



## NOTICE OF ANNUAL GENERAL & SPECIAL MEETING OF SHAREHOLDERS

**TAKE NOTICE** that an Annual General and Special Meeting (the “Meeting”) of the Shareholders of **KERMODE RESOURCES LTD.** (the “Company”) will be held in the Boardroom of Owen Bird Law Corporation, Suite 2900 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J5, on Tuesday, August 10, 2021 at 10:30 a.m. (Vancouver time) for the following purposes:

1. To receive the consolidated Financial Statements of the Company for the financial years ended October 31, 2018, October 31, 2019 and October 31, 2020, together with the auditor’s reports thereon.
2. To set the number of directors for the ensuing year at three (3).
3. To elect directors for the ensuing year or until their successors have been duly elected or appointed.
4. To re-appoint Davidson & Company LLP, as the auditor of the Company for the ensuing year and to authorize the directors to fix their remuneration.
5. To approve and ratify the Company’s 10% rolling Stock Option Plan.
6. To approve the adoption of new Articles of the Company.
7. To transact such other business as may be properly transacted at the Meeting or at any adjournment thereof.

Accompanying this Notice of Meeting is an Information Circular which provides additional information relating to matters to be dealt with at the Meeting. You have the right to vote your shares if you were a shareholder of the Company on June 28, 2021, the record date fixed for the Meeting. If you are unable to attend the Meeting in person, you may still vote by submitting a proxy. For information on how to vote please refer to the Information Circular, as well as the instructions contained in the instrument of proxy or voting instruction form which have been sent to you pursuant to the “Notice-and-Access” system.

If you have questions relating to the Meeting, please contact the Company by telephone at 604-687-7178 or by email at [info@kermode.com](mailto:info@kermode.com).

**DATED** at Vancouver, British Columbia, this 28<sup>th</sup> day of June, 2021.

**BY ORDER OF THE BOARD**

*“Donald G. Moore”*

Director and CEO



## INFORMATION CIRCULAR

### FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 10, 2021

This information is given as of June 28, 2021 unless otherwise noted.

#### DATE OF INFORMATION

Information contained in this Information Circular (the “Information Circular” or “Circular”) is as of June 28, 2021 unless otherwise indicated. This Information Circular has been approved by the board of directors of the Company (the “Board”).

#### PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of the Company (“Management”) for use at the Annual General and Special Meeting (the “Meeting”) of the shareholders of the Company, to be held on August 10, 2021, at the time and place and for the purposes set forth in the Notice of Annual General and Special Meeting of Shareholders and at any adjournment thereof.

The solicitation will be made using the Notice-and-Access process described below, and by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised in writing that they intend to oppose any action intended to be taken as set forth in this Information Circular.

#### NOTICE-AND-ACCESS PROCESS

The Company is using the “Notice-and-Access” process provided for under Canadian securities laws for the delivery of Meeting materials to shareholders of the Company. The Company has adopted this alternative means of delivery to help reduce paper use and also reduce printing and mailing costs.

Under Notice-and-Access, instead of receiving paper copies of the Meeting materials, shareholders will receive a Notice-and-Access notice package containing: (i) the relevant form of Proxy (“Proxy”) or Voting Instruction Form (“VIF”); and (ii) a notification setting out the date, time and location of the Meeting; a description of the matters to be voted on at the Meeting; an explanation of the Notice-and-Access process; information on how the Meeting materials can be accessed online; and instructions on how to obtain a paper copy of the Meeting materials.

The Meeting materials will be available on the Company’s website [www.kermode.com](http://www.kermode.com) as of July 7, 2021 and will remain on the website for one full year thereafter. The Meeting materials will also be available online under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) as of July 7, 2021.

#### APPOINTMENT OF PROXIES

The persons named in the instrument of Proxy are designated as proxyholders by the Board. **A shareholder wishing to appoint another person (who need not be a shareholder) to represent them at the Meeting may do so either by inserting such person’s name in the blank space provided in the form of Proxy or by completing another proper form of Proxy and, in either case, delivering the completed form of Proxy to the Company’s transfer agent, Computershare Investor Services Inc., 8<sup>th</sup> floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any**

**adjournment thereof duly authorized, unless the chairman of the Meeting elects to exercise his discretion to accept Proxies received subsequently.**

Telephone voting can be completed at 1-866-732-VOTE (1-866-732-8683) and internet voting can be completed at [www.investorvote.com](http://www.investorvote.com).

### **VOTING OF PROXIES**

**The shares represented by a properly executed Proxy will be voted or withheld from voting by the designated Proxyholder in accordance with the instructions of the shareholder appointing him or her on any ballot that may be called for, and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. If there are no instructions provided by the shareholder, those shares will be voted in favour of all proposals set out in this Information Circular.** The form of Proxy gives the person named in it the discretion to vote as they see fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. As of the date of this Information Circular, the Board knows of no other matters which may come before the Meeting.

### **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a form of Proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by an attorney authorized in writing or, if the registered shareholder is a Company, under its corporate seal or by an officer or attorney thereof duly authorized.

The instrument revoking the Proxy must be deposited: (i) at the registered office of the Company, Suite 2900 - 595 Burrard Street, Vancouver, B.C. V7X 1J5 at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof duly authorized; or (ii) with the chairman of the Meeting on the day of the Meeting.

Only registered shareholders have the right to revoke a Proxy. Non-registered shareholders who wish to change their vote must, at least 7 days before the Meeting, arrange for their respective Intermediaries to change their voting instructions.

### **NON-REGISTERED (BENEFICIAL) SHAREHOLDERS**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** However, most shareholders of the Company are “non-registered” shareholders (“Non-Registered Holder”) because the shares they own are not registered in their names but instead are registered in the name of a nominee such as a brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is a Non-Registered Holder in respect of shares which are held either: (i) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Ltd. (“CDS”)) of which the Intermediary is a participant.

Non-Registered Holders fall into two categories: (i) those who object to their identity being made known to the Company, referred to as “objecting beneficial owners” (“OBOs”); and (ii) those who do not object to their identity being made known to the Company, referred to as “non-objecting beneficial owners” (“NOBOs”).

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a NOBO, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

NOBOs will receive a Voting Instruction Form (“VIF”). This form is instead of a Proxy and is intended to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. By returning the VIF in accordance with the instructions noted on it, a Non-Registered Holder is able to instruct the Intermediary how to vote on behalf of the Non-Registered Shareholder. If a Non-Registered Holder who receives a VIF wishes to attend the Meeting or have someone else attend on their behalf, the Non-Registered Holder may appoint a nominee as set out in the VIF instructions, which will grant the Non-Registered Holder or their nominee the right to attend and vote at the Meeting. Only registered shareholders have the right to revoke a Proxy. Non-Registered Holders who wish to change their vote must, at least seven days before the Meeting, arrange for their Intermediaries to change their vote.

