



## SUBSCRIPTION AGREEMENT

### UNITS

To: **Shoal Games Ltd. (the "Issuer")**

Re: Purchase and Sale of Units of the Issuer

Dated For Reference: \_\_\_\_\_, 2017

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The undersigned (the "Purchaser") hereby irrevocably subscribes for and agrees to purchase from the Issuer, subject to the terms and conditions set forth in Schedule "A" to this subscription agreement (which, together with all appendices (the "Appendices") attached hereto, shall be deemed to form a part of this subscription), that number of units (the "Units") of the Issuer set out on page 3 hereof at a price of **CDN\$0.45** per Unit. Each Unit shall consist of one common share (a "Share") and one share purchase warrant (a "Warrant").

The Purchaser and the Issuer hereby agree that the Units, and the subsequent offering thereof, shall have and be conducted on the terms and conditions specified in Schedule "A" hereto. The Purchaser hereby makes, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, the acknowledgments, representations and warranties set out in Schedule "A" hereto, and agrees that the Issuer may rely on such acknowledgments, representations and warranties should this subscription offer be accepted.

Note: The Purchaser must either be:

1. purchasing the Units offered hereunder as principal or;
2. deemed to be purchasing such Units as principal, by virtue of being:
  - a. a trust company or trust corporation described in paragraph (p) of the definition of "accredited investor" in Appendix II (other than a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the Trust and Loan Companies Act (Canada) or under comparable legislation in another jurisdiction of Canada); or
  - b. a person described in paragraph (q) of the definition of "accredited investor" in Appendix II.

### **INSTRUCTIONS FOR COMPLETING THIS SUBSCRIPTION PRIOR TO DELIVERY TO THE ISSUER**

1. **All Purchasers** must complete:

- (i) the information required on page 3 with respect to subscription amounts and registration and delivery particulars; and
  - (ii) the form on page 5 with respect to "Information Regarding the Purchaser".
2. You must complete the applicable Appendices at the end of Schedule "A":
- a. All Purchasers who are **not** natural persons or **who are** portfolio managers (whether or not a natural person or not) purchasing as agent for accounts that are fully managed by it must complete **Appendix I – "Corporate Placee Registration Form"** for filing with the TSX Venture Exchange (the "Exchange") unless previously filed.
  - b. **ALL PURCHASERS** must complete the appropriate section of **Appendix II – "Certificate of Purchasers"** and any further forms required therein.
  - c. If you are an individual non-U.S. accredited investor, also complete **Appendix II-A – Form for Individuals Accredited Investors**.
  - d. A Purchaser resident in the United States must complete **Appendix III - "Declaration of U.S. Accredited Investor Status"**.

Return this subscription agreement and all Appendices to the Issuer at the following address:

Shoal Games Ltd.  
c/o Suite 409, 221 West Esplanade  
North Vancouver, B.C.  
V7M 3J3

Telephone: (604) 973-0587

You must deliver with this subscription agreement wire transferred funds **OR** a certified cheque, money order or bank draft drawn on a Canadian chartered bank and made payable to "**W.L. Macdonald Law Corporation – In Trust**" in Canadian or U.S. funds in the aggregate amount of the subscription funds therefor or wire funds as follows:

**INSTRUCTIONS FOR WIRING FUNDS TO  
W.L. MACDONALD LAW CORPORATION**

<b>CDN Trust Account:</b> BMO Bank of Montreal 595 Burrard Street, Vancouver, BC V7X 1L7  Swift Code: BOFMCAM2 Routing #: CC000100040 Account Name: W.L. Macdonald Law Corporation Address: 409 – 221 West Esplanade North Vancouver, B.C. V7M 3J3 Institution #: 001 Branch/Transit: 00040 Account: 1748699	<b>OR</b>	<b>USD Trust Account:</b> BMO Bank of Montreal 595 Burrard Street, Vancouver, BC V7X 1L7  Swift Code: BOFMCAM2 Routing #: CC000100040 Account Name: W.L. Macdonald Law Corporation Address: 409 – 221 West Esplanade North Vancouver, B.C. V7M 3J3 Institution #: 001 Branch/Transit: 00040 Account: 4641-570
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**SUBSCRIPTION AMOUNT Re: Shoal Games Ltd.**

No. of Units to be purchased at **CDN\$0.45** each \_\_\_\_\_

Total Subscription Funds for Units \_\_\_\_\_ **\$CDN OR \$US**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

**Note:** Subscription funds received in \$US will be converted to \$CDN for purposes of this subscription on the date of closing at the most preferential exchange rate available for the subscriber as quoted in Vancouver, B.C.

**PURCHASER INFORMATION**

\_\_\_\_\_  
(Name of Purchaser – please print)

\_\_\_\_\_  
Purchaser's Address

By: \_\_\_\_\_  
(Official Capacity or Title – please print)

\_\_\_\_\_  
(Telephone Number)

Signature: \_\_\_\_\_

\_\_\_\_\_  
(Facsimile Number)

\_\_\_\_\_  
Please print name of individual whose signature appears above if different than the name of the Purchaser printed above

**Registration Instructions**

**Delivery Instructions**

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account Reference, if applicable

\_\_\_\_\_  
Account Reference, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_  
Contact Name

\_\_\_\_\_

\_\_\_\_\_  
Address

\_\_\_\_\_  
(Telephone Number)

**Details of Beneficial Purchaser If Not Same as Purchaser**

\_\_\_\_\_  
(Name – please print)

\_\_\_\_\_  
Beneficial Purchaser's Address

\_\_\_\_\_  
(if space is inadequate, please attach a schedule containing the necessary information.

\_\_\_\_\_  
\_\_\_\_\_

Execution by the Purchaser above shall constitute an irrevocable offer and agreement by the Purchaser to subscribe for the securities described herein on the terms and conditions herein set out. The Issuer shall be entitled to rely on the delivery of a facsimile copy of this subscription, and acceptance by the Issuer of such facsimile subscription shall be legally effective to create a valid and binding agreement between the Purchaser and the Issuer in accordance with the terms and conditions hereof.

