers, employees, agents, advisors and representatives, and each of E36 and E36Sub hereby covenants and agrees with Kalo, and its directors, officers, employees, agents, advisors and representatives (the Parties covenanting and agreeing to indemnify another person under this section are hereinafter individually referred to as the “**Indemnifying Party**” and the persons being indemnified by a Party are hereinafter individually referred to as the “**Indemnified Party**”), to indemnify and save harmless the Indemnified Party from and against any and all Claims which may be suffered or incurred by the Indemnified Party as a result of, or arising out of:

- (a) any non-fulfillment of any covenant or agreement on the part of the Indemnifying Party under this Agreement, or
- (b) any incorrectness in or breach of any representation or warranty of the Indemnifying Party contained in this Agreement,

except that the Indemnifying Party shall not be liable in any such case to the extent that any such Claims arise out of or are based upon the negligence of an Indemnified Party or the non-

compliance by an Indemnified Party with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement.

Limitation on Mutual Indemnification

6.2 The indemnification obligations of each of the Parties pursuant to Section 6.1 shall be subject to the following:

- (a) the Claim shall have been made in writing in accordance with Section 6.3 within two years of the Effective Date; and
- (b) an Indemnifying Party shall not be required to indemnify an Indemnified Party until the aggregate Claims sustained by that Indemnified Party exceeds a value of \$5,000, in which case, the Indemnifying Party shall be obligated to the Indemnified Party for all Claims.

Procedure for Indemnification

6.3 The following provisions shall apply to any Claims for which an Indemnifying Party may be obligated to indemnify an Indemnified Party pursuant to this Agreement:

- (a) upon receipt from a third party by the Indemnified Party of notice of a Claim or the Indemnified Party becoming aware of any Claims in respect of which the Indemnified Party proposes to demand indemnification from the Indemnifying Party, the Indemnified Party shall give notice to that effect to the Indemnifying Party with reasonable promptness, provided that failure to give such notice shall not relieve the Indemnifying Party from any liability it may have to the Indemnified Party except to the extent that the Indemnifying Party is prejudiced thereby;
- (b) in the case of Claims arising from third parties, the Indemnifying Party shall have the right by notice to the Indemnified Party not later than 30 days after receipt of the notice described in Section 6.3(a) above to assume the control of the defense, compromise or settlement of the Claims, provided that such assumption shall, by its terms, be without costs to the Indemnified Party and the Indemnifying Party shall at the Indemnified Party's request furnish it with reasonable security against any costs or other liabilities to which it may be or become exposed by reason of such defense, compromise or settlement;
- (c) upon the assumption of control by the Indemnifying Party as aforesaid, the Indemnifying Party shall diligently proceed with the defense, compromise or settlement of the Claims at its sole expense, including employment of counsel reasonably satisfactory to the Indemnified Party and, in connection therewith, the Indemnified Party shall co-operate fully, but at the expense of the Indemnifying Party, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party's control, make such assignments and take such other steps as in the opinion of counsel for the Indemnifying Party are necessary to enable the Indemnifying Party to conduct such defense; provided

always that the Indemnified Party shall be entitled to reasonable security from the Indemnifying Party for any expense, costs or other liabilities to which it may be or may become exposed by reason of such co-operation;

- (d) the final determination of any such Claims arising from third parties, including all related costs and expenses, will be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claims against the Indemnifying Party hereunder; and
- (e) should the Indemnifying Party fail to give notice to the Indemnified Party as provided in Section 6.3(b) above, the Indemnified Party shall be entitled to make such settlement of the Claims as in its sole discretion may appear reasonably advisable, and such settlement or any other final determination of the Claims shall be binding upon the Indemnifying Party.