The Company does not intend to pay for Intermediaries to deliver Meeting materials to OBOs, therefore OBOs will not receive Meeting materials unless their Intermediary assumes the cost of delivery.

**Non-Registered Holders should carefully follow the instructions provided in the VIF, including those regarding when and where the VIF is to be delivered.**

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, save and except for those matters pertaining to the Election of Directors and Stock Option Plan.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The authorized capital of the Company consists of an unlimited number of common shares without par value.

The Company has fixed the close of business on June 28, 2021 as the record date (the “Record Date”) for the purposes of determining shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 90,497,373 common shares were issued and outstanding. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each common share of which he, she or it is the holder. The Company has no other classes of voting securities.

In accordance with the provisions of the *Business Corporations Act* (British Columbia), the Company will prepare a list of the holders of common shares on the Record Date. Each holder of common shares named on the list will be entitled to vote the common shares shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and senior officers of the Company, as of the Record Date, no person or company beneficially owns, directly or indirectly or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

The above information was provided by Management of the Company and the Company’s registrar and transfer agent as of the Record Date.

### **QUORUM AND VOTES NECESSARY TO PASS RESOLUTIONS**

Under the Company’s Articles, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued common shares entitled to be voted at the Meeting. A simple majority of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required in order to pass an ordinary resolution. A majority of two-thirds of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required to pass a special resolution.

## ANNUAL FINANCIAL STATEMENTS

The audited consolidated Financial Statements of the Company for the years ended October 31, 2019 and October 20, 2020, together with the Auditor's reports thereon, which have been filed on SEDAR at [www.sedar.com](http://www.sedar.com), will be presented to the shareholders at the Meeting. Shareholders wishing to obtain copies of the Company's audited consolidated Financial Statements and related Management's Discussion and Analysis may obtain a copy, free of charge, from the Company's profile on SEDAR, the Company's website at [www.kermode.com](http://www.kermode.com) or by contacting the Company at 244 – 470 Granville Street, Vancouver, B.C. V6C 1V5; Tel: 604-687-7178.

### ELECTION OF DIRECTORS

Management is nominating three (3) individuals to stand for election as directors.

The directors of the Company are elected annually and hold office until the next annual general meeting of the Shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by Management will be voted "for" the nominees listed in this Information Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Province/State and Country of Residence and Other Positions, if any, held with the Company	Date First Became a Director	Principal Occupation	Number of Shares <sup>1</sup>
<b>Donald G. Moore</b> <sup>2</sup> British Columbia, Canada <i>Director, CEO</i>	July 18, 1997	Independent consultant to junior mining companies in British Columbia since 1989; CEO and Director of Playfair Mining Ltd. (TSX-V company).	5,524,500
<b>D. Neil Briggs</b> <sup>2</sup> British Columbia, Canada <i>Director</i>	May 31, 1995	Geologist; Director of and Playfair Mining Ltd. (TSX-V company).	4,285,750
<b>Peter Newton Bell</b> <sup>2</sup> British Columbia, Canada <i>Director</i>	December 31, 2019	Peter Bell has been involved in the promotional side of the junior mining business since 2016. He is a private investor in public companies and private ventures with prospectors through his company, Newton Bell Holdings Ltd. He is the sole director and executive for Arizona King Mining Inc., which holds a property option on two old mines in Arizona. He also works as a marketing consultant for public companies. In 2012, he graduated from UBC Institute of Applied Mathematics with a degree in finance and has 38 technical papers published on the RePEC archive online.	5,000,000

<sup>1</sup> The information as to number of shares beneficially owned or controlled has been furnished by the respective nominees

<sup>2</sup> Member of Audit Committee

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

No proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

## STATEMENT OF EXECUTIVE COMPENSATION

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) the Company’s most highly compensated executive officers, including any of the Company’s subsidiaries, or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the financial years ended October 31, 2018, October 31, 2019 and October 31, 2020, the Company had two Named Executive Officers: (i) Donald G. Moore, CEO and (ii) Ricardo Ho, CFO.

### **Oversight and Description of Director and Named Executive Officer Compensation**

The directors do not receive any regular fees their acting as directors, except that directors may be compensated for consulting services within their area of expertise.

### **COMPENSATION DISCUSSION AND ANALYSIS**

The only compensation paid by the Company to the NEO’s in the most recently completed financial year consisted of: (i) payment to the CFO for services rendered, based on a fees-for-services rendered basis; and (ii) payment to the CEO of management fees. No incentive stock options were granted under the Company’s Stock Option Plan. See “Table of Compensation excluding Compensation Securities” below for details of the payments made to the directors and Named Executive Officers for the financial years ended October 31, 2018, October 31, 2019 and October 31, 2020.

### **Compensation Governance**

The Company’s process for determining executive compensation relies solely on Board discussion without formally enumerated objectives as to measurement of performance. The Company does not have cash flow from operations, and relies on raising equity capital for continuing its business objectives. As such, the Board’s decision on determining compensation is based on available cash resources.

### **Director and Named Executive Officer Compensation**

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long-term compensation for services paid to or earned by each NEO and director for the three most recently completed financial years, excluding compensation securities.

*All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.*

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Donald G. Moore</b> <i>Director, CEO</i>	2020	nil	nil	nil	nil	nil	nil
	2019	\$30,000	nil	nil	nil	nil	\$30,000
	2018	nil	nil	nil	nil	nil	nil
<b>Ricardo Ho</b> <i>CFO</i>	2020	\$ 5,000	nil	nil	nil	nil	\$ 5,000
	2019	\$ 2,500	nil	nil	nil	nil	\$ 2,500
	2018	\$12,500	nil	nil	nil	nil	\$12,500
<b>D. Neil Briggs</b> <i>Director</i>	2020	nil	nil	nil	nil	nil	nil
	2019	\$30,000	nil	nil	nil	nil	\$30,000
	2018	nil	nil	nil	nil	nil	nil
<b>Peter Newton Bell</b> <sup>1</sup> <i>Director</i>	2020	nil	nil	nil	nil	nil	nil
	2019	nil	nil	nil	nil	nil	nil
	2018	n/a	n/a	n/a	n/a	n/a	n/a
<b>Steven Chan</b> <sup>2</sup> <i>Former Director</i>	2020	\$ 500	nil	nil	nil	nil	\$ 500
	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil

1. Peter Newton Bell was appointed a director of the Company on December 31, 2019.
2. Steven Chan served as a director of the Company from January 12, 2011 to December 31, 2019.

### **Stock Option Plans and Other Incentive Plans**

The only compensation securities available to be issued or granted by the Company to its Directors and NEOs during the financial years ended October 31, 2018, October 31, 2019 and October 31, 2020 were incentive stock options under the Company's Stock Option Plan. During those years, the Company did not grant any stock options to its directors or NEOs for services provided or to be provided, directly or indirectly, to the Company. As at the date of this Information Circular, the Company does not have any options outstanding under its Stock Option Plan.