**ACCEPTANCE**

This subscription is accepted and agreed to by the )  
Issuer as of the \_\_\_\_ day of \_\_\_\_\_, )  
20\_\_\_\_. )  
)  
)

**SHOAL GAMES LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

**INFORMATION REGARDING THE PURCHASER**

Please check the appropriate box (and complete the required information, if applicable) in each section:

1. **Current Security Holdings in Issuer.** The Purchaser and all persons acting jointly and in concert with the Purchaser own, directly or indirectly, or exercises control or direction over (provide additional detail as applicable):

\_\_\_\_\_ common shares of the Issuer and/or the following other kinds of shares and convertible securities (including but not limited to convertible debt, warrants and options) entitling the Purchaser to acquire additional common shares or other kinds of shares of the Issuer: \_\_\_\_\_

No shares of the Issuer or securities convertible into shares of the Issuer.

2. **Insider Status.** The Purchaser either:

Is **not** an Insider of the Issuer, or

Is an "Insider" of the Issuer as defined in the Policies of the TSX Venture Exchange (the "Exchange"), by virtue of being:

(a) a director or senior officer of the Issuer;

(b) a director or senior officer of a company that is an Insider or subsidiary of the Issuer;

(c) a person that beneficially owns or controls, directly or indirectly, voting shares of the Issuer carrying more than 10% of the voting rights attached to all the Issuer's outstanding voting shares;

(d) the Issuer itself if it holds any of its own securities.

3. **Pro Group Status.** The Purchaser either:

Is a Member of the "Pro Group", which is defined in the Rules of the Exchange as either individually or as a group:

1. the member (i.e. a member of the TSX Venture Exchange under the Exchange requirements);

2. employees of the member;

3. partners, officers and directors of the member;

4. affiliates of the member; and

5. associates of any parties referred to in subparagraphs 1 through 4;

Is not a member of the Pro Group.

4. **Corporate Placee Form.** The Purchaser is not an individual and either:

has a current Corporate Placee Registration Form on file with the TSX Venture Exchange; or

has completed and returned with this Subscription a duly executed Corporate Placee Registration Form (Appendix I to this Agreement).

## SCHEDULE "A"

### 1. DEFINITIONS

- a. In this Agreement, the following words have the following meanings unless otherwise indicated:
- i. **"1933 Act"** means the United States Securities Act of 1933, as amended;
  - ii. **"Agreement"** means this Agreement, including Schedule "A" and all Appendices;
  - iii. **"BC Act"** means the *Securities Act* (British Columbia), as amended, the regulations and rules made thereunder and all administrative policy statements, rules, instruments, blanket orders, notices, directions, and orders issued by the British Columbia Securities Commission;
  - iv. **"Business Day"** means any day except Saturday, Sunday, or a statutory holiday in Vancouver, British Columbia;
  - v. **"Closing"** means the closing on the Closing Date of the transaction of purchase and sale in respect of the Units as contemplated by this Subscription Agreement;
  - vi. **"Closing Date"** means the day on which the Issuer issues the Units to the Purchaser;
  - vii. **"Commissions"** means the British Columbia Securities Commissions and securities commissions in such other Canadian jurisdictions in which subscribers are resident;
  - viii. **"Disclosure Record"** means, without limitation, the prospectuses, annual information forms, material change reports, press releases and other documents or reports filed by the Issuer with any applicable securities regulatory authority in Canada during the 24 months preceding the date hereof;
  - ix. **"Exchange"** means the TSX Venture Exchange;
  - x. **"NI 45-102"** means the National Instrument 45-102 entitled "Resale of Securities" published by the Canadian Securities Administrators;
  - xi. **"NI 45-106"** means the National Instrument 45-106 entitled "Prospectus and Registration Exemptions" published by the Canadian Securities Administrators;
  - xii. **"Private Placement"** means the offering of the Units by way of private placement;
  - xiii. **"Regulation S"** means Regulation S promulgated under the 1933 Act;
  - xiv. **"Regulatory Authorities"** means the Commissions and the Exchange;
  - xv. **"Securities"** means the Shares, Warrants and Warrant Shares;
  - xvi. **"Shares"** means the previously unissued common shares of the Issuer, as presently constituted;

- xvii. **"United States"** means the United States of America, its territories and possessions and any State of the United States and the District of Columbia;
- xviii. **"U.S. Person"** means a U.S. Person as that term is defined in Rule 902(o) of Regulation S, and includes (i) any natural person resident in the United States and (ii) any partnership or corporation organized or incorporated under the laws of United States, among other persons specified in such Rule;
- xix. **"Warrant Shares"** means the previously unissued common shares of the Issuer, as presently constituted, which will be issued on the exercise of the Warrants; and
- xx. **"Warrants"** means the transferable share purchase warrants issued as part of the Units.

## 2. PURCHASE AND SALE OF UNITS

- a. The Issuer is offering Units at **\$0.45** per Unit. The offering price of the Units was determined by the Issuer with regard to the pricing policies of the Exchange. The closing of the Private Placement is subject to the acceptance of the Exchange.
- b. Each Unit will consist of one Share and one Warrant.
- c. The Purchaser agrees to deliver to the Issuer as soon as possible and, in any event, not later than 12:00 noon (Pacific time) on the date which is five days prior to the Closing Date, the following:
  - i. a completed and duly executed copy of this Agreement;
  - ii. if the Purchaser is not an individual, a Corporate Placee Registration Form 4C (unless already on file with the Exchange) attached as Appendix I;
  - iii. the Certificate of Purchasers attached as Appendix II and if the Purchaser is an individual non-U.S. accredited investor, a completed Appendix II-A;
  - iv. if the Purchaser is resident in the United States or is a U.S. Person, an Appendix III, "Declaration of Accredited Investor Status"; and
  - v. all other documents as may be required.
- d. On the signing of this Agreement, the Purchaser will deliver to the Issuer wire transferred funds **OR** a certified cheque, money order or bank draft made payable to the Issuer in the same day freely transferable Canadian or U.S. funds in Vancouver representing the total purchase price of the Units subscribed for by the Purchaser under this Agreement. If the Issuer declines to accept this Agreement or all of the conditions of purchase in section 4.a. of this Agreement are not fulfilled or waived, the Issuer will return the subscription funds to the Purchaser without interest or deduction.

