

## UNDERWRITING AGREEMENT

June 8, 2016

Immunovaccine Inc.  
1344 Summer Street, Suite 412  
Halifax, Nova Scotia B3H 0A3

Attention: Frederic Ors, Chief Executive Officer  
Kimberly Stephens, Chief Financial Officer

Dear Sirs:

The undersigned, Mackie Research Capital Corporation (“**Mackie**”) and Echelon Wealth Partners Inc. (“**Echelon**”, and together with Mackie, the “**Underwriters**”), understand that Immunovaccine Inc. (the “**Company**”) proposes to issue and sell (the “**Offering**”) 14,550,000 units of the Company (the “**Units**”), each Unit consisting of one common share of the Company (a “**Unit Share**”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “**Warrant**”), with each Warrant entitling the holder thereof to acquire one common share (a “**Warrant Share**”) in the capital of the Company at a price of \$0.72 per Warrant Share until a date that is 24 months from the Closing Date (as defined below). The Underwriters, hereby severally, and not jointly, nor jointly and severally, offer to purchase from the Company all of the Units on a “bought deal” basis, at the purchase price of \$0.55 per Unit (the “**Offering Price**”) for aggregate gross proceeds to the Company of \$8,002,500. The Underwriters shall have the right to cause the Units to be purchased by the substituted purchasers in place of the Underwriters, and the obligation of the Underwriters to purchase the Units shall be reduced to an amount equal to the number of Units purchased by each substituted purchaser. The price of any Units sold under this Agreement (as defined below) shall be the Offering Price. The Underwriters may offer the Units at a price less than the Offering Price as described in further detail in Section 2(d) below, in compliance with Securities Laws (as defined below).

Notwithstanding the terms of the engagement letter dated May 17, 2016 between the Company and Mackie, the Underwriters have agreed not to exercise their option provided thereunder to offer for purchase and sale, up to 2,182,500 additional Units at the Offering Price per Unit.

In consideration of the services rendered by the Underwriters in connection with the Offering, the Company has agreed to pay to the Underwriters the Underwriting Fee (as defined below) and deliver to the Underwriters the Compensation Options (as defined below) at the Closing Time (as defined below), in accordance with Section 16 of this Agreement (as defined below).

The Underwriters shall be entitled to appoint other registered dealers as selling group members to assist in the Offering and the Underwriters shall determine the remuneration payable to such other dealers, such remuneration to be the sole responsibility of the Underwriters.

### 1. Interpretation

*Definitions* – In addition to the terms previously defined and terms defined elsewhere in this Agreement (including the Schedules hereto), where used in this Agreement or in any amendment hereto, the following terms shall have the following meanings, respectively:

“**Accredited Investor**” means an “accredited investor” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act;

“**Act**” means the *Securities Act* (Nova Scotia), as amended from time to time;

“**Agreement**” means this underwriting agreement resulting from the acceptance by the Company of the offer made by the Underwriters hereby;

“**Applicable Laws**” means, in relation to any person or persons, the Securities Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or licence, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Authority that are applicable to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority, having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

“**Business Assets**” means all tangible and intangible property and assets owned (either directly or indirectly), leased, licensed, loaned, operated or used, including all real property, fixed assets, warehouse facilities, equipment, inventories and accounts receivable, in respect of the Company’s and the Subsidiary’s businesses in the biopharmaceutical industry;

“**Business Day**” means a day which is not a Saturday, Sunday or statutory or civic holiday in the City of Toronto, Ontario or Halifax, Nova Scotia;

“**CBCA**” means the *Canada Business Corporations Act* and the regulations enacted thereunder, in effect from time to time;

“**CFPOA**” has the meaning ascribed in Section 5(w)w

“**Closing**” means the completion of the issue and sale by the Company and the purchase by the Underwriters of the Units as contemplated by this Agreement and the Subscription Agreements;

“**Closing Date**” means June 8, 2016 or such other date as the Underwriters and the Company may agree;

“**Closing Time**” means 8:15 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company and the Underwriters may agree;

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

“**Company**” means Immunovaccine Inc., a corporation existing under the CBCA, and includes any successor corporation to or of the Company;

“**Compensation Option Certificates**” means the definitive form of certificate representing the Compensation Options;

“**Compensation Options**” has the meaning ascribed in Section 16 of this Agreement;

“**Compensation Share**” means a Common Share issuable upon exercise of a Compensation Option;

“**Debt Instrument**” means any loans, notes, bonds, debentures, indentures, promissory notes (including those issued in connection with various acquisitions), mortgages, guarantees or other instruments evidencing indebtedness (demand or otherwise) for borrowed money or other liability

to which the Company or the Subsidiary are a party or to which their property or assets are otherwise bound;

“**Employee Plans**” has the meaning ascribed in Section 5(ddd).

“**Environmental Laws**” has the meaning ascribed to it in Section 5(II) of this Agreement;

“**Excluded Transaction**” had the meaning ascribed in Section 3(a);

“**FCPA**” has the meaning ascribed in Section 5(ww).

“**Financial Statements**” means, collectively, the (i) audited consolidated financial statements of the Company as at and for the years ended December 31, 2015 and 2014, together with the report of the auditors on those financial statements, and including the notes with respect to those financial statements; and (ii) the unaudited interim condensed consolidated financial statements of the Company for the period ended March 31, 2016;

“**General Solicitation**” or “**General Advertising**” means “general solicitation or general advertising” as used in Rule 502(c) of Regulation D, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

“**IFRS**” means international financial reporting standards set by the International Accounting Standards Board;

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

“**Hazardous Substances**” has the meaning ascribed in Section 5(II) of this Agreement;

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

“**Leased Premises**” means the premises which are used or otherwise occupied by the Company and the Subsidiary and which the Company and the Subsidiary use or occupy, as applicable, as tenant, sub-tenant, leasee, sub-leasee or otherwise;

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

“**Material Adverse Effect**” means any event, change, fact, or state of being which could reasonably be expected to have a significant and adverse effect on the business, affairs, capital, operation, prospects, permits, assets, liabilities (absolute, accrued, contingent or otherwise) or

condition (financial or otherwise) of the Company and the Subsidiary considered on a consolidated basis;

“**Material Agreement**” means any and all contracts, commitments, agreements (written or oral), instruments, leases or other documents, including without limitation joint venture agreements, licences, sub-licenses, finance leases, supply agreements, distribution agreements, transportation agreements, sales agreements or any other similar type agreements, to which the Company or the Subsidiary are a party or to which their Business Assets are otherwise bound, and which is material to the Company and the Subsidiary considered on a consolidated basis;

“**misrepresentation**”, “**material fact**”, “**material change**”, “**subsidiary**”, “**affiliate**”, “**associate**”, and “**distribution**” have the respective meanings ascribed thereto in the Act;

“**Money Laundering Laws**” has the meaning ascribed in Section 5(xx);

“**NI 45-102**” means National Instrument 45-102 – *Resale of Securities*, as amended from time to time;

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions* as amended from time to time;

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

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

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

“**Offering**” shall have the meaning ascribed to such term on the first page of this Agreement;

“**Offering Price**” shall have the meaning ascribed to such term on the first page of this Agreement;

“**Permit**” means any licence, permit, approval, consent, certificates, registration or other authorization of or issued by any Governmental Authority, including for certainty any required under Environmental Laws;

“**person**” means an individual, firm, corporation, syndicate, partnership, trust, association, unincorporated organization, joint venture, investment club, government or agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;

“**Purchasers**” means the persons who, as purchasers, acquire the Units by duly completing, executing and delivering a Subscription Agreement which is accepted by the Company and any other required documentation and the permitted assignees or transferees of such persons from time to time;

“**Regulation D**” means Regulation D adopted by the SEC under the U.S. Securities Act;

“**Regulation S**” means Regulation S adopted by the SEC under the U. S. Securities Act;

“**SEC**” means the United States Securities and Exchange Commission;

“**SEDAR**” means the system for electronic document analysis and retrieval;

**“Securities Laws”** means, collectively, the applicable securities laws of each of the Selling Jurisdictions, their respective regulations, rulings, rules, orders (including blanket orders and discretionary orders), instruments, fee schedules and prescribed forms thereunder, the applicable policy statements issued by the Securities Regulators or similar authority thereunder and the securities legislation of and policies issued by each other relevant jurisdiction and the rules and policies of the TSX;

**“Securities Regulators”** means the securities commissions or other securities regulatory authorities in all of the Selling Jurisdictions or, as the context may require, any one or more of the Selling Jurisdictions;

**“Selling Jurisdictions”** means the provinces of Ontario, British Columbia, Nova Scotia, Québec and Saskatchewan and such other provinces of Canada in which any Purchasers are resident;

**“Subscription Agreements”** means the subscription agreements in the forms agreed upon by the Underwriters and the Company pursuant to which the Purchasers agree to subscribe for and purchase the Units herein contemplated and shall include, for greater certainty, all schedules thereto;

**“subsidiary”** means a subsidiary for purposes of the Act, as constituted at the date of this Agreement;

**“Subsidiary”** means the entity set out in Schedule “A” to this Agreement in which the Company directly holds the type and percentage of securities therein set forth;

**“Transfer Agent”** means Computershare Investor Services Inc. in its capacity as transfer agent and registrar of the Common Shares;

**“TSX”** means the Toronto Stock Exchange.

**“Underwriters”** shall have the meaning ascribed to such term on the first page of this Agreement;

**“Underwriting Fee”** shall have the meaning ascribed to such term in Section 16 of this Agreement;

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

**“Units”** shall have the meaning ascribed to such term on the first page of this Agreement;

**“Unit Shares”** shall have the meaning ascribed to such term on the first page of this Agreement;

**“U.S. Exchange Act”** means the United States *Securities Exchange Act of 1934*, as amended;

**“U.S. Investment Company Act”** means the *United States Investment Company Act of 1940*, as amended;

**“U.S. Person”** means a “U.S. person” as defined in Rule 902(k) of Regulation S promulgated under the U.S. Securities Act;

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

“**Warrant Agent**” means Computershare Trust Company of Canada, in its capacity as warrant agent of the Warrants at its principal office in the City of Toronto;

“**Warrant Indenture**” means the warrant indenture entered into on the Closing Date between the Company and the Warrant Agent governing the Warrants, as amended from time to time; and

“**Warrants**” shall have the meaning ascribed to such term on the first page of this Agreement;

“**Warrant Shares**” shall have the meaning ascribed to such term on the first page of this Agreement.