During the financial years ended October 31, 2018, October 31, 2019 and October 31, 2020, no incentive stock options were exercised by any NEO or director. As of October 31, 2020 all previously issued options had expired or been cancelled.

### **Stock Option Plan**

The Company presently has in place a 10% "rolling" stock option plan (the "Stock Option Plan") whereby the Company is authorized to grant stock options of up to 10% of its issued and outstanding shares, from time to time. The purpose of the Plan is to attract and motivate directors, officers, employees and consultants of the Company and thereby advance the Company's interests by affording such person an opportunity to acquire an equity interest in the Company through the stock options.

As at the date of this Information Circular, the Company does not have any options outstanding under the Stock Option Plan. The Company will be seeking shareholder approval at the Meeting to approve renewal of the Stock Option Plan. See "Particulars of Matters to be Acted Upon – Stock Option Plan" below.

### *Material Terms of the Stock Option Plan*

The following information is a description of the material terms of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, a copy of which is attached as Schedule "B" to this Information Circular.

The Stock Option Plan provides that the terms of the options and the option price may be fixed by the Board subject to the price restrictions and other requirements of the TSX Venture Exchange (“TSXV”). The Stock Option Plan also provides that no option may be granted to any person except upon the recommendation of the Board, and only directors, officers, employees, consultants and other key personnel of the Company or any subsidiary may receive options. Options granted under the Stock Option Plan may not be exercisable for a period longer than ten years and the exercise price must be paid in full upon exercise of the option.

The Stock Option Plan is subject to the additional following restrictions:

- (a) if any option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares in respect of which the option expired or terminated shall again be available for the purposes of the Stock Option Plan;
- (b) if an option holder dies, any vested option held by him or her at the date of death will become exercisable by the optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;
- (c) if an option holder ceases to be a director, officer or employed by or provide services to the Company, other than by reason of death, the options granted will expire on the 90th day following the date the option holder ceases to be affiliated with the Company, subject to any regulatory requirements;
- (d) Options granted to directors, employees or consultants will vest when granted unless determined by the Board on a case-by-case basis, other than options granted to consultants performing investor relations activities, which will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period;
- (e) The Stock Option Plan will be administered by the Board who will have the full authority and sole discretion to grant options under the New Plan to any eligible party, including themselves;
- (f) Options granted under the Stock Option Plan shall not be assignable or transferable by an option holder; and
- (g) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Stock Option Plan with respect to all common shares under the Stock Option Plan in respect of options which have not yet been granted under the Stock Option Plan, subject to regulatory approval.

A four month hold period (commencing on the date the stock options are granted) is required for options granted to insiders of the Company or granted at any discount to the Market Price (as defined in TSXV Policy 1.1). Notice of options granted under the Stock Option Plan must be given to the TSXV at the end of each calendar month in which stock options are granted. Any amendments to the Stock Option Plan must also be approved by the TSXV and, if necessary, by the shareholders of the Company prior to becoming effective.

Shareholders will be asked at the Meeting to consider and, if thought fit, pass an ordinary resolution approving the Stock Option Plan. An ordinary resolution is a resolution passed by the Shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

Disinterested shareholder approval of the foregoing resolution is not required because the Stock Option Plan cannot result at any time in: (i) the number of common shares reserved for issuance under stock options granted to insiders exceeding 10% of the issued common shares; (ii) the grant to insiders, within a 12 month period, of a number of options exceeding 10% of the issued common shares; or (iii) the issuance to any one optionee, within a 12 month period, of a number of common shares exceeding 5% of the issued common shares.

The Board considers that the ability to grant incentive stock options is an important component of its compensation strategy and is necessary to enable the Company to attract and retain qualified directors, officers, employees and consultants. The Board therefore recommends that Shareholders vote “**For**” the resolution approving the Company’s Stock Option Plan. Unless otherwise instructed, Proxies given pursuant to the solicitation by Management will be voted “**For**” the Stock Option Plan.

The Stock Option Plan is also subject to receipt of TSXV acceptance to its filing.

### **Other Compensation Plans**

The Company has no other plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

### **Employment, Consulting and Management Agreements**

There were no agreements or arrangements in place under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the company that were:

- (a) performed by a director or named executive officer, or
- (b) performed by any other party but are services typically provided by a director or a named executive officer,

other than the grant of options under the Plan, and the reimbursement of expenses any director or NEO may have incurred on behalf of the Company.

In particular, there were no agreements or arrangement containing provisions with respect to change of control, severance, termination or constructive dismissal.

### **Pension Benefits**

The Company does not have a pension plan that provides for payments or benefits to a director or NEO.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information regarding the number of common shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Stock Option Plan as at October 31, 2020:

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding options #</b>	<b>Weighted-average exercise price of outstanding options \$</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans #</b>
Equity compensation plans approved by security holders	nil	n/a	6,539,737
Equity compensation plans not approved by security holders	n/a	n/a	n/a
<b>Total</b>	nil	n/a	6,539,737

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

- (a) indebted to the Company; or

- (b) indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

other than routine indebtedness.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

The term “informed person” as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

To the knowledge of Management of the Company, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction or in any proposed transaction during the 2020 financial year which has materially affected or will materially affect the Company or any of its subsidiaries.

### **APPOINTMENT OF AUDITOR**

Management proposes to nominate Davidson & Company LLP, Chartered Professional Accountants, for re-appointment as the Company’s auditors for the ensuing year. Accordingly, unless such authority is withheld, the Proxies given pursuant to the solicitation by Management will be voted “**For**” the appointment of Davidson & Company LLP as auditors of the Company for the financial year ending October 31, 2021, and to authorize the directors to fix the auditors’ remuneration.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 51-110 – *Audit Committees* of the Canadian Securities Administrators (“NI 51-110”) requires that the Company, as a venture issuer, disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

#### **Audit Committee Charter**

The text of the Audit Committee’s Charter is attached as Schedule “A” to this Information Circular.

#### **Composition of the Audit Committee**

The Company is required to have an Audit Committee comprised of not less than 3 directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.

The members of the Audit Committee are as follows:

D. Neil Briggs	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Peter Newton Bell	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Donald G. Moore	Not Independent <sup>1</sup>	Financially literate <sup>1</sup>

<sup>1</sup> As defined by NI 52-110.

#### **Relevant Education and Experience**

NI 51-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally

comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. All members of the Audit Committee are financially literate as that term is defined.