## 3. WARRANTS

- a. The Warrants will be issued and registered in the name of the Purchaser or its nominee. The exercise price of the Warrants will escalate over the term of the Warrants. One whole Warrant will entitle the Purchaser to purchase one Warrant Share at a price of **CDN\$0.55**

per Warrant Share for the first six (6) months following the Closing Date and one Warrant Share at a price of **CDN\$0.65** per Warrant Share for the period which is seven (7) to twelve (12) months following the Closing Date.

- b. The certificates representing the Warrants will refer to the terms and conditions which govern the Warrants and will include, among other things, provisions for the appropriate adjustment in the class, number, and price of the Warrant Shares issued on exercise of the Warrants if certain events occur, including any subdivision, consolidation, or reclassification of the Issuer's common shares, the payment of stock dividends, and the amalgamation of the Issuer.
- c. If the Purchaser exercises any Warrants, the Issuer will, in accordance with the certificates representing the Warrants:
  - i. issue to the Purchaser the number of Warrant Shares equal to the number of Warrants exercised; and
  - ii. deliver to the Purchaser a share certificate representing the Warrant Shares.
- d. Subject to the policies of the Exchange, the issue of the Warrants will not restrict or prevent the Issuer from obtaining any other financing or from issuing additional securities or rights during the period within which the Warrants may be exercised.
- e. Subject to certain exceptions or an applicable registration exemption provided under the 1933 Act, the Warrants may not be exercised within the United States or by or on behalf of any U.S. Person and no Warrant Shares will be delivered to any address in the United States and each certificate representing the Warrants shall bear a legend in substantially the following form:

"THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THE WARRANT AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN THEM UNDER REGULATION S PROMULGATED PURSUANT TO THE SECURITIES ACT".
- f. Each person exercising a Warrant will be required to give:
  - i. written certification that it is not a U.S. Person and that the Warrant is not being exercised by or on behalf of a U.S. person or that the Warrant is being exercised in an "offshore transaction" as defined in, and pursuant to, Regulation S under the 1933 Act; or
  - ii. a written opinion of counsel to the effect that the Warrant and the Warrant Shares have been registered under the 1933 Act or are exempt from registration thereunder; or
  - iii. written certification that it is (i) an Original U.S. Purchaser (ii) exercising the Warrants solely for its own account or the account of such other person, and not on behalf of any other person; and (iii) is, and such other person, if applicable, is



an "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act on the date of the exercise of the Warrants.

#### **4. CONDITIONS OF PURCHASE**

- a. The Purchaser acknowledges that the Issuer's obligation to sell the Units to the Purchaser is subject to, among other things, the conditions that:
  - i. the Purchaser duly completes, signs, and delivers to the Issuer a copy of this Agreement, together with all documents required by applicable securities legislation and the Exchange for delivery on the Purchaser's behalf, including without limitation the documents described in section 2.c. hereof;
  - ii. the Issuer has received all necessary regulatory approvals to the Private Placement including the approval of the Exchange;
  - iii. the Issuer accepts this subscription;
  - iv. the sale of the Units is exempt from prospectus requirements under the BC Act and any other applicable securities legislation relating to the sale of the Units or all appropriate securities regulators issue all orders, consents, or approvals required to permit the sale without the Issuer having to register or file a prospectus or deliver an offering memorandum to the Purchaser;
  - v. the Purchaser's representations and warranties remain true and correct as at the Closing Date; and
  - vi. the Issuer being a "reporting issuer" as that term is defined in NI 45-102 at the Closing Date and for the four months preceding the date thereof in a jurisdiction of Canada.

#### **5. PURCHASER'S REPRESENTATIONS AND WARRANTIES**

- a. The Purchaser acknowledges, represents, warrants and covenants to and with (on its own behalf and, if applicable, on behalf of those for whom the Purchaser is contracting hereunder) the Issuer that, as at the date of this Agreement and at the Closing Date:
  - i. The Issuer has not filed a prospectus with the Commission or any other securities commission or similar authority in connection with the offering of the Units and that:
    - A. the Purchaser is restricted from using most of the civil remedies available under the BC Act;
    - B. the Purchaser may not receive information that would otherwise be required to be provided to him under the BC Act;
    - C. the Issuer is relieved from certain obligations that it would otherwise be required to give if it provided a prospectus under the BC Act; and
    - D. the issuance and sale of the Units to the Purchaser is subject to the sale being exempt from the prospectus requirements of the BC Act and other applicable securities legislation.

- ii. The Purchaser is purchasing the Units as principal and is either:
  - A. an "accredited investor" as defined in NI 45-106 and was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; OR
  - B. purchasing the Units at an acquisition cost to the Purchaser of not less than \$150,000 paid in cash and, if the Purchaser is not an individual, the Purchaser was not created or used solely to purchase or hold securities in reliance on the exemption from the dealer registration requirement or prospectus requirement available under section 2.10 of NI 45-106; OR
  - C. if a resident of a jurisdiction other than Ontario, a person who falls within the categories of "family, friends and business associates" as required by section 2.5 of NI 45-106; OR
  - D. if a resident of Ontario, a person who falls within the categories of "founder, control person and family" as required by section 2.7 of NI 45-106; OR

and the Purchaser has completed, signed and delivered to the Issuer an Appendix II – "Certificate of Purchasers" and, if applicable for non-U.S. Purchasers, Appendix II-A – Form for Individual Accredited Investors;

- iii. The Purchaser, if not a resident of British Columbia, certifies that it is not resident in British Columbia and acknowledges that:
  - A. no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;
  - B. there is no government or other insurance covering the Securities;
  - C. there are risks associated with the purchase of the Securities;
  - D. there are restrictions on the Purchaser's ability to resell the Securities and it is the responsibility of the Purchaser to find out what those restrictions are and to comply with them before selling the Securities; and
  - E. the Issuer has advised the Purchaser that the Issuer is relying on an exemption from the requirements to provide the Purchaser with a prospectus and to sell securities through a person registered to sell securities under the Acts and, as a consequence of acquiring Securities pursuant to this exemption, certain protections, rights and remedies provided by the Acts, including statutory rights of rescission or damages, will not be available to the Purchaser.
- iv. The purchase of the Units has not been made through or as a result of, and the distribution of the Units has not been accompanied by, an advertisement in printed media of general and regular paid subscription, radio, or television.
- v. No person has made to the Purchaser any written or oral representations:

- A. that any person will resell or repurchase the Securities;
  - B. that any person will refund the purchase price of the Securities;
  - C. as to the future price or value of the Securities; or
  - D. that the Securities will be listed and posted for trading on a stock exchange or that an application has been made to list and post the Securities for trading on a stock exchange, other than the Exchange.
- vi. The Purchaser is not a "control person" of the Issuer as defined in the BC Act, will not become a "control person" by virtue of the purchase of the Units, and does not intend to act in concert with any other person to form a control group of the Issuer.
- vii. The Purchaser acknowledges and agrees that the Securities have not been and will not be registered under the United States Securities Act of 1933 (the "**1933 Act**"), as amended, or any applicable State securities laws, and may not be offered and sold, directly or indirectly, in the United States or by or to U.S. Persons (as defined in Regulation S promulgated under the 1933 Act) without registration under the 1933 Act and any applicable State securities laws, unless an exemption from registration is available. The Issuer is not obligated under any circumstances to register the Securities or to take any other actions to facilitate or permit any proposed resale or transfer thereof in the United States or otherwise by or to a U.S. Person, unless the transferee provides the Issuer with a legal opinion stating that the sale of the Securities is being made in compliance with (i) Rule 904 of Regulation S under the 1933 Act and all applicable State securities laws, (ii) Rule 144 of the 1933 Act and all applicable State securities laws, or (iii) another applicable exemption from the registration requirements of the 1933 Act and all applicable State securities laws.
- viii. With respect to compliance with the 1933 Act, unless the Purchaser has completed and returned Appendix III herein:
- A. the Purchaser is not a U.S. Person and the Units are not being acquired by it for or on behalf of a U.S. Person;
  - B. no offers to sell the Units were made by any person to the Purchaser while the Purchaser was in the United States, and the Purchaser was outside the United States at the time of execution and delivery of this subscription; and
  - C. any person who acquires Units will be required to provide the Issuer with written certification that it is not a U.S. Person or person in the United States and that the Units are not being acquired by it for or on behalf of a U.S. Person or person in the United States;
- ix. If the Purchaser is resident in the United States, it has duly completed, signed and returned Appendix III herein, and hereby confirms and certifies the acknowledgements, representations, warranties, covenants, declarations and certifications contained therein.

- x. The Purchaser has no knowledge of a "material fact" or "material change" (as those terms are defined in the Acts) in the Issuer's affairs that has not been generally disclosed to the public, save knowledge of this particular transaction.
- xi. If the Purchaser is an individual, the Purchaser has attained the age of majority and is legally competent to enter into and sign this Agreement and to take all actions required pursuant hereto, and if the Purchaser is a corporation, the Purchaser is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation, and its directors, shareholders, and others have given all necessary approvals to authorize the signing of this Agreement on the Purchaser's behalf.
- xii. The entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any law applicable to, or the constating documents of, the Purchaser or of any agreement, written or oral, to which the Purchaser may be a part or by which it is or may be bound.
- xiii. The Purchaser has duly signed and delivered this Agreement and this Agreement constitutes a legal, valid, and binding agreement of the Purchaser enforceable against the Purchaser in accordance with its terms.
- xiv. The Purchaser has obtained independent advice as to the applicable hold period imposed on the Securities by NI 45-102, other securities legislation and the Exchange, and confirms that the Issuer has made no representations regarding the applicable hold periods for the Securities, and the Purchaser is aware of the risks and other characteristics of the Securities and of the fact that the Purchaser may not be able to resell the Securities except in accordance with NI 45-102, other applicable securities legislation and the Exchange's policies.
- xv. If required by applicable securities legislation, policy, or order or by any Regulatory Authority, or any other securities commission, stock exchange or other regulatory authority, the Purchaser will sign, deliver, file, and otherwise assist the Issuer in filing all reports, undertakings, and other documents required with respect to the issue of the Securities.
- xvi. The Purchaser is capable of assessing and evaluating the risks and merits of this investment as a result of the Purchaser's financial, investment or business experience or as a result of advice received from a registered person other than the Issuer or an affiliate thereof, and the Purchaser or, where it is not purchasing as principal, each beneficial purchaser is able to bear the economic loss of its investment.
- xvii. The Purchaser (or, if applicable, others for whom it is contracting hereunder) has been advised to consult its own legal and tax advisors with respect to applicable resale restrictions and tax considerations, and it (or, if applicable, others for whom it is contracting hereunder) is solely responsible for compliance with applicable resale restrictions and applicable tax legislation.
- xviii. The Purchaser makes the representations, warranties, covenants, and acknowledgements contained in this Agreement and in any other Appendices, documents, or materials signed and delivered by the Purchaser hereunder and, if applicable, in its Corporate Placee Registration Form currently on file or to be

filed with the Exchange, with the intent that the Issuer and its professional advisors may rely on them in determining the Purchaser's eligibility or, if applicable, the eligibility of others on whose behalf the Purchaser is contracting to purchase the Units, and the Purchaser agrees to indemnify the Issuer against all losses, claims, costs, expenses, and damages or liabilities which the Issuer may suffer or incur caused by or arising from its reliance thereon.

- xix. The Purchaser agrees that the above representations, warranties, covenants, and acknowledgements will be true and correct both as of the signing date of this Agreement and as of the Closing Date and that they will survive the Purchaser's purchase of the Units and will continue in full force and effect even if the Purchaser subsequently disposes of any of the Securities. The Purchaser undertakes to notify the Issuer immediately of any change in any representation, warranty, or other information relating to the Purchaser set forth herein which takes place before the Closing Date.
- xx. It has no intention to distribute, either directly or indirectly, any of the Securities in the United States or to U.S. Persons.
- xxi. The current structure of this transaction and all transactions and activities contemplated hereunder, and the Purchaser's participation therein, is not a scheme to avoid the registration requirements of the 1933 Act.