PART 7

CONDITIONS PRECEDENT

Mutual Conditions Precedent

7.1 The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the completion of the Amalgamation, are subject to the satisfaction, on or before the Effective Date or such other time as may be agreed by the Parties, of the following conditions:

- (a) the Amalgamation Resolution shall have been approved by the Kalo Shareholders;
- (b) the Outside Date shall not have passed;
- (c) the Concurrent Financing shall have been completed;
- (d) the Exchange shall have conditionally accepted the Qualifying Transaction, subject only to customary conditions of closing, provided that if the Amalgamation is rejected by the Exchange as the Qualifying Transaction of E36, (i) all recourse or rights of appeal to complete the Qualifying Transaction as contemplated hereby will have been exhausted, and (ii) the Party wishing to terminate this Agreement on this basis will have first used commercially reasonable efforts to negotiate the terms of the Qualifying Transaction objectionable to the Exchange on terms acceptable to the Parties, acting reasonably;
- (e) all other consents, orders and approvals, including regulatory approvals and orders, necessary or desirable for the completion of the transactions provided for in this Agreement and in connection with the Amalgamation shall have been obtained or received from any applicable person and Governmental Authority;

- (f) this Agreement shall not have been terminated under Part 9;
- (g) dissent rights shall not have been exercised with respect to the Amalgamation by Kalo Shareholders which will in the aggregate represent 5% or more of the Kalo Shares outstanding on the record date for the Kalo Meeting;
- (h) there shall be prospectus exemptions for the Amalgamation under Applicable Canadian Securities Laws and, if applicable, registration exemptions for the Amalgamation under applicable securities laws of the United States, including the U.S. Securities Act; and
- (i) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including the Amalgamation.

The foregoing conditions are for the mutual benefit of E36 and E36Sub on the one hand and Kalo on the other hand and may be waived, in whole or in part, jointly by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Outside Date then a Party may terminate this Agreement by written notice to the other Parties in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

Additional Conditions to Obligations of E36

7.2 The obligations of E36 and E36Sub to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, are subject to the satisfaction, on or before the Effective Date or such other time as may be agreed by E36 in its sole discretion, of the following conditions:

- (a) Kalo shall have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by it on or before the Effective Date pursuant to the terms of this Agreement and, except as affected by the transactions contemplated by this Agreement, the representations and warranties of Kalo made in this Agreement shall be true and correct in all material respects as at the Effective Time;
- (b) Kalo shall have furnished E36 with:
 - (i) certified copies of resolutions duly passed by the board of directors of Kalo approving this Agreement and the consummation of the transactions contemplated hereby;
 - (ii) certified copies of the Amalgamation Resolution approved by the Kalo Shareholders;
 - (iii) certified copies of the Constating Documents of Kalo and each Kalo Subsidiary;

- (iv) a certificate of good standing for Kalo and each Kalo Subsidiary, in each case dated within one day prior to the Effective Date;
 - (v) if applicable, duly executed investment agreements, including accredited investor certifications, for any shareholders of Kalo resident in the United States, in a form satisfactory to E36 and its counsel, acting reasonably;
 - (vi) a legal opinion, as is customarily provided in transactions similar to the Amalgamation, from legal counsel for Kalo dated the Effective Date and in a form satisfactory to E36 and its counsel, acting reasonably;
 - (vii) a certificate of Kalo addressed to E36 and dated the Effective Date, signed on behalf of Kalo by a senior officer of Kalo, confirming that the conditions in Sections 7.2(a), (c) and (d) have been satisfied;
 - (viii) audited consolidated financial statements of Kalo and any predecessor entity, in a form satisfactory to the Exchange;
 - (ix) an independent technical report with respect to the Property, prepared in compliance with the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, addressed to E36 and in a form acceptable to the Exchange; and
 - (x) a title opinion with respect to the Property, the Licenses, the Mineral Rights and the Other Rights addressed to E36 and the Exchange, in a form acceptable to the Exchange;
- (c) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting Kalo or any Kalo Subsidiary before or by any Governmental Authority or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of E36, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting Kalo or any Kalo Subsidiary, or would materially impede the ability of the Parties to complete the Amalgamation; and
- (d) there shall not have occurred any Material Adverse Change with respect to Kalo or any Kalo Subsidiary or any material change with respect to the Licenses, the Property, the Mineral Rights or the Other Rights.

The conditions in this Section 7.2 are for the exclusive benefit of E36 and may be asserted by E36 regardless of the circumstances or may be waived by E36 in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which E36 may have.