Based on their business and educational experiences, each member of the Audit Committee has a reasonable understanding of the accounting principles used by the Company to prepare its financial statements; an ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting. See heading "Principal Occupation, Business or Employment" under "Election of Directors" above for other relevant experience for each member of the Audit Committee.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### **No Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services which are set forth in the Audit Committee Charter under the heading "External Auditors".

### **External Auditor Service Fees (By Category)**

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees<sup>1</sup></b>	<b>Tax Fees<sup>2</sup></b>	<b>All Other Fees<sup>3</sup></b>
2020	\$9,110	nil	\$1,500	nil
2019	\$9,110	nil	\$1,750	nil

<sup>1</sup> Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".

<sup>2</sup> Fees charged for tax compliance, tax advice and tax planning services.

<sup>3</sup> Fees for services other than disclosed in any other column.

### **Venture Issuer Exemption**

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemptions in section 6.1 of NI 52-110 relating to Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) thereof.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines adopted in National Instrument 58-201 ("Guidelines"). These Guidelines are not prescriptive. Corporate governance relates to the activities of the Board of directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of Management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Company's Board of directors is

committed to sound corporate governance practices, which are both in the interests of its shareholders and contribute to effective and efficient decision-making. The Company feels its corporate governance practices are appropriate and effective for the Company, given its relatively small size and limited operations. The Company's method of corporate governance allows for the Company to operate efficiently, with simple checks and balances that control and monitor Management and corporate functions without excessive administrative burden.

### **Board Mandate**

The mandate of the Board is to oversee or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and business plans, reviewing and approving significant capital investments, reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing Management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources.

The Board relies on Management for periodic reports, and to provide the support and information necessary to enable the Board to fulfil its obligations. The Board has delegated certain responsibilities to Management but requires transactions and commitments above a certain threshold to be reviewed and approved by the Board prior to execution. Any responsibility not delegated to senior Management or a Board committee remains with the full Board. One of the Board's responsibilities is to review and, if thought fit, to approve opportunities as presented by Management and to provide guidance to Management. The Board expects Management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity.

### **Board of Directors**

The Board is currently composed of three (3) directors, namely Donald G. Moore, D. Neil Briggs and Peter Newton Bell, each of whom are proposed nominees for election as directors at the Meeting. Reference is made to the table under the heading "Election of Directors" above for a description of the current principal occupations of the members of the Board.

NI 58-101 suggests that the Board of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of Management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. The majority of the current Board are considered to be "independent" within the meaning of NP 58-101.

### **Other Directorships**

The following directors are also currently directors of reporting issuers, other than the Company:

<b>Director</b>	<b>Other Reporting Issuer(s)</b>	<b>Exchange</b>
Donald G. Moore	Playfair Mining Ltd.	TSXV
D. Neil Briggs	Playfair Mining Ltd.	TSXV

### **Orientation and Continuing Education**

New directors are briefed on the Company's overall strategic plans, short-term and long-term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. There is no formal orientation for new members of the Board. This is considered to be appropriate, given the Company's size and current level of operations, the ongoing interaction amongst the directors and the low director turn-over. However, if the growth of the Company's operations warrants it, it is possible that a formal orientation process would be implemented.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector. Board members are encouraged to communicate with Management and auditors to keep themselves current with industry trends and developments and changes in legislation, with Management's assistance. The directors are advised that, if a director believes that it would be appropriate to attend any continuing education event for corporate directors, the Company will pay for the cost thereof. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Board has not adopted a written Code of Ethical Conduct for its directors, officers and employees at this time. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates in the best interests of the Company and its shareholders.

### **Nomination of Directors**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve. As the Company progresses as a business enterprise, the Board will consider its size on an annual basis when it considers the number of directors to recommend to shareholders for election at annual general meetings, taking into account the number required to carry out the Board's duties effectively and to maintain diversity of view and experience.

### **Board Committees**

The Board's only committee is the Audit Committee.

### **Assessments**

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of any individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

## ADOPTION OF NEW CORPORATE ARTICLES

Presently the Company's Articles do not allow for or adequately deal with recent advances and changes in corporate policy. This includes providing for use of the Notice and Access provisions, advance notice provisions for matters pertaining to shareholder meetings, and abilities of the directors to effect certain changes to the capital structure of the Company. As such, it is considered prudent to adopt updated Articles, in the form set forth in Schedule "C" hereto, and the Board recommends that Shareholders vote in favour of adopting the new Articles.

One of the notable changes is the advance notice provisions whereby (i) director nominations can be made by shareholders other than through the requisition of a meeting or a shareholder proposal, and (ii) for any other business to be considered at a shareholders' meeting; in each case in accordance with the *Business Corporations Act* (British Columbia). Among other things, these advance notice provisions fix a deadline by which shareholders must both notify the Company of director nominations and provide information about the proposed nominee as one would have to include in a dissident proxy circular. The Company believes that these advance notice provisions are in the best interests of the Company as they will ensure that an orderly nomination process is observed and that shareholders are well-informed about director nominees in advance of Shareholder meetings. Please see section 14.12 of the Company's proposed Articles in Schedule "C" hereto.

Approval of the adoption of new Articles will be by special resolution which requires approval by a majority of not less than 66 <sup>2</sup>/<sub>3</sub>% of the votes cast in person or by proxy on the matter at the Meeting. The Board recommends that Shareholders vote "**For**" the special resolution to adopt the new Articles. Unless otherwise instructed, Proxies given pursuant to the solicitation by Management will be voted "**For**" the adoption of the new Articles.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. Election of Directors

Shareholders will be asked to vote "**For**" the election of the following directors:

- DONALD G. MOORE
- D. NEIL BRIGGS
- PETER NEWTON BELL

### B. Appointment of Auditor

Shareholders will be asked to vote "**For**" the appointment of Davidson & Company LLP as auditors of the Company for the financial year ending October 31, 2021 and to authorize the directors to fix the auditors' remuneration.

### C. Stock Option Plan

Shareholders will be asked to vote "**For**" the Stock Option Plan and to pass an ordinary resolution in substantially the following form:

"RESOLVED, as an ordinary resolution of the Shareholders of the Company, that the Company's 10% rolling Stock Option Plan, in the form as set forth in Schedule "B" to that Information Circular dated June 28, 2021, be and is hereby ratified, confirmed and approved."

### D. Adoption of New Articles

Shareholders will be asked to vote "**For**" the adoption of the new Articles of the Company by way of a special resolution, in substantially the following form:

"BE IT RESOLVED as a special resolution of the Shareholders of the Company, that:

1. the Articles of the Company be altered by deleting the existing Articles in their entirety and adopting new Articles in the form as set forth in Schedule "C" to that Information Circular dated February 20, 2018;
2. the Company be authorized to revoke this special resolution and abandon or terminate the adoption of new Articles if the Board of directors of the Company deems it appropriate and in the best interests of the Company to do so without further confirmation, ratification or approval of the shareholders; and
3. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including a Notice of Alteration, as may be required to give effect to the true intent of this resolution."