Other

- (a) The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement.
- (b) All words and personal pronouns relating thereto shall be read and construed as the number and gender of the party or parties referred to in each case and the verb shall be construed as agreeing with the required word and/or pronoun.
- (c) Any reference in this Agreement to “\$” or to “dollars” shall refer to the lawful currency of Canada, unless otherwise specified.
- (d) Where any representation or warranty contained in this Agreement is expressly qualified by reference to the “knowledge” of the Company, it shall be deemed to refer to the actual knowledge of Frederic Ors or Kimberly Stephens after having made due and diligent enquiry of appropriate and relevant persons and documentation within or accessible by the Company (which for greater certainty shall exclude any due diligence reports or materials prepared by the Underwriters or their counsel).

**2. Nature of Transaction**

- (a) *Sale on Exempt Basis.* The Underwriters will have the right to arrange for substituted purchasers to purchase the Units: (i) in the Selling Jurisdictions on a private placement basis in compliance with Securities Laws such that the offer and sale of the Units does not require the Company to file a prospectus; and (ii) in such other jurisdictions as consented to by the Company on a private placement basis in compliance with all applicable securities laws of such other jurisdictions provided that no prospectus, registration statement or similar document is required to be filed in such jurisdiction and the Company does not thereafter become subject to on-going continuous disclosure obligations in such other jurisdictions. For greater certainty, the Underwriters acknowledge that Units may be offered and sold directly by the Company to substituted purchasers that are Accredited Investors in the United States, or to or for the account or benefit of substituted purchasers that are Accredited Investors and that are U.S. Persons or any person in the United States purchasing as a substituted purchaser and is also an Accredited Investor, and in connection with such offers and sales the Company intends to rely on available exemptions from the registration requirements of the U.S. Securities Act. To the extent that Accredited Investors purchase Units as substituted purchasers on the Closing Date, the obligations of the Underwriters to purchase Units shall be reduced

by the number of Units purchased from the Company by such substituted purchasers; provided, however, that the fee payable to the Underwriters described in Section 16 shall still be payable in respect of any purchases of Units by such substituted purchasers.

- (b) *Filings.* The Company undertakes to file or cause to be filed all forms or undertakings required to be filed by the Company with the Securities Regulators or the TSX in connection with the purchase and sale of the Units so that the distribution of the Units may lawfully occur without the necessity of filing a prospectus, a registration statement or an offering memorandum in Canada and the Underwriters undertake to use commercially reasonable best efforts to cause Purchasers of the Units to complete any forms required by the Securities Laws or other applicable securities laws. The Company shall at its expense comply with all applicable regulatory requirements in connection with the Offering, including the filing of any required reports and the payment of applicable fees relating thereto.
- (c) *No Offering Memorandum.* Neither the Company nor the Underwriters shall (i) provide to prospective purchasers of the Units any document or other material that could constitute an offering memorandum or future oriented financial information within the meaning of Securities Laws in connection with the offer and sale of the Units or (ii) engage in or authorize any form of General Solicitation or General Advertising in connection with or in respect of the Units in any newspaper, magazine, printed media of general and regular paid circulation or any similar medium, or, broadcast over radio, television or any seminar or meeting concerning the offer or sale of the Units whose attendees have been invited by General Solicitation or General Advertising.
- (d) the Company will include the following (or a similar) legend on the first page of any press release made in respect of the Offering:

“Not for distribution to United States newswire services or for dissemination in the United States.”;

and each such press release will include the following (or similar) disclosure, and otherwise comply with Rule 135e under the U.S. Securities Act in all material respects:

“The securities referred to in this news release have not been and will not be registered under the United States Securities Act of 1933, as amended (“**U.S. Securities Act**”), or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent such registration or an applicable exemption from the registration requirements of the U.S. Securities Act. This news release does not constitute an offer for sale of securities for sale, nor a solicitation for offers to buy any securities. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the company and management, as well as financial statements.”

- (e) *Reduction of Offering Price.* Without affecting the firm obligation of the Underwriters to purchase from the Company 14,550,000 Units at the Offering Price in accordance with this Agreement, the Offering Price may be decreased by the Underwriters and further changed from time to time in compliance with Securities Laws to an amount not greater than the Offering Price specified herein. Such decrease in the Offering Price will not affect the Underwriting Fee to be paid by the Company to the Underwriters or the number of Compensation Options to be issued by the Company to the Underwriters, and

it will not decrease the amount of the net proceeds of the Offering to be paid by the Underwriters to the Company. The Underwriters will inform the Company if the Offering Price is decreased.

### 3. Covenants of the Company

The Company hereby covenants to the Underwriters and to the Purchasers and their permitted assigns (such covenants having been incorporated by reference in the Subscription Agreements), and acknowledges that each of them is relying on such covenants, that the Company shall:

- (a) use its commercially reasonable efforts for as long as any of the Warrants remain outstanding to remain a reporting issuer under the Securities Laws in the Selling Jurisdictions not in default of any requirement of such Securities Laws provided that this covenant shall not prevent the Company from completing any transaction (an “**Excluded Transaction**”) which would result in the Company ceasing to be a “reporting issuer” so long as the holders of Common Shares and/or Warrants receive securities of an entity which is listed on a stock exchange or over-the-counter market or cash or the holders of the Common Shares have approved the transaction in accordance with the requirements of Applicable Laws;
- (b) allow the Underwriters and their representatives the opportunity to conduct all due diligence into the business and affairs of the Company prior to the Closing Date (including the right to have question and answer sessions with senior management, the auditors, chair of the audit committee of the Company, legal counsel, customers, partners and third-party consultants of the Company, which the Company agrees to use its reasonable best efforts to make available) and to provide to the Underwriters and its representatives with reasonable access to the books and records of the Company for this purpose;
- (c) ensure all information and documentation relating to the Company and its affiliates and the Offering provided to the Underwriters, directly or indirectly, orally or in writing, by the Company and its affiliates, in connection with the Underwriters’ engagement hereunder will be true, accurate and complete in all material respects and not misleading in any material respects and will not omit to state any fact or information which would be material to the Underwriters performing the services contemplated herein. The Company will bear sole responsibility for the accuracy and completeness of any disclosure document provided by it to be prepared in connection with the Offering;
- (d) at the Underwriters’ request and upon adequate notice, make members of its senior management team and certain of its directors available for meetings with potential investors;
- (e) duly countersign the Subscription Agreements at the Closing Time, and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Company;
- (f) fulfil or cause to be fulfilled, at or prior to the Closing Date, each of the conditions set out in Section 8 of this Agreement;
- (g) ensure that the Unit Shares shall be duly and validly allotted, authorized and issued as fully paid and non-assessable Common Shares and shall have the attributes



corresponding in all material respects to the description thereof set forth in this Agreement and the Subscription Agreements;

- (h) ensure that the Warrants, upon issuance, shall be duly and validly created, authorized and issued and shall have the attributes corresponding in all material respects to the description thereof set forth in this Agreement and the Warrant Indenture;
- (i) ensure that the Warrant Shares, shall be duly and validly authorized and reserved for issuance and, when issued following the exercise of the Warrants in accordance with the terms thereof, shall be issued as fully paid and non-assessable Common Shares;
- (j) ensure that the Compensation Options, upon issuance, shall be duly and validly created, authorized and issued and shall have the attributes corresponding in all material respects to the description thereof set forth in this Agreement and the Compensation Option Certificates;
- (k) ensure that the Compensation Shares shall be duly and validly authorized and reserved for issuance and, when issued following the exercise of the Compensation Options in accordance with the terms thereof, shall be issued as fully paid and non-assessable Common Shares;
- (l) ensure that the TSX conditional acceptance for the Offering has been obtained on or prior to the Closing Date and use its commercially reasonable efforts to ensure that the Unit Shares (upon expiry of the statutory hold period) and Common Shares (including the Warrant Shares and Compensation Shares) remain listed for trading on the TSX or any other recognized stock exchange or over-the-counter market for as long as any of the Warrants remain outstanding provided that this covenant shall not prevent the Company from completing any Excluded Transaction;
- (m) not take any action for as long as any of the Warrants remain outstanding which would reasonably be expected to result in the delisting or suspension of its Common Shares or the Unit Shares on or from the TSX or such other principal stock exchange or over-the-counter market as the Common Shares may be listed or quoted (as the case may be), provided that this covenant shall not prevent the Company from completing any Excluded Transaction;
- (n) not, at any time prior to the closing of the Offering, halt the trading of the Common Shares of the Company on the TSX, without the prior consent of the Underwriters, acting reasonably;
- (o) not, directly or indirectly, without the prior written consent of both Underwriters, such consent not to be unreasonably withheld: (a) issue, offer, sell, contract to sell, secure, pledge, grant any option, right or warrant to purchase or otherwise lend, transfer or dispose of (or announce any intention to do so) any securities of the Company; or make any short sale, engage in any hedging transactions, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares of the Company, whether any such transaction described in this Section 3(o) is to be settled by delivery of Common Shares of the Company, other securities, cash or otherwise, or make any announcement with respect to the foregoing for a period commencing on the date hereof and ending on the earlier of the termination of this Agreement in accordance with its terms and 120 days following the Closing Date, except securities issued: (i) pursuant to the exercise or

conversion, as the case may be, of convertible securities of the Company outstanding as of May 17, 2016; (ii) under the Company's stock option plan; (iii) to a shareholder or owner of an acquisition target as full or partial consideration for an acquisition by the Company or one of its Subsidiaries; and (iv) pursuant to the Offering;

- (p) execute and file with the Securities Regulators all forms, notices and certificates required to be filed pursuant to the Securities Laws in the time required by the applicable Securities Laws, including, for greater certainty, all forms, notices and certificates set forth in the opinions delivered to the Underwriters pursuant to Section 8 of this Agreement required to be filed by the Company and, for as long as any of the Unit Shares or Warrants remain outstanding, to comply with all applicable continuous disclosure obligations under the Act, including but not limited to filing all required financial statements;
- (q) prior to the Closing Time, the Company will have duly appointed Computershare Trust Company of Canada as the Warrant Agent in respect of the Warrants; and
- (r) use the net proceeds from the Offering for funding of corporate and general working capital purposes.