**b. Reliance, indemnity and notification of changes**

The representations and warranties in this Subscription Agreement (including the first (cover) page and the other schedules and appendices incorporated by reference) are made by the Purchaser with the intent that they be relied upon by the Issuer in determining its suitability as a purchaser of the Securities, and the Purchaser hereby agrees to indemnify the Issuer and its directors, officers, agents and employees against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur as a result of reliance thereon. The Purchaser undertakes to notify the Issuer immediately of any change in any representation, warranty or other information relating to the Purchaser set forth in the Subscription Agreement (including the first (cover) page and the other schedules and appendices incorporated by reference) which takes place prior to the Closing.

**c. Survival of representations and warranties**

The representations and warranties contained in this Section will survive the Closing.

**6. ISSUER'S COVENANTS, REPRESENTATIONS AND WARRANTIES**

- a. The Issuer covenants, represents and warrants to and with the Purchaser as follows:
  - i. the Issuer will promptly comply with all filing and other requirements under all applicable securities laws in connection with the Private Placement;
  - ii. on the Closing Date, the Issuer will have taken all necessary steps to duly and validly create and issue the Units;
  - iii. the Issuer is a valid and subsisting corporation incorporated and in good standing under the laws of Anguilla, British West Indies;

- iv. the Issuer is duly registered and licensed to carry on business in the jurisdiction in which it carries on business or owns property where required under the laws of the jurisdiction;
- v. this Subscription Agreement has been or will be by the Closing, duly authorized by all necessary corporate action on the part of the Issuer, and the Issuer has or will have by the Closing full corporate power and authority to undertake the Private Placement;
- vi. The Shares will, upon issue and delivery, be validly issued as fully paid and non-assessable and the Warrant Shares will be duly and validly allotted and authorized to be issued as fully paid and non-assessable upon receipt by the Issuer of full payment therefor;
- vii. The Issuer has filed all forms, reports, documents and information required to be filed by it, whether pursuant to applicable securities laws or otherwise, with the Exchange (or one of its predecessors) or the applicable securities regulatory authorities (the "Disclosure Documents"). As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (System for Electronic Document Analysis and Retrieval) (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the applicable securities laws; and (ii) none of the Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- viii. The financial statements of the Issuer contained in the Disclosure Documents: (i) complied as to form in all material respects with the published rules and regulations under the applicable securities laws; (ii) were reported in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, as the case may be; and (iii) present fairly the consolidated financial position of the Issuer and its subsidiaries, if any, as of the respective dates thereof and the consolidated results of operations of the Issuer and its subsidiaries, if any, for the periods covered thereby;
- ix. There is no "material fact" or "material change" (as those terms are defined in the BC Act) in the affairs of the Issuer that has not been generally disclosed to the public; and
- x. This Subscription Agreement constitutes a binding and enforceable obligation of the Issuer, enforceable in accordance with its terms.

**b. Survival of representations and warranties**

The representations and warranties of the Issuer contained in this section will survive the Closing.

**7. RESALE RESTRICTIONS**

- a. The Purchaser acknowledges that the Securities will be subject to restrictions on resale imposed by NI 45-102 and other applicable securities legislation until:

- i. the applicable statutory hold period has expired, which in Canada will be four months from the Closing Date; or
  - ii. a further statutory exemption under the BC Act or applicable securities legislation is available to the Purchaser and the prior consent of the Exchange is obtained; or
  - iii. an appropriate discretionary order is obtained under applicable securities legislation and the prior consent of the Exchange is obtained; or
  - iv. the Purchaser, if a "control person" (as defined under applicable securities legislation), has satisfied all conditions relating to sales by control persons set out in NI 45-102.
- b. The Purchaser agrees to consult his own legal advisors regarding the statutory resale restrictions applicable to the Securities before the resale of any of the Securities.
- c. The certificates representing the Securities will bear the following legends denoting the resale restrictions imposed by NI 45-102, and the Exchange:

*“Unless permitted under securities legislation, the holder of this security must not trade the security before [insert the date that is four months and a day after the distribution date].”*

*“Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert the date that is four months and a day after the distribution date].”*

The Purchaser agrees to sell, assign, or transfer the Securities only in accordance with these legends and the requirements of NI 45-102, other applicable securities legislation and the Exchange.

- d. If the Purchaser is a resident of the United States or is purchasing the Securities in the United States, in addition to the foregoing legends the certificates representing the Securities will bear one or more legends denoting the resale restrictions imposed by applicable United States securities legislation and regulations. The Purchaser agrees to sell, assign, or transfer the Securities only in accordance with these legends and the requirements of NI 45-102, other applicable securities legislation and the Exchange.

## **8. FINDERS' FEES**

- a. The Purchaser acknowledges that the Issuer may pay finders' fees to persons in respect of the Private Placement, subject to the rules and policies of the Exchange.

## **9. SUBSCRIPTION**

- a. This subscription is irrevocable, subject to acceptance hereof by the Issuer.
- b. The Purchaser hereby authorizes and directs the Issuer to deliver certificates representing the Securities to be issued to such Purchaser pursuant to this Subscription Agreement to the residential or business address indicated in this subscription.

- c. This subscription may be accepted in whole or in part by the Issuer at its sole discretion and the right is reserved to the Issuer at its sole discretion to allot to any Purchaser less than the amount of Units subscribed for. Confirmation of acceptance or rejection of this subscription will be forwarded to the Purchaser promptly after the acceptance or rejection of the subscription by the Issuer. If this subscription is rejected in whole, the funds delivered by the Purchaser to the Issuer representing the purchase price for the Units subscribed for herein will be promptly returned to the same account from which the funds were drawn, without interest or penalty. If this subscription is accepted only in part, the funds representing the portion of the purchase price representing that portion of the subscription for the Units which is not accepted will promptly be similarly returned.

## **10. CLOSING DATE**

- a. The Closing Date will take place a date to be determined by the Issuer.
- b. On the Closing Date, subject to section 4.a., the Issuer will issue and deliver to the Purchaser the certificates representing the Shares and Warrants purchased by the Purchaser registered as instructed on page 3 of this Agreement.