"RESOLVED, as an ordinary resolution, that the Company's 10% rolling stock option plan, in the form as set forth in Schedule "C" to that Information Circular dated June 28, 2021, be and is hereby ratified, confirmed and approved."

#### **OTHER MATTERS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

#### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under "Company Profiles – Kermode Resources Ltd.". The Company's audited Financial Statements and Management's Discussion and Analysis ("MD&A") for the financial years ended October 31, 2018, October 31, 2019 and October 31, 2020 are available for review under the Company's profile on SEDAR. Shareholders may contact the Company to request copies of the Financial Statements and MD&A by mail at 224 - 470 Granville Street, Vancouver, BC, V6C 1V5.

#### **APPROVAL**

The contents of this Information Circular have been approved and its mailing authorized by the directors of the Company.

**DATED** at Vancouver, British Columbia, this 28<sup>th</sup> day of June, 2021.

**ON BEHALF OF THE BOARD  
OF KERMODE RESOURCES LTD.**

*"Donald G. Moore"*

Donald G. Moore  
Director and CEO

**SCHEDULE “A”  
TO INFORMATION CIRCULAR DATED JUNE 28, 2021**



**AUDIT COMMITTEE CHARTER**

**Mandate**

The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting, and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company’s financial reporting and internal control systems and review the Company’s financial statements;
- review and appraise the performance of the Company’s external auditors; and
- provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

**Composition**

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee must be financially literate (having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements).

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders’ meeting.

**Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

**Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

*Documents/Reports Review*

- (a) Review and update this Charter annually.
- (b) Review the Company’s financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

- (c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

*External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors, take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee. Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

**Financial Reporting Processes**

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.

- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**Other**

Review any related-party transactions.

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**SCHEDULE “B”  
TO INFORMATION CIRCULAR DATED JUNE 28, 2021**



**STOCK OPTION PLAN**

**PART 1  
INTERPRETATION**

1.1 Defined Terms. For the purposes of this Plan, the following terms shall have the following meanings:

“**Administrator**” has the meaning ascribed thereto in Section 3.1 hereof;

“**Affiliate**” means a corporation related to another corporation if one of them is the subsidiary of the other, or both are subsidiaries of the same corporation, or each of them is controlled by the same Person;

“**Applicable Laws**” means all legal requirements relating to the administration of stock option plans, if any, under applicable corporate laws, any applicable state or provincial securities laws, the rules and regulations promulgated thereunder, and the requirements of the Exchange, and the laws of any foreign jurisdiction applicable to Options granted to residents therein;

“**Associate**” means, where used to indicate a relationship with any Person,

- (i) any relative, including the spouse, son or daughter, of that Person or a relative of that Person’s spouse, if the relative has the same home as that Person,
- (ii) any partner, other than a limited partner, of that Person,
- (iii) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or
- (iv) any corporation of which such Person beneficially owns, directly or indirectly, voting securities carrying more than ten percent of the voting rights attached to all outstanding voting securities of the corporation;

“**Board**” means the Board of Directors of the Company;

“**Blackout Period**” means a period during which an Optionee is restricted by the Company from trading in the Company’s securities pending the dissemination of previously undisclosed material information;

“**Charitable Option**” means an Option or equivalent security granted by the Company to an Eligible Charitable Organization;

“**Charitable Organization**” has the meaning as ascribed thereto in the Tax Act;

“**Committee**” means a committee of the Board appointed in accordance with Section 3.2 hereof;

“**Company**” means European Electric Metals Inc. and its Affiliates;

“**Consultant**” means, in relation to the Company, an individual (other than an Employee or a Director or Officer of the Company) or corporation, that:

- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company, other than services provided in relation to a distribution of securities;
- (ii) provides the services under a contract between the Company or an Affiliate and the individual or corporation, as the case may be;

- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate; and
- (iv) has a relationship with the Company or an Affiliate that enables the individual or corporation to be knowledgeable about the business and affairs of the Company;

“**Date of Grant**” means the date on which a grant of an Option is effective;

“**Director**” means a director of the Company or an Affiliate;

“**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity;

“**Discounted Market Price**” has the meaning ascribed thereto in the Exchange Policies;

“**Disinterested Shareholder Approval**” means approval by a majority of the votes cast by shareholders of the Company or their proxies at a shareholders’ meeting other than votes attaching to securities beneficially owned by Insiders to whom Options may be granted pursuant to this Plan and their Associates and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval;

“**Eligible Charitable Organization**” means:

- (i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation, or
- (ii) a Registered National Arts Services Organization.

“**Employee**” means:

- (i) an individual who is considered an employee of the Company or an Affiliate under the Tax Act (and for whom income tax, employment insurance and CPP deductions must be made at source);
- (ii) an individual who works full-time for the Company or an Affiliate providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (iii) an individual who works for the Company or an Affiliate on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;

“**Exchange**” means the TSX Venture Exchange, or any other stock exchange on which the Company’s Shares are listed for trading;

“**Exchange Policies**” mean the policies set forth in the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Guardian**” means the guardian, if any, appointed for an Optionee;

“**Insider**” means:

- (i) a director or senior officer of the Company;
- (ii) a director or senior officer of an entity that is itself an insider or subsidiary of the Company; or
- (iii) a Person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; or
- (iv) the Company itself if it holds any of its own securities;

“**Investor Relations Activities**” has the meaning ascribed thereto in the Exchange Policies;

“**Management Company Employee**” means an individual employed by a Person providing management services to the Company (other than Investor Relations Activities), which are required for the ongoing

successful operation of the business of the Company;

“**Officer**” means the chief executive officer, the chief financial officer, president, vice president, secretary, treasurer, manager, comptroller and any person routinely performing corresponding functions and/or policy making functions with respect to the Company or its Affiliates, and includes a Management Company Employee that provides the services of such Officer;

“**Option**” means an option to purchase Shares granted pursuant to the provisions of this Plan;

“**Option Agreement**” means a written agreement between the Company and an Optionee, specifying the terms of the Option being granted to the Optionee under this Plan, which may be in the form set out in Schedule “A” hereto;

“**Option Price**” means the price at which an Option to purchase Shares is exercisable;

“**Optionee**” means the recipient of an Option granted by the Company;

“**Person**” means a natural person, firm, corporation, government, or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;

“**Plan**” means this stock option plan of the Company, as amended from time to time;

“**Private Foundation**” has the meaning as ascribed thereto in the Tax Act;

“**Public Foundation**” has the meaning as ascribed thereto in the Tax Act;

“**Registered Charity**” has the meaning as ascribed thereto in the Tax Act;

“**Registered National Arts Services Organization**” has the meaning as ascribed thereto in the Tax Act;

“**Shares**” means the common shares without par value in the capital of the Company;

“**Successor**” means the legal heirs or personal representatives of the Optionee upon death, pursuant to a will or the laws of descent and distribution of the applicable jurisdictions;

“**Tax Act**” means the Income Tax Act (Canada), as amended from time to time;

“**Term**” means the period of time during which an Option is exercisable; and

“**Terminating Event**” means:

- (i) the dissolution or liquidation of the Company, or
- (ii) a material change in the capital structure of the Company that is deemed to be a Terminating Event pursuant to Section 10.1 or 10.5 hereof.