#### **4. Material Changes During Distribution**

During the period from the date hereof to the Closing Date, the Company shall promptly notify the Underwriters (and, confirm such notification in writing) of:

- (a) any material change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company, taken as a whole;
- (b) any material fact in respect of the Company which has arisen or has been discovered and that is required to be publicly disclosed by the Company; or
- (c) any change in any material fact (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact) previously publicly disclosed by the Company which fact or change is, or may be, of such a nature as to render any statement publicly made by the Company misleading or untrue in any material respect.

During the period from the date hereof to the Closing Date, the Company shall promptly, and in any event, within any applicable time limitation, comply with all applicable filing and other requirements under Securities Laws as a result of such change. The Company shall in good faith discuss with the Underwriters any fact or change in circumstances (actual, anticipated, contemplated or threatened, and financial or otherwise) which is of such a nature that there is reasonable doubt as to whether notice in writing need be given to the Underwriters pursuant to this Section 4.

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

The Company represents and warrants to each of the Underwriters, and acknowledges that each of them is relying upon such representations and warranties in connection with the purchase of the Units, that:

- (d) *Good Standing of the Company.* The Company: (i) is a corporation existing under the laws of Canada and is and will at the Closing Time be current and up-to-date with all material filings required to be made and in good standing under the CBCA; (ii) has all requisite corporate power and capacity to own, lease and operate its properties and assets, including its Business Assets, and to conduct its business as now carried on by it; and (iii) has all requisite corporate power and authority to issue and sell the Units and to execute, deliver and perform its obligations under this Agreement, the Warrant Indenture, the Compensation Option Certificates and Subscription Agreements;
- (e) *Good Standing of Subsidiary.* The Company's only subsidiary is the Subsidiary listed in Schedule "A" hereto, which schedule is true, complete and accurate in all respects. The Subsidiary is a corporation incorporated under the laws of the jurisdiction of incorporation set out in Schedule "A", is current and up-to-date with all material filings required to be made and has all requisite corporate power and capacity to own, lease and operate its properties and assets, including its Business Assets, and to conduct its business as is now carried on by it or proposed to be carried on by it, and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required. All of the issued and outstanding shares in the capital of the Subsidiary have been duly authorized and validly issued, are fully paid and are directly beneficially owned by the Company, free and clear of any Liens, except as disclosed in the Financial Statements. There exist no options, warrants, purchase rights, or other contracts or commitments that could require the Company to sell, transfer or otherwise dispose of any securities of the Subsidiary;
- (f) *No Proceedings for Dissolution.* No act or proceeding has been taken by or against the Company or the Subsidiary in connection with their liquidation, winding-up or bankruptcy, or to their knowledge are pending;
- (g) *Capitalization.* The authorized and issued share capital of the Company consists of an unlimited number of Common Shares, of which 92,075,670 are issued and outstanding as at the close of business on June 7, 2016, and an unlimited number of preferred shares, of which none are issued and outstanding as at the close of business on June 7, 2016. As of June 7, 2016, 6,375,832 options to acquire Common Shares are issued and outstanding. Neither the Company nor its Subsidiary are party to any agreement, nor is the Company aware of any agreement, which in any manner affects the voting control of any securities of the Company or its Subsidiary;
- (h) *Share Capital of Subsidiary.* The authorized and issued share capital of the Subsidiary is set forth in Schedule "A" hereto is true and correct;
- (i) *Form of Certificates.* The form and terms of the definitive certificates, if any, representing the Unit Shares, the Warrants and the Compensation Options have been approved and adopted by the board of directors of the Company and do not conflict with any Applicable Laws and comply with the rules and regulations of the TSX;
- (j) *TSX Listing.* The Common Shares are listed and posted for trading on the TSX and neither the Company nor its Subsidiary has taken any action which would be reasonably expected to result in the delisting or suspension of the Common Shares on or from the TSX;
- (k) *Stock Exchange Compliance.* The Company is, and will at the Closing Time be, in compliance in all material respects with the by-laws, rules and regulations of the TSX;

- (l) *No Cease Trade Orders.* No order ceasing or suspending trading in securities of the Company or prohibiting the sale of securities by the Company has been issued by an exchange or securities regulatory authority, and no proceedings for this purpose have been instituted, or are, to the Company's knowledge, pending, contemplated or threatened;
- (m) *Reporting Issuer Status.* As at the date hereof, the Company is a "reporting issuer" within the meaning of Securities Laws in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and Newfoundland and Labrador, and is not currently in default of any requirement of the Securities Laws of such jurisdictions and the Company is not included on a list of defaulting reporting issuers maintained by any of the Securities Regulators of such jurisdictions;
- (n) *Unit Shares Valid.* The Unit Shares have been duly and validly authorized for issuance and sale pursuant to this Agreement and when issued and delivered by the Company pursuant to this Agreement, against payment for the Units as set forth herein, will be validly issued as fully paid and non-assessable Common Shares. The Unit Shares, upon issuance, will not be issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Company;
- (o) *Warrants Valid.* The Warrants have been duly and validly created and the Warrants and Warrant Shares have been duly and validly authorized for issuance pursuant to this Agreement and when issued and delivered by the Company pursuant to this Agreement, against payment of the consideration for the Units as set forth herein, will be validly issued as fully paid and non-assessable securities of the Company. The Warrants and Warrant Shares, upon issuance, will not be issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Company;
- (p) *Compensation Options Valid.* The Compensation Options have been duly and validly created and the Compensation Options and Compensation Shares have been duly and validly authorized for issuance pursuant to this Agreement and when issued and delivered by the Company pursuant to this Agreement, will be validly issued as fully paid and non-assessable securities of the Company. The Compensation Options and Compensation Shares, upon issuance, will not be issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Company;
- (q) *Units Qualified Investments.* The Unit Shares and the Warrant Shares will be, once listed on the TSX, qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax free savings accounts;
- (r) *Transfer Agent.* The Transfer Agent at its offices in Toronto, Ontario and Halifax, Nova Scotia has been duly appointed as the transfer agent and registrar for the Common Shares;
- (s) *Absence of Rights.* No person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the issue or allotment of any unissued shares of the Company or any other agreement or option, for the issue or allotment of any unissued shares of the Company or any other security convertible into or exchangeable for any such shares or to require

the Company to purchase, redeem or otherwise acquire any of the issued and outstanding shares of the Company;

- (t) *Corporate Actions.* The Company has taken, or will have taken prior to the Closing Time, all necessary corporate action, (i) to authorize the execution, delivery and performance of this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates, (ii) to validly issue and sell the Unit Shares as fully paid and non-assessable Common Shares; (iii) to grant the Warrants and upon payment therefor, to validly issue the Warrant Shares as fully paid and non-assessable Common Shares and (iv) to grant the Compensation Options and upon payment therefor, to validly issue the Compensation Shares as fully paid and non-assessable Common Shares;
- (u) *Valid and Binding Documents.* This Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates has been, or will be, as applicable, duly authorized, executed and delivered by the Company and each constitutes a legal, valid and binding obligation of, and is enforceable against, the Company in accordance with its terms, provided that enforcement thereof may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction, and that the provisions relating to indemnity, contribution and waiver of contribution may be unenforceable and that enforceability is subject to the provisions of the *Limitations of Actions Act* (Nova Scotia);
- (v) *No Consents, Approvals etc.* The execution and delivery of this Agreement and the fulfilment of the terms hereof by the Company and the issuance, sale and delivery of the Unit Shares to be issued and sold by the Company do not and will not require the consent, approval, authorization, registration or qualification of or with any Governmental Authority, stock exchange or other third party, except: (i) those which have been obtained or those which may be required and shall be obtained prior to the Closing Time under the Securities Laws or the rules of the TSX, including in compliance with the Securities Laws regarding the distribution of the Unit Shares in the Selling Jurisdictions; and (ii) such customary post-closing notices or filings required to be submitted within the applicable time frame pursuant to Securities Laws and any "blue sky laws" in the United States, as may be required in connection with the Offering;
- (w) *Continuous Disclosure.* The Company is in compliance in all material respects with its timely disclosure obligations under Securities Laws and, without limiting the generality of the foregoing, there has not occurred an adverse material change, financial or otherwise, in the assets, liabilities (contingent or otherwise), business, financial condition or capital of the Company and its Subsidiary (taken as a whole) which has not been publicly disclosed, and the Company has not filed any confidential material change reports which remain confidential as at the date hereof;
- (x) *Forward-Looking Information.* With respect to forward-looking information contained in the Company's public disclosure documents: (i) the Company has a reasonable basis for the forward-looking information; and (ii) all material forward-looking information is identified as such, and all such documents cautions users of forward-looking information that actual results may vary from the forward-looking information and identifies material risk factors that could cause actual results to differ materially from

the forward-looking information, and accurately states the material factors or assumptions used to develop forward-looking information;