Additional Conditions to Obligations of Kalo

7.3 The obligations of Kalo to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, is subject to the satisfaction, on or before the Effective Date or such other time as may be agreed by Kalo in its sole discretion, of the following conditions:

- (a) E36 and E36Sub shall have performed, satisfied and complied with all obligations, covenants and agreements to be performed and complied with by them on or before the Effective Date pursuant to the terms of this Agreement and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of E36 and E36Sub made in this Agreement shall be true and correct in all material respects as at the Effective Date;
- (b) the E36 Consideration Shares to be issued to the Kalo Shareholders shall be issued as fully paid and non-assessable common shares in the capital of E36, free and clear of any and all encumbrances, liens, charges, demands of whatsoever nature, except as set forth in this Agreement;
- (c) E36 shall have furnished Kalo with;
 - (i) certified copies of the resolutions duly passed by the boards of directors of E36 and E36Sub approving this Agreement and the consummation of the transactions contemplated hereby;
 - (ii) certified copies of the resolutions of E36, as the sole shareholder of E36Sub, approving this Agreement, the Amalgamation and the consummation of the transactions contemplated hereby;
 - (iii) certified copies of E36 and E36Sub's Constating Documents;
 - (iv) certificates of good standing of E36 and E36Sub dated within one day of the Effective Date;
 - (v) a legal opinion, as is customarily provided in transactions similar to the Amalgamation, from legal counsel for E36 dated the Effective Date and in a form satisfactory to Kalo and its counsel, acting reasonably; and
 - (vi) a certificate of E36 addressed to Kalo and dated the Effective Date, signed on behalf of E36 by a senior officer of E36, confirming that the conditions in Sections 7.3(a), (d), and (e) have been satisfied;
- (d) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting E36 before or by any domestic or foreign court, tribunal or Governmental Agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not

having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Kalo, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting E36 or would materially impede the ability of the Parties to complete the Amalgamation;

- (e) there shall not have occurred any Material Adverse Change with respect to E36 or E36Sub; and
- (f) at the time of the closing of the Amalgamation, each applicable director and officer of E36 and E36Sub as at the date hereof shall have provided a resignation and mutual release in form and substance satisfactory to Kalo, acting reasonably.

The conditions in this Section 7.3 are for the exclusive benefit of Kalo and may be asserted by Kalo regardless of the circumstances or may be waived by Kalo in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Kalo may have.

Notice and Effect of Failure to Comply with Conditions

7.4 Each of E36 and Kalo shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

Satisfaction of Conditions

7.5 The conditions set out in this Part 7 are conclusively deemed to have been satisfied, waived or released when, with the mutual agreement of the Parties, the Amalgamation Application and Articles are filed under the BCBCA to give effect to the Amalgamation.

PART 8 **AMENDMENT**

Amendment

8.1 This Agreement may at any time and from time to time before or after the holding of the Kalo Meeting be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;

- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by Kalo Shareholders without approval by the affected Kalo Shareholders given in the same manner as required for the approval of the Amalgamation.

PART 9 **TERMINATION**

Termination

- 9.1 (a) This Agreement may be terminated at any time in each of the following circumstances:
- (i) by written agreement executed and delivered by E36 and Kalo;
 - (ii) by any Party if the Effective Date shall not have occurred by the Outside Date;
 - (iii) by E36 if there has been a material breach by Kalo or any Kalo Subsidiary of any representation, warrant, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby, which breach Kalo fails to cure within ten (10) Business Days after written notice thereof is given by E36; or
 - (iv) by Kalo if there has been a material breach by E36 or E36Sub of any representation, warrant, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby, which breach E36 or E36Sub, as applicable, fails to cure within ten (10) Business Days after written notice thereof is given by Kalo.
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this Section 9.1, this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Parties hereunder except for each Party's obligations under Section 10.7 and Section 10.8, which shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this Section 9.1(b) shall relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

PART 10
GENERAL

Notices

10.1 All notices that may be or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by courier or sent by electronic transmission:

- (a) in the case of E36 or E36Sub, to:

E36 Capital Corp.
2500 Park Place, 666 Burrard Street
Vancouver, British Columbia V6C 2X8

Attention: Kevin Ma
E-mail: **[REDACTED]**

with a courtesy copy (which copy shall not constitute notice to E36) to:

Bennett Jones LLP
666 Burrard Street, Suite 2500
Vancouver, British Columbia V6C 2X8
Attention: Angela Blake
E-mail: **[REDACTED]**

- (b) in the case of Kalo, to:

Suite 1500 – 1055 West Georgia Street
Vancouver, British Columbia V6E 4N7
Attention: Fred Tejada
E-mail: **[REDACTED]** with a copy to:

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

McMillan LLP
1500 Royal Centre
1055 West Georgia Street
Vancouver, British Columbia V6E 4N7
Attention: Desmond Balakrishnan
E-mail: **[REDACTED]**

or such other address as the Parties may, from time to time, advise the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such email or other electronic transmission is received.