## **11. COLLECTION OF PERSONAL INFORMATION**

- a. The Purchaser (on its own behalf and, if applicable, on behalf of any person for whose benefit the Purchaser is subscribing) acknowledges and consents to the collection by the Issuer of the Purchaser's (and any beneficial purchaser's) personal information for the purpose of completing the Purchaser's subscription. The Purchaser (on its own behalf and, if applicable, on behalf of any person for whose benefit the Purchaser is subscribing) acknowledges and consents to the Issuer retaining the personal information for as long as permitted or required by applicable law or business practices. The Purchaser (on its own behalf and, if applicable, on behalf of any person for whose benefit the Purchaser is subscribing) further acknowledges and consents to the Issuer disclosing as required by applicable securities laws, stock exchange rules, and IDA rules to regulatory authorities, or to other authorities pursuant to the Proceeds of Crime (Money Laundering) Act (Canada), any personal information provided by the Purchaser respecting itself (and any beneficial purchaser). The Purchaser represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of all beneficial purchasers.
- b. Furthermore, the Purchaser is hereby notified that:
  - A. the Issuer may deliver to the Commissions certain personal information pertaining to the Purchaser, including such Purchaser's full name, residential address and telephone number, the number of Units purchased by the Purchaser and the total purchase price paid for such Units, the prospectus exemption relied on by the Issuer and the date of distribution of the Units,
  - B. such information is being collected indirectly by the Commissions under the authority granted to it in securities legislation,
  - C. such information is being collected for the purposes of the administration and enforcement of the securities legislation of the applicable province, and



the Purchaser may contact the appropriate Information Officer or other designated public official at each Commission with respect to questions about such Commission's indirect collection of such information.

## 12. CONSENT

- a. By executing this Subscription Agreement, the Purchaser (on its own behalf and, if applicable, on behalf of each beneficial purchaser on whose behalf the Purchaser is acting) acknowledges and expressly consents to:
  - i. the disclosure of Personal Information by the Issuer to the Exchange (as defined in Exchange Appendix 6A) pursuant to Form 4B; and
  - ii. the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

For the purposes of this section 12, "Personal Information" means any information about the Purchaser, and includes information contained in Part II Items 8, 9, 10 and Part IV Item 3(a), as applicable, of Form 4B, and "Form 4B" means Exchange Form 4B entitled Private Placement Notice Form.

## 13. NOTICE

- a. Any notice under this Agreement will be given in writing and must be delivered, sent by email, or mailed by prepaid post and addressed to the party to which notice is to be given at the address indicated above, or at another address designated by the party in writing.
- b. If notice is sent by facsimile transmission or is delivered, it will be deemed to have been given at the time of transmission or delivery.
- c. If notice is mailed, it will be deemed to have been received 48 hours following the date of mailing of the notice.
- d. If there is an interruption in normal mail service due to strike, labour unrest, or other cause at or prior to the time a notice is mailed, the notice will be sent by facsimile transmission or will be delivered.

## 14. MISCELLANEOUS

- a. A party may not assign this Agreement without the other party's written consent.
- b. All references to currency refer to Canadian dollars unless otherwise stated.
- c. Time is of the essence of this Agreement and will be calculated in accordance with the provisions of the *Interpretation Act* (British Columbia).
- d. Except as expressly provided in this Agreement and in the agreements, instruments, and other documents contemplated or provided for herein, this Agreement contains the entire agreement between the parties regarding the Units and there are no other terms, conditions, representations, or warranties, whether expressed, implied, oral, or written, by statute, by common law, by the Issuer, or by anyone else.

- e. The parties to this Agreement may amend this Agreement only in writing.
- f. This Agreement enures to the benefit of and is binding on the parties to this Agreement and their successors and permitted assigns.
- g. This Agreement is to be read with all changes in gender or number required by the context.
- h. This Agreement will be governed by and construed in accordance with the laws of British Columbia and the parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of British Columbia with respect to any dispute related to this Agreement.
- i. The parties may sign this Agreement in any number of counterparts all of which, when taken together, will be deemed to be one and the same document. This Agreement may delivered by courier, facsimile or scanned email, which shall constitute effective delivery.
- j. All costs and expenses incurred by the Purchaser (including any fees and disbursements of any special counsel obtained by the Purchaser) relating to the sale of the Securities to the Purchaser shall be borne by the Purchaser.

END OF SCHEDULE "A"



## FORM 4C

# CORPORATE PLACEE REGISTRATION FORM

This Form will remain on file with the Exchange and must be completed if required under section 4(b) of Part II of Form 4B. The corporation, trust, portfolio manager or other entity (the “Placee”) need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) or, if applicable, Declarations, with the Exchange.

1. Placee Information:
  - (a) Name: \_\_\_\_\_
  - (b) Complete Address: \_\_\_\_\_  
\_\_\_\_\_
  - (c) Jurisdiction of Incorporation or Creation: \_\_\_\_\_
  
2.
  - (a) Is the Placee purchasing securities as a portfolio manager: (Yes/No)? \_\_\_\_\_
  - (b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? \_\_\_\_\_
  
3. If the answer to 2(b) above was “Yes”, the undersigned certifies that:
  - (a) It is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client’s express consent to a transaction;
  - (b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a “portfolio manager” business) in \_\_\_\_\_ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

Appendix I

Corporate Placee Form

- (c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;
  - (d) the total asset value of the investment portfolios it manages on behalf of clients is not less than \$20,000,000; and
  - (e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.
4. If the answer to 2(a). above was “No”, please provide the names and addresses of Control Persons of the Placee:

<b>Name *</b>	<b>City</b>	<b>Province or State</b>	<b>Country</b>

\* If the Control Person is not an individual, provide the name of the individual that makes the investment decisions on behalf of the Control Person.

5. Acknowledgement - Personal Information and Securities Laws

- (a) "Personal Information" means any information about an identifiable individual, and includes information contained in sections 1, 2 and 4, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (i) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Form; and
  - (ii) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.
- (b) The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions.