## **Part 2 ESTABLISHMENT AND PURPOSE OF THE PLAN**

2.1 Establishment of the Plan. The Company hereby establishes this Plan to govern the grant, administration and exercise of Options which may be granted to eligible Optionees. The Plan is designed to be a “rolling” stock option plan under Exchange Policies, reserving at any one time a maximum of 10% of the issued Shares of the Company for the exercise of Options.

2.2 Principal Purposes. The principal purposes of this Plan are to provide the Company with the advantages of the incentive inherent in stock ownership on the part of Directors, Officers, Employees and Consultants responsible for the continued success of the Company; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such individuals to remain with the Company; and to attract new Directors, Officers, Employees and Consultants to the Company.

2.3 Benefit to Shareholders. This Plan is expected to benefit shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering them an opportunity to share in any increase in value of the Shares resulting from their efforts.

### **Part 3 ADMINISTRATION**

3.1 Board or Committee. This Plan shall be administered by the Board or by a Committee appointed in accordance with Section 3.2 hereof. The Board or, if applicable, the Committee is hereinafter referred to as the “Administrator”.

3.2 Appointment of Committee. The Board may at any time appoint a Committee, consisting of not less than two of its members, to administer this Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer this Plan.

3.3 Quorum and Voting. A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee who are disinterested Persons to an action may vote on any matters affecting the administration of this Plan or the grant of Options pursuant to this Plan, except that no such member shall act upon the granting of an Option to himself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to the granting of Options to him).

3.4 Powers of Administrator. Subject to the provisions of this Plan and any Applicable Laws, and with a view to effecting the purpose of this Plan, the Administrator shall have sole authority, in its absolute discretion, to:

- (a) administer this Plan in accordance with its express terms;
- (b) determine all questions arising in connection with the administration, interpretation, and application of this Plan, including all questions relating to the value of the Shares;
- (c) correct any defect, supply any information, or reconcile any inconsistency in this Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of this Plan;
- (d) prescribe, amend, and rescind rules and regulations relating to the administration of this Plan;
- (e) determine the duration and purposes of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of this Plan;
- (f) do the following with respect to the granting of Options:
  - (i) determine the Directors, Officers, Employees and Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan,
  - (ii) determine the terms and conditions of the Option Agreement to be entered into with any Optionee (which need not be identical with the terms of any other Option Agreement),
  - (iii) amend the terms and conditions of Option Agreements, provided the Administrator obtains:
    - A. the consent of the Optionee, and

- B. if applicable, the approval of the Exchange and/or Disinterested Shareholder Approval,
- (iv) determine when Options shall be granted,
- (v) determine the Option Price of each Option, and
- (vi) determine the number of Shares subject to each Option; and
- (g) make all other determinations necessary or advisable for administration of this Plan.

3.4 Obtain Regulatory Approvals. In administering this Plan, the Administrator will obtain any regulatory approvals which may be required pursuant to all Applicable Laws. This Plan is subject to these approvals.

3.5 Annual Shareholder Approval. This Plan must receive approval of the Company's shareholders annually at the Company's annual general meeting. Evidence that the majority of the shareholders are in favour of a proposal to approve the Plan or any amendment thereto is not sufficient.

3.6 Administration by Administrator. All determinations made by the Administrator in good faith on matters referred to in Section 3.4 hereof shall be final, conclusive, and binding upon the Company and the relevant Optionee. The Administrator shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Administrator's administration of this Plan shall in all respects be consistent with Exchange Policies.

#### **Part 4 ELIGIBILITY**

4.1 General Eligibility. Options may be granted to an Eligible Charitable Organization or a Director, Officer, Employee or Consultant of the Company or an Affiliate at the time the Option is granted. An Optionee shall not be precluded from being granted an Option solely because such Optionee may previously have been granted an Option under this Plan.

4.2 No Violation of Laws. No Option shall be granted to any Optionee unless the Administrator has determined that the grant of such Option and the exercise thereof by the Optionee will not violate any Applicable Laws.

4.3 Optionees to be Named. No Options shall be granted unless and until the Options have been allocated to a particular Optionee(s).

#### **Part 5 SHARES SUBJECT TO THIS PLAN**

5.1 Maximum Number of Shares Reserved Under Plan. The aggregate number of Shares which may be reserved for issuance pursuant to the exercise of Options granted under this Plan shall not exceed 10% of the Company's issued and outstanding shares at the time of the grant. Such number of Shares is subject to adjustment in accordance with Part 10 hereof. Any Shares reserved for issuance pursuant to the exercise of stock options granted by the Company prior to this Plan coming into effect and which are outstanding on the date on which this Plan comes into effect shall be included in determining the number of Shares reserved for issuance hereunder as if such stock options were granted under this Plan. The terms of this Plan shall not otherwise govern such pre-existing stock options.

5.2 Sufficient Authorized Shares to be Reserved. If the constating documents of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of Options granted under this Plan. Shares that were the subject of Options that have expired or terminated may once again be subject to an Option granted under this Plan.

5.3 Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances shall this Plan, together with all of the Company's other previously established or proposed stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result in or allow at any time:

- (a) the number of Shares reserved for issuance pursuant to Options granted to Insiders (as a group) at any point in time exceeding 10% of the issued and outstanding Shares;
- (b) the grant to Insiders (as a group), within a 12 month period, of an aggregate number of Options exceeding 10% of the issued and outstanding Shares at the time of the grant of the Options;
- (c) the issuance to any one Optionee, within any 12 month period, of an aggregate number of Options exceeding 5% of the issued and outstanding Shares at the time of the grant of the Options;
- (d) any individual Option grant that would result in any of the limitations set out in sections 5.3 (a), (b) or (c) being exceeded; or
- (e) any amendment to Options held by Insiders that would have the effect of decreasing the exercise price of such Options.

For purposes hereof, Options held by an Insider at any point in time that were granted to such Person prior to it becoming an Insider shall be considered Options granted to an Insider irrespective of the fact that the Person was not an Insider

5.4 Number of Shares Subject to this Plan. Upon exercise of an Option, the number of Shares thereafter available under such Option shall decrease by the number of Shares as to which the Option was exercised; however the same number of Shares shall thereafter again be available for the purposes of this Plan.