- (y) *Financial Statements.* The Financial Statements:
  - (i) present fairly, in all material respects, the financial position of the Company on a consolidated basis and the statements of operations, retained earnings, cash flow from operations and changes in financial information of the Company on a consolidated basis for the periods specified in such Financial Statements;
  - (ii) have been prepared in conformity with IFRS, applied on a consistent basis throughout the periods involved; and
  - (iii) do not contain any misrepresentations, with respect to the period covered by the Financial Statements;
- (z) *Off-Balance Sheet Transactions.* There are no off-balance sheet transactions, arrangements, obligations or liabilities of the Company or its Subsidiary whether direct, indirect, absolute, contingent or otherwise which are required to be disclosed and are not disclosed or reflected in the Financial Statements;
- (aa) *Accounting Policies.* There has been no change in accounting policies or practices of the Company or its subsidiary since December 31, 2015;
- (bb) *Liabilities.* Neither the Company, nor the Subsidiary has any liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, which are not disclosed or referred to in the Financial Statements or referred to or disclosed herein, other than liabilities, obligations, or indebtedness or commitments: (i) incurred in the normal course of business; or (ii) which would not have a Material Adverse Effect;
- (cc) *Independent Auditors.* The auditors who reported on and certified the Financial Statements for the fiscal year ended December 31, 2015 are independent with respect to the Company within the meaning of Securities Laws and there has not been a “reportable event” (within the meaning of NI 51-102) with any past or present auditors of the Company during the last three years;
- (dd) *Accounting Controls.* The Company and the Subsidiary maintain, and will maintain, a system of internal accounting controls sufficient to provide reasonable assurance that:
  - (i) transactions are executed in accordance with management’s general or specific authorizations;
  - (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability;
  - (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and
  - (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.Each of the Company and the Subsidiary maintain disclosure controls and procedures and internal control over financial reporting as those terms are defined in NI 52-109 and as at December 31, 2015, such controls were effective. Since the end of the Company’s most recent audited fiscal year, the Company is not aware of any material weakness in the Company’s internal control over financial reporting (whether or not remediated) or change in the Company’s internal control over financial reporting

that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting;

- (ee) *Audit Committee.* The Company's board of directors has validly appointed an audit committee whose composition satisfies the requirements of NI 52-110, and the audit committee of the Company operates in accordance with all material requirements of NI 52-110;
- (ff) *Purchases and Sales.* Neither the Company nor the Subsidiary has approved, has entered into any agreement in respect of:
  - (i) the purchase of any Business Assets or any interest therein, or the sale, transfer or other disposition of any Business Assets or any interest therein currently owned, directly or indirectly, by the Company or the Subsidiary whether by asset sale, transfer of shares, or otherwise, other than as disclosed in the continuous disclosure record of the Company;
  - (ii) the change of control (by sale or transfer of Common Shares or sale of all or substantially all of the assets of the Company or the Subsidiary or otherwise) of the Company or the Subsidiary; or
  - (iii) a proposed or planned disposition of Common Shares by any shareholder who owns, directly or indirectly, 10% or more of the outstanding Common Shares or Common Shares of the Subsidiary;
- (gg) *Title to Business Assets.* The Company and the Subsidiary have good, valid and marketable title to and have all necessary rights in respect of all of their Business Assets as owned, leased, licensed, loaned, operated or used by them or over which they have rights, free and clear of Liens, except for those Liens disclosed in the Financial Statements and no other rights or Business Assets are necessary for the conduct of the business of the Company or the Subsidiary as currently conducted or as proposed to be conducted. The Company knows of no claim or basis for any claim that might or could have a Material Adverse Effect on the rights of the Company or the Subsidiary to use, transfer, lease, license, operate, sell or otherwise exploit such Business Assets, neither the Company nor the Subsidiary have any obligation to pay any ongoing commission, license fee or similar payment to any person in respect thereof and there are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any person to acquire any of the rights, title or interests in the Business Assets of the Company or the Subsidiary;
- (hh) *Compliance with Laws and Regulatory Approvals and Authorizations.* All operations of the Company and its Subsidiary in respect of or in connection with the Business Assets have been and continue to be conducted in material compliance with all applicable laws; except as would not result in a Material Adverse Effect, the Company and the Subsidiary have obtained and are in compliance with all regulatory approvals, licenses, consents, permits, certificates, registrations, filings and authorizations under all applicable laws, including import and trade laws, in the jurisdictions in which they carry on business, to permit them to conduct their business as currently conducted or proposed to be conducted;
- (ii) *Business Operations.* All agreements with third parties (including all suppliers, vendors, distributors and customers) for the provision/supply or sale of supplies,

products or services in connection with the business of the Company and the Subsidiary, have been entered into and are being performed in material compliance with their terms;

- (jj) *Business Relationships.* There exists no actual or, to the knowledge of the Company, threatened termination, cancellation or limitation of, or any material adverse modification or material change in, the business relationship of the Company or the Subsidiary, with any supplier, vendor, distributor or customer, or any group of suppliers, vendors, distributors or customers whose business with or whose inventories or purchases provided to the business of the Company or the Subsidiary are individually or in the aggregate material to the assets, business, properties, operations or financial condition of the Company or the Subsidiary. All such business relationships are intact and mutually cooperative, and there exists no condition or state of fact or circumstances that would prevent the Company or the Subsidiary from conducting such business with any such supplier, vendor, distributor or customer, or group of suppliers, vendors, distributors or customers in the same manner in all material respects as currently conducted or proposed to be conducted;
  
- (kk) *Leased Premises.* With respect to any Leased Premises, the Company or the Subsidiary who occupies the Leased Premises has the exclusive right to occupy and use the Leased Premises, the use by the Company and the Subsidiary of each of their Leased Premises is permitted by the terms of the real property lease relating to such Leased Premises, and each of the leases pursuant to which the Company or the Subsidiary occupies the Leased Premises is in good standing and in full force and effect. The Company conducted all necessary procedures in accordance with its internal programs to identify and address any contamination issues prior to the leasing of any such Leased Premises. Neither the Company nor the Subsidiary is in breach or default of any material term or provision of any real property lease, or has received any notice or other communication from the owner or manager of any of the Leased Premises that the Company or the Subsidiary is not in compliance with any term or condition of any such real property lease, and to the best knowledge of the Company, no notice or other communication is pending or has been threatened. The performance of obligations pursuant to and in compliance with the terms of this Agreement, and the completion of the transactions described herein by the Company, will not afford any of the parties to such leases or any other person the right to terminate such lease or result in any additional or more onerous obligations under such leases;
  
- (ll) *Environmental Laws.*
  - (i) Each of the Company and the Subsidiary is in compliance with any and all applicable federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, policy or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health and safety, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, fluids, pollutants, contaminants, wastes, toxic substances, radioactive materials, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Substances**") or to the manufacture, processing, blending, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances (collectively, "**Environmental Laws**"), except where the violation



would not reasonably be expected, on an individual or aggregate basis, to have a Material Adverse Effect;

- (ii) the Company and the Subsidiary have all Permits necessary for the ownership and use of the Business Assets and the operation of the business carried on or proposed to be carried on by them, and all such Permits are valid, subsisting, in good standing and in full force and effect, and each of the Company and the Subsidiary is in compliance with the requirements thereof, except where such failure would not reasonably be expected, on an individual or aggregate basis, to have a Material Adverse Effect. The Company has not received any notification pursuant to any Environmental Laws that any work, repairs, or capital expenditures are required to be made by it or the Subsidiary as a condition of continued compliance with any Environmental Laws or Permits, or that any such Permits are about to be reviewed, made subject to limitation or condition, revoked, withdrawn or terminated, and to the knowledge of the Company, no such procedures or proceedings are pending or threatened;
- (iii) all facilities and properties currently or formerly owned, leased, used or otherwise controlled, and any and all operations of the Company and the Subsidiary in connection with their business, have been operated and conducted in compliance with all applicable laws, rules, regulations, order and directions of any Government Authority, including Environmental Laws and Permits, and all applicable workers' compensation and health and safety and workplace laws, regulations and policies;
- (iv) there are no outstanding, pending or, to the knowledge of the Company, any threatened, administrative, regulatory or judicial actions, suits, demands, claims, liens, order, directions or notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws or reclamation or closure obligations against the Company or the Subsidiary, which if determined adversely, would reasonably be expected to have a Material Adverse Effect and the Company knows of no basis for any such aforementioned liabilities to arise in the future as a result of any activity conducted by the Company or the Subsidiary (including any predecessor companies thereof), on any properties currently or formerly owned, leased, used or otherwise controlled by them. Neither the Company or its Subsidiary (including any predecessor companies thereof) has received any notice of, or been prosecuted for an offence alleging, material non-compliance with any Environmental Laws, and neither the Company nor its Subsidiary (including any predecessor companies thereof) has settled any allegation of material non-compliance short of prosecution;
- (v) the Company and its Subsidiary has operated its business at all times and has received, handled, manufactured, used, stored, treated, shipped and disposed of all Hazardous Substances without violation of Environmental Laws, there have been no spills, releases, deposits or discharges of Hazardous Substances into the earth, air or into any body of water or any municipal or other sewer or drainage systems by the Company or the Subsidiary that have not been remedied and neither the Company nor the Subsidiary have received any notice wherein it is alleged or stated that it is potentially responsible in a material amount for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws;