Dated and certified (if applicable), acknowledged and agreed, at \_\_\_\_\_  
\_\_\_\_\_ on \_\_\_\_\_

\_\_\_\_\_  
(Name of Purchaser - please print)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Official Capacity - please print)

\_\_\_\_\_  
(Please print name of individual whose signature appears above)

**THIS IS NOT A PUBLIC DOCUMENT**

**APPENDIX II**  
**CERTIFICATE OF PURCHASERS**

In addition to the covenants, representations and warranties contained in the Subscription Agreement, to which this Appendix II – Certificate of Purchasers is attached, the undersigned Purchaser (or the Purchaser on behalf of one or more beneficial purchasers for whom the Purchaser is purchasing as principal) covenants, represents and warrants to the Issuer that the Purchaser (or one or more beneficial purchasers for whom the Purchaser is purchasing as principal) **(i) qualifies under Category 1 – Accredited Investor as an "accredited investor" as defined in NI 45-106 and has checked the appropriate box below, or (ii) qualifies under Category 2 - Minimum \$150,000 Investment, and has checked the appropriate box below, or (iii) qualifies under Category 3 as "Family, friends and business associates" as required by section 2.5 of NI 45-106 and has checked the appropriate box below; or (iv) for Ontario residents only, qualifies under Category 4 as "Founder, control person and family as required by section 2.7 of NI 45-106 and has checked the appropriate box below.**

**CATEGORY 1 - Accredited Investor**

- \_\_\_\_\_ . except in Ontario, a Canadian financial institution, or a Schedule III bank;
- \_\_\_\_\_ a.1 in Ontario, a financial institution that is (i) a bank listed in Schedule I, II or III of the *Bank Act* (Canada); (ii) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of the *Securities Act* (Ontario); or (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;
- \_\_\_\_\_ . the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- \_\_\_\_\_ . a subsidiary of any person referred to in paragraphs (a), (a.1) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- \_\_\_\_\_ . a person or company registered under the securities legislation of a jurisdiction (province or territory) of Canada as an adviser or dealer, except as otherwise prescribed by the regulations;
- \_\_\_\_\_ . an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- \_\_\_\_\_ e.1 an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- \_\_\_\_\_ . the Government of Canada or a jurisdiction (province or territory) of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction (province or territory) of Canada;
- \_\_\_\_\_ . a municipality, public board or commission in Canada or a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;

- \_\_\_\_\_ . any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or an agency of that government;
- \_\_\_\_\_ . a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction (province or territory) of Canada;
- \_\_\_\_\_ . an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;
- \_\_\_\_\_ j.1 an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;
- \_\_\_\_\_ . an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
- \_\_\_\_\_ . an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;
- \_\_\_\_\_ . a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
- \_\_\_\_\_ . an investment fund that distributes or has distributed its securities only to:
  - i. a person that is or was an accredited investor at the time of the distribution;
  - ii. a person that acquires or acquired securities in the circumstances referred to in sections 2.10 of NI 45-106 [*Minimum amount investment*], or 2.19 of NI 45-106 [*Additional investment in investment funds*], or
  - iii. a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of NI 45-106 [*Investment fund reinvestment*];
- \_\_\_\_\_ . an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator, or, in Québec, the securities regulatory authority has issued a receipt;
- \_\_\_\_\_ . a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- \_\_\_\_\_ . a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- \_\_\_\_\_ . a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- \_\_\_\_\_ . an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;

- \_\_\_\_\_ . a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;
- \_\_\_\_\_ . an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- \_\_\_\_\_ . a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- \_\_\_\_\_ . a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

**CATEGORY 2 - Minimum \$150,000 Investment**

- \_\_\_\_\_ a. Purchasing securities having an acquisition cost of not less than \$150,000 paid in cash and was not created or used solely to purchase securities in reliance on the exemption from the dealer registration requirement or prospectus requirement available under section 2.10 of NI 45-106;

**CATEGORY 3 – Family, friends and business associates (NOT APPLICABLE FOR ONTARIO RESIDENT PURCHASERS)**

- \_\_\_\_\_ a. a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer;
- \_\_\_\_\_ b. a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer, namely \_\_\_\_\_;  
*(name of director, executive officer or control person)*
- \_\_\_\_\_ c. a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer or control person of the Issuer or of an affiliate of the Issuer, namely \_\_\_\_\_;  
*(name of director, executive officer or control person)*
- \_\_\_\_\_ d. a close personal friend\* of a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer, namely \_\_\_\_\_;  
*(name of director, executive officer or control person)*
- \_\_\_\_\_ e. a close business associate\*\* of a director, executive officer or control person of the Issuer, or of an affiliate of the Issuer, namely \_\_\_\_\_;  
*(name of director, executive officer or control person)*
- \_\_\_\_\_ f. a founder of the Issuer or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend\* or close business associate\* of a founder of the



Issuer, namely \_\_\_\_\_;  
(name of founder)

\_\_\_\_\_ g. a parent, grandparent, brother, sister, child or grandchild of the spouse of a founder of the Issuer, namely \_\_\_\_\_;  
(name of founder)

\_\_\_\_\_ h. a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (a) to (g);

\_\_\_\_\_ i. a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (a) to (g);

\*where used in this Certificate, "close personal friend" means an individual who has known the named director, executive officer, control person or founder well enough and for a sufficient period of time to be in a position to assess the capabilities and trustworthiness of that person. The term "close personal friend" can include a family member who is not already specifically identified in paragraphs (b), (c), (f) or (g) if the family member otherwise meets the criteria described above. An individual's relationship with the named director, executive officer, control person or founder must be direct. An individual is not a "close personal friend" solely because that individual is a relative, a client, customer, former client or former customer of, or is a member of the same organization, association or religious group as, the named director, executive officer, control person or founder.

\*\*where used in this Certificate, "close business associate" means an individual who has had sufficient prior business dealings with the named director, executive officer, control person or founder to be in a position to assess the capabilities and trustworthiness of that person. An individual's relationship with the named director, executive officer, control person or founder must be direct. An individual is not a "close business associate" solely because that individual is a client, customer, former client or former customer of, or is a casual business associate of, or is a person introduced or solicited for the purpose of purchasing securities by, the named director, executive officer, control person or founder

**CATEGORY 4 – Founder, control person and family (ONTARIO RESIDENTS ONLY)**

\_\_\_\_\_ a. a founder of the Issuer;

\_\_\_\_\_ b. an affiliate of a founder of the Issuer, namely \_\_\_\_\_;  
(name of founder)

\_\_\_\_\_ c. a spouse, parent, brother, sister, grandparent, child or grandchild of an executive officer, director or founder of the Issuer, namely \_\_\_\_\_  
(name of executive officer, director, or control person)

\_\_\_\_\_ d. a person that is a control person of the Issuer;

"financial assets" means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation

"fully managed account" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

"person" includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

- (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

**"related liabilities"** means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (b) liabilities that are secured by financial assets;

**"spouse"** means, an individual who,

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual, or
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender;

The representations, warranties, statements and certification made in this Certificate are true and accurate as of the date of this Certificate and will be true and accurate as of the Closing. If any such representation, warranty, statement or certification becomes untrue or inaccurate prior to the Closing, the undersigned Purchaser shall give the Issuer immediate written notice thereof.