Binding Effect

10.2 This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

Assignment

10.3 Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties without the prior written consent of the other Parties.

Entire Agreement

10.4 This Agreement, together with the agreements and documents referred to herein, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

Public Communications

10.5 Each of E36 and Kalo agree to consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Amalgamation or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Amalgamation, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

No Shop

10.6 No Party will, nor will it permit any of its Subsidiaries, nor any of its or their respective directors, officers, affiliates, employees, representatives or agents (including investment bankers, attorneys and accountants), directly or indirectly, to, solicit, discuss, encourage or accept any offer for the purchase of such Party or any Subsidiary thereof, or the business or the assets of such Party or any Subsidiary thereof, whether as a primary or backup offer, or take any other action with the intention or reasonable foreseeable effect of leading to any commitment or agreement to sell such Party or business or the assets of such Party or any Subsidiary thereof (in any case, an "**alternative transaction**"). In addition, each Party will, and will cause its respective Subsidiaries to, conduct its respective operations according to its ordinary and usual course of business consistent with past practices and will not enter into any material transactions or incur any material liabilities (including issuing or agreeing to issue any securities other than as expressly contemplated in this Agreement) without obtaining the consent of the other Party, which consent may be unreasonably withheld or delayed. Notwithstanding the

foregoing, nothing herein will restrict the Parties from taking such actions as may be required in order to discharge their obligations pursuant to Applicable Laws.

Each Party represents and warrants to the other Parties that it is not currently in any discussions or negotiations with any other person with respect to any alternative transaction. Each Party will promptly notify the other Parties of any alternative transaction of which it or any of its directors, senior officers or agents is or becomes aware of, any amendment to any of the foregoing or any request for non-public information relating to the Party. Such notice will include a description of the material terms and conditions of any such proposal and the identity of the person making such proposal, inquiry, request or contact.

Costs

10.7 All fees and expenses incurred in connection with this Agreement and the Qualifying Transaction shall be paid by the Party incurring such fees or expenses, whether or not the Qualifying Transaction is consummated. Notwithstanding the foregoing, Kalo will be responsible for the sponsorship fees and the Exchange filing fees in connection with the Qualifying Transaction.

Confidentiality

- 10.8 (a) The Parties acknowledge that each will and has provided to the other information that is non-public, confidential, and proprietary in nature. Each of the Parties (and their respective directors, officers, affiliates, representatives, agents and employees) will keep such information confidential and will not, except as otherwise provided below, disclose such information or use such information for any purpose other than for the purposes of consummating the Amalgamation and the other transactions contemplated by this Agreement. The foregoing will not apply to information that:
- (i) becomes generally available to the public absent any breach of the foregoing;
 - (ii) was available on a non-confidential basis to a Party prior to its disclosure;
or
 - (iii) becomes available on a non-confidential basis from a third party who is not bound to keep such information confidential.
- (b) Each of the Parties agrees that immediately upon termination of this Agreement, each Party will return to the other all confidential information.

Severability

10.9 If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts

thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Further Assurances

10.10 Each Party shall, from time to time and at all times hereafter, at the request of any other Party, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

Time of Essence

10.11 Time shall be of the essence of this Agreement.

Applicable Law and Enforcement

10.12 This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

Waiver

10.13 Any Party may, on its own behalf only, (a) extend the time for the performance of any of the obligations or acts of the other Parties, (b) waive compliance with the other Parties' agreements or the fulfillment of any conditions to its own obligations contained herein, or (c) waive inaccuracies in the other Parties' representations or warranties contained herein or in any document delivered by the other Parties; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

Counterparts

10.14 This Agreement may be executed electronically and in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

E36 CAPITAL CORP.

Per: (signed) "Kevin Ma"
Authorized Signatory

1266094 B.C. LTD.

Per: (signed) "Kevin Ma"
Authorized Signatory

KALO GOLD CORP.

Per: (signed) "Fred Tejada"
Authorized Signatory

[Exhibits intentionally omitted]