- (vi) neither the Company nor the Subsidiary has failed to report to any Governmental Authority, the occurrence of any event which is required to be so reported under Environmental Laws or the terms and conditions of any Permits; and
- (vii) there are no environmental audits, evaluations, assessments, studies or tests relating to the Company or the Subsidiary except for ongoing assessments conducted by or on behalf of the Company or the Subsidiary in the ordinary course;
- (mm) *Intellectual Property.* The Company and the Subsidiary own, subject to the Liens described in the Financial Statements or possess the right to use all material patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights necessary for the conduct of their respective businesses as now conducted, and the Company is not aware of any claim to the contrary or any challenge by any other person to the rights of the Company and the Subsidiary with respect to the foregoing. To the knowledge of the Company, the Company's business, including that of the Subsidiary, as now conducted does not, and as currently proposed to be conducted will not, infringe or conflict with in any material respect patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses or other intellectual property or franchise right of any person. No claim has been made against the Company or the Subsidiary alleging the infringement by the Company or the Subsidiary of any patent, trademark, service mark, trade name, copyright, trade secret, license in or other intellectual property right or franchise right of any person;
- (nn) *Insurance.* The Company and the Subsidiary maintain insurance by insurers of recognized financial responsibility, against such losses, risks and damages to their Business Assets in such amounts that are customary for the business in which they are engaged and on a basis consistent with reasonably prudent persons in comparable businesses, and all of the policies in respect of such insurance coverage, fidelity or surety bonds insuring the Company, the Subsidiary, and their respective directors, officers and employees, and the Business Assets, are in good standing and in full force and effect in all respects, and not in default. Each of the Company and the Subsidiary is in compliance with the terms of such policies and instruments in all material respects and there are no material claims by the Company or the Subsidiary under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; the Company has no reason to believe that it will not be able to renew such existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business and the business of the Subsidiary at a cost that would not have a Material Adverse Effect, and neither the Company nor the Subsidiary has failed to promptly give any notice of any material claim thereunder;
- (oo) *Material Agreements and Debt Instruments.* All of the Material Agreements and Debt Instruments of the Company and of the Subsidiary have been publicly disclosed by the Company and each is valid, subsisting, in good standing and in full force and effect, enforceable in accordance with the terms thereof. The Company and the Subsidiary have performed all obligations (including payment obligations) in a timely manner under, and are in compliance with all terms and conditions (including all financial covenants) contained in each Material Agreement and Debt Instrument. Neither the Company nor the Subsidiary is in violation, breach or default nor has it received any notification from any party claiming that the Company or the Subsidiary is in breach,

violation or default under any Material Agreement or Debt Instrument and no other party, to the knowledge of the Company, is in breach, violation or default of any term under any Material Agreement or Debt Instrument;

- (pp) *No Material Changes.* Since March 31, 2016: (i) there has been no material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise) business, condition (financial or otherwise), properties, capital or results of operations of the Company and the Subsidiary considered on a consolidated basis; and (ii) there have been no transactions entered into by the Company or the Subsidiary, other than those in the ordinary course of business, which are material with respect to the Company and the Subsidiary considered as one enterprise;
- (qq) *Absence of Proceedings.* There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency, governmental instrumentality or body, domestic or foreign, now pending or, to the knowledge of the Company, threatened against or affecting the Company, the Subsidiary or the Business Assets (including in respect of any product liability claims, drug products, material patents, patent applications, copyrighted material, technologies, licenses or proprietary or other data or confidential information currently licensed or employed by the Company and its Subsidiary) which is required to be disclosed by the Company, and which if not so disclosed, or which if determined adversely, would have a Material Adverse Effect, or would materially and adversely affect the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder. The aggregate of all pending legal or governmental proceedings to which the Company or the Subsidiary is a party or of which any of their respective property or assets is subject, which have not been publicly disclosed by the Company include only ordinary routine litigation incidental to the business, properties and assets of the Company and the Subsidiary and would not reasonably be expected to result in a Material Adverse Effect;
- (rr) *Regulatory.* The Company represents and warrants that: (i) the Company and its Subsidiary is in compliance in all material respects with all applicable provisions of the *Food and Drugs Act* (Canada) and the regulations thereunder relating to its product candidates and activities and the *United States Federal Food, Drug and Cosmetic Act* and related legislation and regulations in the United States and the European Union; (ii) the Company and its Subsidiary is in compliance with the following specific requirements relating to product candidates and activities in Canada and to applicable foreign jurisdictions, including the United States: (A) all of the products used by the Company and its Subsidiary comply in all material respects with any conditions of approval and the terms of the applications, if any, submitted by or on behalf of the Company to Health Canada, the United States Food and Drug Administration, and to applicable foreign regulatory bodies; (B) all adverse events that were required to be reported by Company or its Subsidiary to Health Canada, the United States Food and Drug Administration, and to corresponding foreign regulatory bodies have been reported to Health Canada, the United States Food and Drug Administration and said corresponding foreign regulatory body in a timely manner; and (C) all stability studies required to be performed by or on behalf of the Company for products used by the Company or its Subsidiary have been, to the knowledge of the Company, completed or are ongoing in accordance with the applicable Health Canada requirements and to the requirements of the applicable foreign jurisdictions, including in the United States; and (iii) all clinical trials of the Company and its Subsidiary have been, to the knowledge of

the Company, rendered in accordance with good clinical practices as required by the Food and Drug Administration;

- (ss) *Absence of Defaults and Conflicts.* Neither the Company nor the Subsidiary is in material violation, default or breach of, and the execution, delivery and performance of this Agreement, the Warrant Indenture and the Subscription Agreements and the consummation of the transactions and compliance by the Company with its obligations hereunder and thereunder, the sale of the Units and Unit Shares, the grant of the Warrants, the Warrant Shares do not and will not, whether with or without the giving of notice or passage of time or both, result in a material violation, default or breach of, or conflict with, or result in a Repayment Event or the creation or imposition of any Lien upon any property or assets of the Company, or the Subsidiary under the terms or provisions of: (i) any Material Agreements or Debt Instruments; (ii) the articles or by-laws or other constating documents or resolutions of the directors or shareholders of the Company or the Subsidiary; (iii) any existing applicable law, statute, rule, regulation including applicable Securities Laws; or (iv) any judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company, or the Subsidiary or any of their assets, properties or operations.

As used herein, a “**Repayment Event**” means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a material portion of such indebtedness by the Company or the Subsidiary;

- (tt) *Labour.* No material labour dispute with the employees of the Company or the Subsidiary currently exists or, to the knowledge of the Company, is imminent. Neither the Company nor the Subsidiary is a party to any collective bargaining agreement and, to the knowledge of the Company, no other action has been taken or is contemplated to organize any employees of the Company or the Subsidiary;
- (uu) *Taxes.* All tax returns, reports, elections, remittances and payments of the Company and the Subsidiary required by applicable law to have been filed or made in any applicable jurisdiction, have been filed or made (as the case may be) and are true, complete and correct except where the failure to make such filing, election, or remittance and payment would not constitute a Material Adverse Effect, and all taxes of the Company and of the Subsidiary have been paid or accrued in the Financial Statements (except as any extension may have been requested or granted and in any case in which the failure to file, pay or accrue such taxes would not result in a Material Adverse Effect). To the best of the knowledge of the Company, after due enquiry, no examination of any tax return of the Company or the Subsidiary is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Company or the Subsidiary;
- (vv) *Unlawful Payment.* Neither the Company nor the Subsidiary nor to the knowledge of the Company, any employee or agent of the Company or the Subsidiary, has made any unlawful contribution or other payment to any official of, or candidate for, any Canadian or United States federal, state, provincial or municipal office or any similar office of any other country, or failed to disclose fully any contribution, in violation of any law, or made any payment to any federal, provincial, state or municipal

governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or permitted by applicable laws;

- (ww) *Foreign Corrupt Practices Act.* None of the Company, its Subsidiary or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or its Subsidiary is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the *Foreign Corrupt Practices Act of 1977*, as amended, and the rules and regulations thereunder (the “**FCPA**”) or the *Corruption of Foreign Public Officials Act (Canada)*, as amended (the “**CFPOA**”), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any “foreign official” (as such term is defined in the FCPA), or any “foreign public official” (as such term is defined in the CFPOA), or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the CFPOA, and the Company and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance with the FCPA and the CFPOA;
- (xx) *Money Laundering Laws.* The operations of the Company and its Subsidiary are, and have been conducted at all times, in compliance with all material applicable financial recordkeeping and reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar applicable rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or its Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;
- (yy) *Significant Acquisitions.* The Company has not entered into any agreement to complete any “significant acquisition” nor is it contemplating any “probable acquisitions” (as such terms are defined in NI 51-102);
- (zz) *Compliance with Laws.* The Company has complied, or will have complied, in all material respects with all relevant statutory and regulatory requirements required to be complied with prior to the Closing Time in connection with the Offering. Neither the Company nor the Subsidiary are aware of any legislation or proposed legislation, which they anticipate will have a Material Adverse Effect;
- (aaa) *No Loans.* Neither the Company nor the Subsidiary have made any material loans to or guaranteed the material obligations of any person, other than loans and guarantees between the Company and the Subsidiary;

- (bbb) *Directors and Officers.* To the best of its knowledge, none of the directors or officers of the Company are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;
- (ccc) *Minute Books and Records.* The minute books and records of the Company and the Subsidiary made available to legal counsel for the Underwriters in connection with their due diligence investigations of the Company to the date hereof are all of the minute books and records of the Company and the Subsidiary and contain copies of all material proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders, the directors and all committees of directors of the Company and the Subsidiary, as the case may be, to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of the Company and the Subsidiary to the date hereof not reflected in such minute books and other records, other than those which have been disclosed to the Underwriters or which are not material in the context of the Company and the Subsidiary;
- (ddd) *Employee Plans.* The Company has publicly disclosed, to the extent required by applicable Securities Laws, each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Company for the benefit of any current or former director, officer, employee or consultant of the Company (the “**Employee Plans**”), each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans;
- (eee) *Dividends.* Except as disclosed in the Financial Statements, there are no restrictions upon or impediment to, the declaration or payment of dividends by the directors of the Company or the payment of dividends by the Company in the constating documents or in any Material Agreements or Debt Instruments;
- (fff) *Fees and Commissions.* Other than the Underwriters pursuant to this Agreement, there is no other person acting at the request of the Company, or to the knowledge of the Company, purporting to act who is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the Offering or transactions contemplated herein;
- (ggg) *Entitlement to Proceeds:* Other than the Company, there is no person that is or will be entitled to demand the proceeds of the Offering;
- (hhh) *Related Parties.* None of the directors, officers or employees of the Company, any known holder of more than 10% of any class of securities of the Company or securities of any person exchangeable for more than 10% of any class of securities of the Company, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Nova Scotia)), has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction which, as the case may be, materially affected or is reasonably expected to materially affect the Company and the Subsidiary,

on a consolidated basis. Neither the Company nor the Subsidiary has any material loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at “arm’s length” (as such term is defined in the *Income Tax Act* (Canada)) with them; and

- (iii) *Full Disclosure.* The Company has not withheld and will not withhold from the Underwriters prior to the Closing Time, any material facts relating to the Company, its subsidiary or the Offering.