The Purchaser acknowledges that the Issuer will be relying on this Certificate in connection with the Subscription Agreement.

The statements made on this certificate are true.

EXECUTED by the Purchaser at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**If a corporation, partnership or other entity:**

**If an individual:**

\_\_\_\_\_  
*Signature of Authorized Signatory*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name and Position of Signatory*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Name of Purchasing Entity*

\_\_\_\_\_  
*Jurisdiction of Residence*

\_\_\_\_\_  
*Jurisdiction of Residence*

**APPENDIX II-A**

***Form for Non-U.S. Individual Accredited Investors***

**WARNING TO INVESTORS**

**This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.**

<b>SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>1. About your investment</b>	
Type of securities: <i>Units</i>	Issuer: Shoal Games Ltd.
Purchased from: Shoal Games Ltd.	
<b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b>	
<b>2. Risk acknowledgement</b>	
This investment is risky. Initial that you understand that:	<b>Your Initials</b>
<b>Risk of loss</b> - You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> - You may not be able to sell your investment quickly - or at all.	
<b>Lack of information</b> - You may receive little or no information about your investment.	
<b>Lack of advice</b> - You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	
<b>3. Accredited investor status</b>	
You must meet at least <b>one</b> of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
<ul style="list-style-type: none"> <li>Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	
<ul style="list-style-type: none"> <li>Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	

<ul style="list-style-type: none"><li>• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li></ul>	
<b>4. Your name and signature</b>	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>6. For more information about this investment</b>	
Shoal Games Ltd. _____ _____	
Telephone: _____	
<b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b>	

### APPENDIX III

#### DECLARATION OF U.S. ACCREDITED INVESTOR STATUS

*Each Purchaser in the United States or is a "U.S. Person" as defined in Regulation S promulgated pursuant to the United States Securities Act of 1933 is required to complete and execute the following acknowledgment.*

TO: **Shoal Games Ltd.** (the "Issuer")

RE: Private Placement of Units

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The undersigned subscriber (the "**Subscriber**") for units (the "**Securities**") of the Issuer, as set out in the attached subscription (the "**Subscription**"), hereby acknowledges, represents, warrants, covenants, declares and certifies to and with the Issuer that the Subscriber:

1. has reviewed and understood all of the terms of the Subscription, and in particular that:
  - (a) the Securities have not been and will not be registered under the United States *Securities Act of 1933* (the "1933 Act"), as amended, or any applicable State securities laws and may not be offered or sold in the United States or to U.S. Persons without registration under the 1933 Act and any applicable State securities laws, unless an exemption from registration is available;
  - (b) the certificates representing any Securities will bear such legends restricting resale and transferability as may be required under applicable law and regulatory requirements;
2. understands that this transaction is being made in reliance on an exemption from the registration requirements of the *1933 Act*, and that the Issuer is relying on the acknowledgments, representations, warranties and covenants made by the Subscriber herein and in the Subscription to effect the transaction;
3. is acquiring the Securities as principal for its own account and not for the benefit of any other person, and not with a view to any resale, distribution or other disposition of the Securities in the United States, to U.S. Persons or otherwise in violation of United States securities laws;
4. has not purchased the Securities as a result of, and will not itself engage or abet in, any "directed selling efforts" (as defined in the *1933 Act*) in the United States in respect of the Securities, which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Securities;
5. has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment, including investment in companies in the development stage, and that it is able to fend for itself and is able to bear the economic risk of loss of the investment;
6. is an "accredited investor" as defined in the *1933 Act* by virtue of satisfying one or more of the following categories (please place an "X" on each appropriate box):  
  
 **Category 1.** Any director or executive officer of the Issuer;

- Category 2.** Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase, exceeds \$1,000,000;
  - Category 3.** Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching that same income level in the current year;
  - Category 4.** Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
  - Category 5.** Any private business development company as defined in Section 202(a)(22) of the *Investment Advisers Act of 1940*;
  - Category 6.** Any bank as defined in Section 3(a)(2) of the *1933 Act*, or any savings and loan association or other institution as defined in Section 3(a)(5)A of the *1933 Act* whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the *1934 Act*; any insurance company as defined in Section 2(13) of the *1933 Act*; any investment company registered under the *Investment Company Act of 1940* or a business development company as defined in Section 2(a)(48) of the *1933 Act*; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the *Small Business Act of 1958*; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees if such plan has total assets in excess of \$5,000,000; and an employee benefit plan within the meaning of Title I of the *Employee Retirement Income Security Act of 1974* if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of said Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
  - Category 7.** Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 230.506(b)(2)(ii) of Regulation D under the *1933 Act*;
  - Category 8.** Any self-directed employee benefit plan with investment decisions made solely by persons that are accredited investors within the meaning of Rule 501 of Regulation D promulgated under the *1933 Act*; or
  - Category 9.** Any entity in which all of the equity owners are accredited investors;
7. was not, if other than an individual, organized for the purpose of acquiring the Securities;
  8. understands that its investment involves an extraordinarily high degree of risk and that it may have to bear the economic risk of its investment in the Securities for an indefinite period of time, and the Subscriber can afford the complete loss of its investment;
  9. understands that no public market exists for the Securities in the United States, and the Issuer made no assurances that a public market will ever exist for the Securities in the United States;
  10. has not purchased the Securities as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio or television, or any seminar or meeting where attendees have been invited by general solicitation or general advertising; and

11. \_\_\_\_\_ is resident in the jurisdiction set out on the signature page hereof.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

_____	)	_____
Signature of Witness	)	Signature of Subscriber or Signatory thereof
	)	_____
	)	If applicable, print Name and Office of Signatory
	)	_____
	)	Print Name of Subscriber
	)	_____
	)	Street Address
	)	_____
	)	City, Province and Postal Code