5.5 Expiry of Option. If an Option expires or terminates for any reason without having been exercised in full, the un-purchased Shares subject thereto shall again be available for the purposes of this Plan.

## **Part 6 TERMS AND CONDITIONS OF OPTIONS**

6.1 Option Agreement. Each Option shall be evidenced by an Option Agreement, which may contain such terms, not inconsistent with this Plan or any Applicable Laws, as the Administrator in its discretion may deem advisable; provided, that each Option Agreement shall contain the following terms:

- (a) the number of Shares subject to purchase pursuant to such Option;
- (b) the Date of Grant;
- (c) the Term;
- (d) the Option Price;
- (e) the Option is not assignable or transferable; and
- (f) such other terms and conditions as the Administrator deems advisable and are consistent with the purposes of this Plan.

6.2 Exchange Restrictions of Reservations. Notwithstanding any other provision hereof, for so long as the Shares are listed on the Exchange, the number of Shares reserved for issuance to:

- (i) any one Optionee pursuant to Options granted to such Optionee during any 12 month period shall not exceed 5% of the issued and outstanding Shares, calculated at the date such Options are granted;

- (ii) any one Optionee, who is a Consultant, in respect of Options granted to such Consultant during any 12 month period shall not exceed 2% of the issued and outstanding Shares, calculated at the date such Options are granted;
- (iii) all Optionees who are engaged or employed in Investor Relations Activities during any 12 month period shall not exceed in the aggregate 2% of the issued and outstanding Shares, calculated at the date such Options are granted; and
- (iv) Eligible Charitable Organizations shall not at any time exceed 1% of the issued and outstanding Shares of the Company, calculated at the date such Options are granted.

6.3 Exercise Price. Subject to the policies of the Exchange, the Option Price shall not be less than the Discounted Market Price, provided that (i) if the Company has just been recalled for trading following a suspension or halt, the Company must wait until a satisfactory market has been established before setting the exercise price for and granting of the Options (generally ten days from the date of resumption of trading); (ii) a minimum price cannot be established unless the Options are allocated to particular Optionees; and (iii) if Options are granted within 90 days of a distribution of securities by way of a prospectus, the minimum exercise price of those Options will be the greater of the Discounted Market Price and the prospectus offering price (the 90 day period to be calculated from the date a final receipt is issued for the prospectus).

6.4 Maximum Term of Ten Years. Subject to section 6.5, the maximum Term of an Option granted shall be ten years from the Date of Grant.

6.5 Blackout Period. The Term of an Option shall be automatically extended if the expiry date falls within a Blackout Period provided that: (i) the Blackout Period is imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information; (ii) the Blackout Period expires upon the general disclosure of such material information; (iii) the extension is not more than ten business days from the expiry of the Blackout Period; and (iv) such automatic extension is not applicable if the Company or Optionee is also subject to a cease trade order or similar trading restriction.

6.6 Vesting Schedule. No Option shall be exercisable until it has vested. The vesting schedule for each Option shall be specified by the Administrator at the time of grant of the Option prior to the provision of services with respect to which such Option is granted; provided, that if no vesting schedule is specified at the time of grant, the Option shall vest on the date it is granted. Notwithstanding the foregoing, for Options granted to Optionees who provide Investor Relations Activities and where no vesting schedule is specified at the time of grant, the Options shall vest according to the following schedule:

<b>Vesting Period</b>	<b>Percentage of Total Option Vested</b>
3 Months after Date of Grant	25%
6 Months after Date of Grant	50%
9 Months after Date of Grant	75%
12 Months after Date of Grant	100%

6.7 Acceleration of Vesting. The vesting of outstanding Options may be accelerated by the Administrator at such times and in such amount as it may determine in its sole discretion.

6.8 Hold Periods. In addition to any resale restrictions under any Applicable Laws, if the Option Price is set at a discount to the Market Price (as defined in Exchange Policies), or granted to an Insider, the Option Agreements and the certificates representing any Shares realized on the exercise thereof will bear the following legend:

WITHOUT PRIOR WRITTEN APPROVAL OF THE 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 date that is four months and one day after the grant of the Options].

6.9 Form for Non-Individuals. If a proposed Optionee is a corporation or is otherwise not an individual, it must provide the Exchange with a completed Form 4F – Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option, or any amended or replacement form.

6.10 Bona Fide Optionee. By execution of an Option Agreement, the Optionee represents that he, she or it is a bona fide Director, Officer, Employee or Consultant, as the case may be. It will be the joint responsibility of the Company and the Optionee that the Optionee is and will remain a bona fide Employee, Consultant or Management Company Employee.

## **Part 7 EXERCISE OF OPTION**

7.1 Method of Exercise. Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Agreement or Part 6 hereof, an Optionee may exercise an Option, prior to the expiry date thereof, by giving written notice thereof to the Company at its principal place of business or as otherwise indicated by the Company in writing.

7.2 Payment of Option Price. The notice described in Section 7.1 hereof shall be accompanied by full payment of the Option Price to the extent the Option is so exercised, and full payment of any amounts the Company determines must be withheld for tax purposes from the Optionee pursuant to the Option Agreement. Such payment shall be in lawful money (Canadian funds) in cash or by certified cheque.

7.3 Issuance of Stock Certificate. As soon as practicable after exercise of an Option in accordance with Sections 7.1 and 7.2 hereof, the Company shall issue a stock certificate evidencing the Shares with respect to which the Option has been exercised. Upon due exercise of an Option, the Optionee shall be entitled to all rights to vote or receive dividends or any other rights as a shareholder with respect to such Shares.

7.4 Monitoring Trading. An Optionee who performs Investor Relations Activities shall provide written notice to the Board of each of his trades of securities of the Company, within five business days of each trade.

## **Part 8 TRANSFERABILITY OF OPTIONS**

8.1 Non-Transferable. Except as provided otherwise in this Part 8, Options are non-assignable and non-transferable.

8.2 Death of Optionee. If an Optionee should die while any Options remain outstanding in his name, such Options shall pass to the Successor of the Optionee and shall be exercisable by the Successor for a period to be determined by the Administrator, which shall not be less than three months and not more than six months from the date of death.

8.3 Disability of Optionee. If the employment of an Optionee as an Employee or Consultant of the Company, or the position of an Optionee as a Director or Officer, is terminated by the Company by reason of such Optionee's Disability, any Option held by such Optionee that could have been exercised immediately prior to such termination of employment shall be exercisable by such Optionee, or by his Guardian, for a period of 90 days following the termination of employment of such Optionee.

8.4 Vesting. Options held by a Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

8.5 Majority Agreement. If two or more Persons constitute the Successor or the Guardian of an Optionee, the rights of such Successor or such Guardian shall be exercisable only upon the majority agreement of such Persons.