## **6. Representations, Warranties and Covenants of the Underwriters**

The Underwriters hereby represent, warrant and covenant to the Company, and acknowledge that the Company is relying upon such representations and warranties, that:

- (a) *Compliance with Securities Laws.* In respect of the offer and sale of the Units, the Underwriters will comply with all Securities Laws and will obtain from each Purchaser a completed and executed Subscription Agreement (including all certifications, forms and other documentation contemplated thereby or as may be required by Securities Laws) in a form acceptable to the Company and the Underwriters relating to the Offering.
- (b) *No Registration Requirement.* The Underwriters have and will not solicit offers to purchase or sell the Units so as to require the filing of a prospectus, registration statement or offering memorandum with respect thereto or the provision of a contractual right of action (as defined in Ontario Securities Commission Rule 14-501 – *Local Definitions*) or the registration of any of the Company’s securities under the laws of any jurisdiction including without limitation the United States.
- (c) *Status and Authority.* The Underwriters are valid and subsisting corporations under the laws of the jurisdictions in which they were incorporated, continued or amalgamated and has good and sufficient right and authority to enter into this Agreement and complete the transactions under this Agreement on the terms and conditions set forth herein.
- (d) *Accredited Investor.* Each of the Underwriters is an “accredited investor” as such term is defined under NI 45-106 by virtue of being registered under the applicable Securities Laws of a jurisdiction of Canada as an advisor or dealer (other than an exempt market dealer).
- (e) *Underwriters not U.S. Persons or in the United States.* The Underwriters acknowledge and agree that the Compensation Options and the underlying Compensation Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. Accordingly, each of the Underwriters (i) is not a U.S. Person, (ii) did not receive the offer to acquire the Compensation Options in the United States, (iii) did not execute this Agreement and did not and will not receive any such Compensation Options in the United States, and (iv) is not acquiring the Compensation Options for the account or benefit of a U.S. Person or a person in the United States. Each Underwriter acknowledges and agrees that the Compensation Options may not be exercised for the account or benefit of a U.S. Person or a person in the United States, unless such exercise is not subject to registration under the U.S. Securities Act and the applicable securities laws of any state of the United States. Each Underwriter agrees that it will not engage in any Directed Selling Efforts (as defined in Rule 902(c) of Regulation S) with respect to any Compensation Options and will not offer or sell any Compensation Options or Compensation Shares in the United States unless in compliance with an

exemption or an exclusion from the registration requirements of the U.S. Securities Act and any applicable state securities laws.

- (f) *Acquiring as Principal.* Each of the Underwriters will be acquiring the Compensation Options as principal for its own account and not for the benefit of any other person.

## **7. Closing Deliveries**

The purchase and sale of the Units shall be completed at the Closing Time at the offices of the Company's counsel, McCarthy Tétrault LLP or at such other place as the Underwriters and the Company may agree upon in writing, provided however, that at or prior to the Closing Time, the Company shall duly and validly deliver to the Underwriters in Toronto, Ontario the Unit Shares and Warrants, whether by way of electronic deposit or delivery of certificates in definitive form as directed by the Underwriters, against payment to the Company of the net aggregate Offering Price therefor, in lawful money of Canada payable at par in the City of Toronto. The Underwriters may discharge its payment obligations under this Section 7 by wire transfer or certified cheque of the gross proceeds from the sale of the Units less the Underwriting Fee and Underwriters' reasonable expenses in accordance with Section 16 and Section 10 hereof.

In order to facilitate an efficient and timely closing at the Closing Time, the Underwriters may choose to initiate a wire transfer of funds to the Company prior to the Closing Time. If the Underwriters do so, the Company agrees that such transfer of funds to the Company prior to the Closing Time does not constitute a waiver by the Underwriters of any of the conditions set out in Section 8. Further, the Company agrees that any such funds received from the Underwriters prior to the Closing Time will be held in trust by the Company solely for the benefit of the Underwriters until the Closing Time and if the closing does not occur at the scheduled Closing Time, such funds will be immediately returned by wire transfer to the Underwriters without interest. Upon satisfaction of the conditions of such closing and the delivery to the Underwriters of the items set out in this Section 7, the funds held in trust for the Underwriters shall be deemed to be delivered by the Underwriters to the Company in satisfaction of the obligation of the Underwriters under this Section 7 and upon such delivery the trust constituted by this Section 7 shall be terminated without further formality.

## **8. Closing Conditions**

Each Purchaser's obligation to purchase the Units at the Closing Time shall be conditional upon the fulfilment at or before the Closing Time of the following conditions:

- (a) the Underwriters shall have received a certificate, dated as of the Closing Date, signed by the Chief Executive Officer and Chief Financial Officer of the Company, or such other officers of the Company as the Underwriters may agree, certifying for and on behalf of the Company, to the best of their knowledge, information and belief, that:
  - (i) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company (including the Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of such officers, pending, contemplated or threatened by any regulatory authority;
  - (ii) the Company has duly complied with all the terms, covenants and conditions of this Agreement on its part to be complied with up to the Closing Time; and



- (iii) the representations, warranties and covenants of the Company contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement;
- (b) the Underwriters shall have received at the Closing Time a certificate dated the Closing Date, signed by appropriate officers of the Company addressed to the Underwriters and their counsel, with respect to the articles and notice of articles of the Company, all resolutions of the Company's board of directors relating to the Offering, this Agreement and the transactions contemplated hereby, the Subscription Agreements, the Warrant Indenture, the Compensation Option Certificates, the incumbency and specimen signatures of signing officers and such other matters as the Underwriters may reasonably request;
- (c) the Underwriters shall have received at the Closing Time, evidence that all requisite approvals, consents and acceptances of the appropriate regulatory authorities and the TSX required to be made or obtained by the Company in order to complete the Offering (including the listing and posting for trading on the TSX of the Unit Shares, Warrant Shares upon the due exercise of the Warrants and Compensation Shares upon the due exercise of the Compensation Options) shall have been conditionally accepted by the TSX, subject only to satisfaction by the Company of customary post-closing listing conditions imposed by the TSX in similar circumstances;
- (d) this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates shall have been executed and delivered by the parties thereto in form and substance satisfactory to the Underwriters and its counsel, acting reasonably;
- (e) the Underwriters shall have received favourable legal opinions addressed to the Underwriters, in form and substance satisfactory to the Underwriters' counsel acting reasonably, dated the Closing Date, from McCarthy Tétrault LLP, counsel for the Company and where appropriate, counsel in the other Selling Jurisdictions, which counsel in turn may rely, as to matters of fact, on certificates of auditors, public officials and officers of the Company, with respect to the following matters:
  - (i) as to the Company being a corporation existing under the CBCA;
  - (ii) as to the Company having all requisite corporate power and capacity to carry on its business as presently carried on and to own and lease its properties and assets;
  - (iii) as to the authorized and issued capital of the Company;
  - (iv) as to the corporate power and authority of the Company to carry out its obligations under this Agreement, the Subscription Agreements, the Warrant Indenture and the Compensation Option Certificates and to issue the Unit Shares, the Warrants, the Warrant Shares, the Compensation Options and the Compensation Shares;
  - (v) the execution and delivery of this Agreement, the Subscription Agreements, the Warrant Indenture or the Compensation Option Certificates, the performance by the Company of its obligations hereunder and thereunder, or the sale or issuance of the Unit Shares, the Warrants, the Warrant Shares, the Compensation Options

and the Compensation Shares does not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with the articles and by-laws of the Company, any resolutions of the shareholders or directors of the Company, or any Applicable Laws;

- (vi) each of this Agreement, the Subscription Agreements, the Warrant Indenture, Warrant Certificates and the Compensation Option Certificates has been duly authorized and executed and delivered by the Company (and for greater certainty, all necessary corporate action has been taken by the Company to authorize the execution and delivery thereof), and constitutes a valid and legally binding obligation of the Company enforceable against it in accordance with its terms, subject to customary qualifications, including that enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity and contribution may be limited by Applicable Law;
- (vii) the Unit Shares have been duly authorized, allotted and issued as fully paid and non-assessable Common Shares;
- (viii) the form and terms of the definitive certificates, if any, representing the Unit Shares, the Warrants and the Compensation Options have been approved by the directors of the Company and do not conflict with any Applicable Laws;
- (ix) the Warrants have been duly and validly created and issued and the Warrant Shares have been reserved and authorized and allotted for issuance to the holders of the Warrants and, upon the due exercise of the Warrants in accordance with the provisions of the Warrant Indenture, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares;
- (x) the Compensation Options have been duly and validly issued and created and the Compensation Shares have been reserved and authorized and allotted for issuance to the Underwriters and, upon the due exercise of the Compensation Options, in accordance with the provisions of the Compensation Option Certificates, the Compensation Shares will be validly issued as fully paid and non-assessable Common Shares;
- (xi) the issuance and sale by the Company of the Unit Shares and Warrants to the Purchasers and the issuance of the Compensation Options to the Underwriters are exempt from the prospectus and registration requirements of applicable Securities Laws and no documents are required to be filed (other than specified forms accompanied by requisite filing fees), proceedings taken or approvals, permits, consents or authorizations obtained under the applicable Securities Laws to permit such issuance and sale; it being noted, however, that the Company is required to file or cause to be filed with the applicable Securities Regulators, reports on Form 45-106F1 and Form 45-106F6, as applicable, prepared and executed pursuant to NI 45-106, together with the prescribed filing fee, within 10 days following the Closing Date;

- (xii) the issuance of the Warrant Shares and the Compensation Shares upon the due exercise of the Warrants and the Compensation Options, as applicable, will be exempt from the prospectus and registration requirements of applicable Securities Laws and no documents are required to be filed (other than specified forms accompanied by requisite filing fees), proceedings taken or approvals, permits, consents or authorizations obtained under the applicable Securities Laws to permit such issuance and delivery;
- (xiii) the first trade of the Unit Shares, the Warrants and Warrant Shares by the Purchasers or of the Compensation Options and Compensation Shares by the Underwriters, as the case may be, in the Selling Jurisdictions will be a distribution subject to the prospectus requirements under the Securities Laws, unless:
  - (A) the Company is and has been a reporting issuer in a jurisdiction of Canada for at least the four months immediately preceding the trade;
  - (B) at the time of such trade, at least four months have elapsed from the “distribution date” (as defined in NI 45-102) of the Unit Shares, Warrants or the Compensation Options as the case may be;
  - (C) the certificates representing the Unit Shares, the Warrants and the Compensation Options, and to the extent that the Warrant Shares and/or the Compensation Shares are not issued at least four months and one day after the Closing Date, the certificates representing the Warrant Shares and the Compensation Shares were issued with a legend stating the prescribed restricted period in accordance with Section 2.5 of NI 45-102 or an ownership statement issued in connection with such securities under a direct registration system or other electronic book-entry system acceptable to the regulator bears a legend restriction notification in accordance with Section 2.5 of NI 45-102;
  - (D) such trade is not a “control distribution” (as defined in NI 45-102);
  - (E) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of such trade;
  - (F) no extraordinary commission or consideration is paid to a person or company in respect of such trade; and
  - (G) if the selling securityholder is an insider or officer of the Company, the selling securityholder has no reasonable grounds to believe that the Company is in default of “securities legislation” (as defined in National Instrument 14-101 - *Definitions*);
- (xiv) the TSX has conditionally accepted the Offering (including the listing and posting for trading on the TSX of the Unit Shares, Warrant Shares upon the due exercise of the Warrants and Compensation Shares upon the due exercise of the Compensation Options);
- (xv) the Unit Shares, the Warrants and the Warrant Shares will be qualified investments at that time for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a

- registered disability savings plan, a deferred profit sharing plan or a tax-free savings account;
- (xvi) Computershare Trust Company of Canada has been duly appointed as the Warrant Agent for the Warrants; and
  - (xvii) such other matters as the Underwriters' or their legal counsel may reasonably request prior to the Closing Time;
- (f) the Underwriters shall have received favourable legal opinions addressed to the Underwriters, in form and substance satisfactory to the Underwriters' counsel acting reasonably, dated the Closing Date, from local legal counsel of the Company in respect of the Subsidiary, which counsel in turn may rely, as to matters of fact, on certificates of auditors, public officials and officers of the Company, with respect to the following matters:
- (i) the Subsidiary has been duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation;
  - (ii) the authorized capital of the Subsidiary;
  - (iii) as to the holder of all of the issued and outstanding shares of the Subsidiary; and
  - (iv) the Subsidiary has all requisite corporate power under the laws of its jurisdiction of incorporation to carry on its business;
- (g) the Underwriters shall have received from the Company a certificate of the Transfer Agent, which certifies the number of Common Shares issued and outstanding on the date prior to the Closing Date;
- (h) the Underwriters shall have received certificates of status or similar certificates with respect to the jurisdictions in which the Company and the Subsidiary are incorporated, each dated within one Business Day prior to the Closing Date;
- (i) the representations and warranties of the Company contained in this Agreement will be true and correct at and as of the Closing Time and all agreements, covenants and conditions required by this Agreement to be performed, complied with or satisfied by the Company will have been performed, complied with or satisfied prior to that time;
- (j) all consents, approvals, permits, authorizations or filings as may be required under Securities Laws necessary for the execution and delivery of this Agreement, the Warrant Indenture and the Subscription Agreements, the issuance and sale of the Units and the consummation of the transactions contemplated hereby and thereby have been made or obtained, as applicable;
- (k) at the Closing Time, no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Units or any of the Company's issued securities being issued and no proceeding for such purpose being pending or, to the knowledge of the Company, threatened by any securities regulatory authority or the TSX;
- (l) the Underwriters not having exercised any rights of termination set forth herein; and

- (m) the Underwriters will have received such other certificates, opinions, agreements or closing documents in form and substance reasonably satisfactory to the Underwriters as the Underwriters may reasonably request at least 24 hours prior to the Closing Time.

## **9. Rights of Termination**

The Underwriters may terminate its obligations on or before Closing in the following circumstances, if at any time prior to the Closing:

- (a) there is, in the sole opinion of either or both Underwriters, acting reasonably, a material change or a change in any material fact or new material fact shall arise which has or would reasonably be expected to have, in the sole opinion of such Underwriter(s) acting reasonably, a material adverse change or effect on the business, affairs, or profitability of the Company or on the market price or the value of the securities of the Company;
- (b) there should develop, occur or come into effect or existence any event, action, state of any nature, including without limitation, terrorism, accident, a new or change in any governmental law or regulation, or other condition or major financial occurrence of national or international consequence, which, in the sole opinion of either or both Underwriters, acting reasonably, materially adversely affects the financial markets or the business, affairs, operations or profitability of the Company and its Subsidiary, taken as a whole, or the market price or value of the securities of the Company;
- (c) any inquiry, action, suit, proceeding or investigation (including matters of regulatory transgression or unlawful conduct), is commenced, publicly announced or threatened in relation to the Company, which, in either or both Underwriters' opinion, would reasonably be expected to have a materially adverse effect on the Company which, in each case, in the reasonable opinion of such Underwriter(s), prevents or operates to prevent or restrict the distribution of, trading in, or marketability of the Common Shares;
- (d) any order to cease trading in securities of the Company is made or threatened by a securities regulatory authority having jurisdiction over the Company;
- (e) the Company is in breach in any material respect of any term, condition or covenant of this Agreement or any material representation or warranty given by the Company in the Agreement becomes or is false in any material respect; or
- (f) the Company fails to obtain the approval of the Toronto Stock Exchange for the listing of the Units Shares, Warrant Shares upon the due exercise of the Warrants and Compensation Shares upon the due exercise of the Compensation Options.

The Underwriters shall be entitled to terminate and cancel its obligations to the Company hereunder by written notice to that effect given to the Company prior to the Closing. It is understood that the Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Underwriters in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Underwriters any such waiver or extension must be in writing and signed by the Underwriters. The rights of termination described above may be exercised by the Underwriters and are in addition to any other rights or remedies the Underwriters may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination by the Underwriters, there shall be no further liability on the part of

the Underwriters to the Company or on the part of the Company to the Underwriters except in respect of any liability which may have arisen or may arise after such termination in respect of acts or omissions prior to such termination under Sections 10 and 12 of this Agreement.

**10. Expenses**

Whether or not the sale of the Units shall be completed, the Company will pay all reasonable expenses and fees in connection with the Offering, including, all reasonable expenses of or incidental to the issue, sale or distribution of the Units and the Compensation Options; the reasonable fees and expenses of the Company's counsel; all reasonable costs incurred in connection with the preparation of documents relating to the Offering; and all reasonable expenses and fees incurred by the Underwriters, which shall include the reasonable fees and disbursements of the Underwriters' counsel (up to a maximum of \$85,000 for counsel retained by or for the benefit of the Underwriters, excluding disbursements and applicable taxes). All reasonable fees and expenses incurred by the Underwriters or on their behalf including the fees of the Underwriters' counsel (subject to the limitations set out in the immediately preceding sentence) shall be payable by the Company at Closing out of the gross proceeds of the Offering.

**11. Survival of Representations and Warranties**

All terms, warranties, representations, covenants and agreements herein contained or contained in any documents submitted pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Units for a period of two years after the Closing Date and continue in full force and effect for the benefit of the Underwriters and Purchasers and shall not be limited or prejudiced by any investigation made by or on behalf of the Underwriters in connection with the purchase and sale of the Units. Without limitation of the foregoing, the provisions contained in this Agreement in any way related to the indemnification or the contribution obligations shall survive and continue in full force and effect, indefinitely, subject only to the limitation requirements of Applicable Law.

**12. Indemnity**

The Company and its affiliates (the "**Indemnitor**") hereby agree to indemnify and hold the Underwriters and any of their respective affiliates and the directors, officers, employees and shareholders of the Underwriters (hereinafter referred to as the "**Personnel**") harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, damages or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any claim that may be made against the Underwriters, to which the Underwriters and/or their Personnel may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Underwriters and their Personnel hereunder or otherwise in connection with the matters referred to in the Agreement to which this is attached, provided, however, that this indemnity shall not apply to the extent that a court of competent jurisdiction shall determine that:

- (i) the Underwriters or their Personnel have been negligent or have committed any fraudulent act or wilful misconduct in the course of such performance, or have breached applicable laws; and

- (ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were caused by the gross negligence, fraud, wilful misconduct or breach referred to in (i).

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

The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or the Underwriters by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnitor and/or the Underwriters and any Personnel of the Underwriters shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Underwriters, the Underwriters shall have the right to employ their own counsel in connection therewith, if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defence and employed counsel therefore within a reasonable time after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Indemnitor and the Underwriters or Personnel have both advised (or in the event of a dispute between such counsel, a court of competent jurisdiction has determined) that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Underwriters or Personnel which are different from or in addition to those available to the Indemnitor (in which event and to that extent, the Indemnitor shall not have the right to assume or direct the defence on the Underwriters' or Personnel's behalf) or that there is a conflict of interest between the Indemnitor and the Underwriters or Personnel (in which events the Indemnitor shall not have the right to assume or direct the defence on the Underwriters' or Personnel's behalf), and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Underwriters for time spent by its Personnel in connection therewith) and out-of-pocket expenses incurred by its Personnel in connection therewith shall be paid by the Indemnitor as they occur unless caused pursuant to 12(i) or 12(ii) above.

Promptly after receipt of notice of the commencement of any legal proceeding against the Underwriters or any of its Personnel or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Underwriters will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed.

The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Personnel of the Underwriters and shall be binding upon and ensure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Underwriters and any of the Personnel of the Underwriters. The foregoing provisions shall survive the completion

of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

**13. Contribution**

In the event that the indemnity provided for in Section 12 is declared by a court of competent jurisdiction to be illegal or unenforceable as being contrary to public policy or for any other reason, the Underwriters and the Company shall contribute to the aggregate of all losses, claims, costs, damages, expenses or liabilities of the nature provided for above such that the Underwriters shall be responsible for that portion represented by the percentage that the portion of the Underwriting Fee payable by the Company to the Underwriters bears to the gross proceeds realized by the Company from the Offering and the Company shall be responsible for the balance; provided that, in no event, shall the Underwriters be responsible for any amount in excess of the portion of the Underwriting Fee actually received by the Underwriters. In the event that the Company may be held to be entitled to contribution from the Underwriters under the provisions of any statute or law, the Company shall be limited to contribution from the Underwriters in an amount not exceeding the lesser of: (a) the portion of the full amount of losses, claims, costs, damages, expenses or liabilities giving rise to such contribution for which the Underwriters is responsible; and (b) the amount of the Underwriting Fee actually received by the Underwriters. Notwithstanding the foregoing, a person guilty of negligence, bad faith, fraud, fraudulent misrepresentation or wilful misconduct shall not be entitled to contribution from any other party. Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section, notify such party from whom contribution may be sought, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any obligation it may have otherwise under this Section 13, except to the extent that the party from whom contribution may be sought is prejudiced by such omission. The right to contribution provided herein shall be in addition and not in derogation of any other right to contribution which the Underwriters may have by statute or otherwise by law.

**14. Press Releases**

Subject to Applicable Law (including the time limits imposed thereunder), the Company shall obtain prior approval of the Underwriters as to the content and form of any press release relating to the Offering.

**15. Advertisements**

The Company acknowledges that the Underwriters shall have the right, at its own expense, to place such advertisement or advertisements relating to the sale of the Units contemplated herein as the Underwriters may consider desirable or appropriate and as may be permitted by Applicable Law. The Company and the Underwriters each agree not to make or publish any advertisement in any media whatsoever relating to, or otherwise publicize, the transaction provided for herein so as to result in any exemption from the prospectus and registration requirements of Securities Laws in any of the Selling Jurisdictions or the securities laws of any other jurisdiction in which the Units shall be offered or sold being unavailable in respect of the sale of the Units to prospective purchasers.



**16. Underwriters' Fee**

In consideration of the services to be rendered by the Underwriters in connection with the Offering, the Company shall pay the Underwriters a cash fee (the “**Underwriting Fee**”) in an amount equal to 6.0% of the gross proceeds of the Offering (excluding in connection with the issuance of Units to a U.S. director of the Company). As additional consideration, the Underwriters will also receive non-transferable options (the “**Compensation Options**”) exercisable at any time up to 24 months following the Closing Date to acquire Common Shares at \$0.60 per Common Share in an amount equal to 6.0% of the Units issued pursuant to the Offering (excluding in connection with any orders from certain U.S. subscriber(s) introduced to the Underwriters by the Company). The Underwriting Fee and the Compensation Options will be paid by the Company to the Underwriters at the Closing Time.

**17. Obligations of the Underwriters**

The Underwriters' obligation to purchase the Units at the Closing Time shall be several and not joint and shall be limited to the Underwriters' respective obligations in this respect shall be as to the following percentages of the aggregate amount of Units to be purchased at that time:

Mackie	50%
Echelon	50%

**18. Notices**

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

If to the Company, to it at:

Immunovaccine Inc.  
1344 Summer Street, Suite 412  
Halifax, Nova Scotia B3H 0A3

Attention: Frederic Ors, Chief Executive Officer  
Fax: 902-492-0888

with a copy to:

McCarthy Tétrault LLP  
500, Grande Allée Est, 9e étage  
Québec QC G1R 2J7

Attention: Philippe Leclerc  
Fax: 418-521-3011

If to the Underwriters, to:

Mackie Research Capital Corporation  
199 Bay St #4500  
Toronto, Ontario M5L 1G2

Attention: David Keating  
Fax: 416-860-8671

Echelon Wealth Partners Inc.  
130 King Street West, Suite 2500  
Toronto, Ontario M5X 2A2

Attention: David Cusson  
Fax: 647-436-7688

with a copy to:

Cassels Brock & Blackwell LLP  
2100 Scotia Plaza  
40 King Street West  
Toronto, Ontario M5H 3C2

Attention: Andrea FitzGerald  
Fax: 416- 640-3194

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

Each notice shall be personally delivered to the addressee or sent by facsimile transmission to the addressee and (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by facsimile transmission shall be deemed to be given and received on the first Business Day following the day on which it is sent.

## **19. Relationship Between the Company and the Underwriters**

In connection with the services described herein, the Underwriters shall act as independent contractors, and any duties of the Underwriters arising out of this Agreement shall be owed solely to the Company. The Company acknowledges that each Underwriter is a securities firm engaged in securities trading and brokerage activities, as well as providing investment banking and financial advisory services, which may involve services provided to other companies engaged in businesses similar or competitive to the business of the Company. The Company acknowledges and agrees that in connection with all aspects of the engagement contemplated hereby, and any communications in connection therewith, the Company, on the one hand, and the Underwriters and any of its respective affiliates through which the Underwriters may be acting, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Underwriters or such affiliates, and each party hereto agrees that no such duty will be deemed to have arisen in connection with any such transactions or communications. Information which is held elsewhere within the Underwriters, but of which none of the individuals in the investment banking department or division of the Underwriters involved in providing the services contemplated by this Agreement actually has knowledge (or without breach of internal procedures can properly obtain) will not for any purpose be taken into account in determining any of the responsibilities of the Underwriters to the Company under this Agreement.

The Company agrees that it is responsible for making its own independent judgments with respect to the transactions contemplated by this Agreement and that any opinions or views expressed by the Underwriters regarding such transactions, including, but not limited to, any opinions or views

with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company.

**20. Use of Advice**

The Company acknowledges and agrees that all written and oral opinions, advice, analysis and materials provided by the Underwriters in connection with its engagement hereunder are intended solely for the Company's benefit and its internal use only in considering the Offering and the Company agrees that no such opinion, advice, analysis or material will be used for any other purpose whatsoever or reproduced, disseminated, quoted from or referred to in whole or in part at any time, in any manner or for any purpose, without the Underwriters' prior written consent in each specific instance.

Any advice or opinions given by the Underwriters in connection with its engagement hereunder will be made subject to, and will be based upon, such assumptions, limitations, qualifications, and reservations as the Underwriters, in their sole judgment, deems necessary or prudent in the circumstances. The Underwriters expressly disclaims any liability or responsibility by reason of any unauthorized use, publication, distribution of or reference to any oral or written opinions or advice or materials provided by the Underwriters or any unauthorized reference to the Underwriters or its engagement hereunder.

**21. All Terms to be Conditions**

The Company agrees that the conditions contained in this Agreement will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Company and each of the Company and the Underwriters will use its respective reasonable best efforts to cause all such conditions to be complied with. Any material breach or failure to comply with any of the conditions set out in this Agreement that are in the control of the Company shall entitle the Underwriters to terminate their obligation to purchase the Units, by written notice to that effect given to the Company at or prior to the Time of Closing. It is understood that the Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Underwriters in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Underwriters any such waiver or extension must be in writing.

**22. Time of the Essence**

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

**23. Entire Agreement**

This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior agreements, verbal or written, and including the engagement letter of May 17, 2016 between the Company and Mackie, negotiations and understandings. This Agreement may be amended or modified in any respect by written instrument only. All Schedules attached to this Agreement are deemed to be part hereof and are hereby incorporated by reference.

**24. Severability**

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

**25. Governing Law**

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

**26. Successors and Assigns**

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

**27. Further Assurances**

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

**28. Language**

The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. *Les parties reconnaissent avoir expressément demandé que la présente Convention ainsi que tout avis, tout état de compte et tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.*

**29. Effective Date**

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

**30. Counterparts and Facsimile**

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

*[Signature page follows.]*

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

Yours very truly,

**MACKIE RESEARCH CAPITAL CORPORATION**

Per: (s) David Keating  
Authorized Signatory

**ECHELON WEALTH PARTNERS INC.**

Per: (s) David Cusson  
Authorized Signatory

The foregoing is hereby accepted on the terms and conditions therein set forth.

**DATED** as of June 8, 2016.

**IMMUNOVACCINE INC.**

Per: (s) Frederic Ors  
Authorized Signatory

**SCHEDULE A  
SUBSIDIARIES**

<b>Name</b>	<b>Jurisdiction of Incorporation</b>	<b>Percentage of Issued and Outstanding Shares/Interests Owned</b>	<b>Holder of Issued and Outstanding Shares/Interests</b>
ImmunoVaccine Technologies Inc.	Nova Scotia	100%	Immunovaccine Inc.