8.6 Deemed Non-Interruption of Employment. Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to re-employment with the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's re-employment is not so guaranteed, then his or her employment shall be deemed to have terminated on the 91<sup>st</sup> day of such leave.

## **Part 9 TERMINATION OF OPTIONS**

9.1 Termination of Options. To the extent not earlier exercised or terminated, an Option shall terminate at the earliest of the following dates:

- (a) the termination date specified for such Option in the Option Agreement;
- (b) where the Optionee's position as an Employee, Consultant, Director or Officer is terminated for just cause, the date of such termination for just cause;
- (c) where the Optionee's position as an Employee, Consultant, Director or Officer terminates for a reason other than the Optionee's Disability, death, or termination for just cause, 30 days after such date of termination, or such other period as may be determined by the Board;
- (d) where the Optionee's position as an Employee, Consultant, Director or Officer terminates as a result of the Optionee's death, such Options may be exercisable by the Successor for a period to be determined by the Administrator, which shall not be less than three months and not more than six months from the date of death;
- (e) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1 hereof; and
- (f) the date specified in Section 10.5 hereof for such termination in the event of a Terminating Event.

## **Part 10 ADJUSTMENTS TO OPTIONS**

10.1 Alteration of Capital. In the event of any material change in the outstanding Shares of the Company prior to complete exercise of any Option by reason of any stock dividend, split, recapitalization, amalgamation, merger, consolidation, combination or exchange of shares or other similar corporate change, an equitable adjustment shall be made in one or more of the maximum number or kind of Shares issuable under this Plan or subject to outstanding Options, and the Option Price of such shares. Any such adjustment shall be made in the sole discretion of the Board, acting on recommendations made by the Administrator, and shall be conclusive and binding for all purposes of this Plan. If the Administrator determines that the nature of a material alteration in the capital structure of the Company is such that it is not practical or feasible to make appropriate adjustments to this Plan or to the Options granted hereunder, such event shall be deemed a Terminating Event for the purposes of this Plan.

10.2 No Fractions. No fractional Shares shall be issued upon the exercise of an Option and accordingly, if as a result of any adjustment set out hereof an Optionee would be entitled to a fractional Share, the Optionee shall have the right to purchase only the adjusted number of full Shares and no payment or other adjustment shall be made with respect to the fractional Share so disregarded.

10.3 Terminating Events. Subject to Section 10.4 hereof, all Options granted under this Plan shall terminate upon the occurrence of a Terminating Event.

10.4 Notice of Terminating Event. The Administrator shall give notice to Optionees not less than 30 days prior to the consummation of a Terminating Event. Upon the giving of such notice, all Options granted under this Plan shall become immediately exercisable, notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

10.5 General Offer for Shares. Notwithstanding anything else herein to the contrary, in the event (i) an offer to purchase Shares is made to the holders of the Shares generally, unless the Board determines that such offer will not result in any change in control of the Company, or (ii) of a sale of all or substantially all of the assets of the Company, or (iii) the sale, pursuant to an agreement with the Company, of securities of the Company pursuant to which the Company is or becomes a subsidiary of another corporation, then unless provision is made by the acquiring corporation for the assumption of each Option or the substitution of a substantially equivalent option therefor, the Company shall give written notice thereof to each Optionee holding Options under this Plan and such Optionees shall be entitled to exercise his or its Options to the extent previously unexercised, regardless of whether such Optionee would otherwise be entitled to exercise such Options to such extent at that time, within the 30 day period immediately following the giving of such notice. Any Options not exercised within such 30 day period will immediately terminate and such event shall be deemed to be a Terminating Event. Regardless of the above, no acceleration of the vesting provisions of options granted to holders engaged in Investor Relations Activities is permitted without prior Exchange acceptance.

10.6 Determinations to be made by Administrator. Adjustments and determinations under this Part 10 shall be made by the Administrator, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

## **Part 11 TERMINATION AND AMENDMENT OF PLAN**

11.1 Termination of Plan. The Administrator may terminate this Plan at the same time as all Options are terminated upon a Terminating Event pursuant to section 10.1. The Administrator may terminate this Plan at such other time and on such conditions as the Administrator may determine, provided that no such termination shall be effected if do so would affect the rights of then existing Optionees, without the approval of such Optionees.

11.2 Power of Administrator to Amend Plan. The Administrator may, subject to the approval of the Exchange, amend this Plan so as to: (i) correct typographical errors; (ii) clarify existing provisions of the Plan, which clarifications do not have the effect of altering the scope, nature or intent of such provisions; and (iii) maintain compliance with any Applicable Laws. The Administrator may condition the effectiveness of any such amendment on the receipt of shareholder approval at such time and in such manner as the Administrator may consider necessary for the Company to comply with or to avail the Company and/or the Optionees of the benefits of any securities, tax, market listing or other administrative or regulatory requirements. No such amendment, suspension or termination shall adversely affect rights under any Options previously granted without the consent of the Optionees to whom such Options were granted.

Notwithstanding the foregoing, the Company may grant Options under amendments made to this Plan that it would not otherwise be permitted to grant prior to obtaining requisite shareholder approval, provided that: (i) the Company also obtains specific shareholder approval for such grants, separate and apart from shareholders' approval to the amendments, (ii) no Options granted under the amendments are exercised prior to shareholder approval, (iii) shareholder approval is obtained on or before the earlier of the Company's next annual general meeting or 12 months from the amendment of the Plan. Should such shareholder approval not be obtained, the amendments will terminate and any Options granted thereunder will terminate.

11.3 Shareholder Approvals. Any shareholder approval required to amend this Plan must take place at a meeting of the shareholders. Evidence that the majority of the shareholders are in favour of a proposal to approve any amendment thereto is not sufficient.

11.4 No Grant During Suspension of Plan. No Option may be granted during any suspension, or after termination, of this Plan. Amendment, suspension, or termination of this Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

## **Part 12**

### **CONDITIONS PRECEDENT TO ISSUANCE OF SHARES**

12.1 Compliance with Laws. Shares shall not be issued pursuant to the exercise of any Option unless the exercise of such Option and the issuance and delivery of such Shares comply with all Applicable Laws, and such issuance may be further subject to the approval of counsel for the Company with respect to such compliance, including the availability of an exemption from prospectus and registration requirements for the issuance and sale of such Shares. The inability of the Company to obtain from any regulatory body the authority deemed by the Company to be necessary for the lawful issuance and sale of any Shares under this Plan, or the unavailability of an exemption from prospectus and registration requirements for the issuance and sale of any Shares under this Plan, shall relieve the Company of any liability with respect to the non-issuance or sale of such Shares.

12.2 Representations by Optionee. As a condition precedent to the exercise of any Option, the Company may require the Optionee to represent and warrant, at the time of exercise, that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such representations and warranties are required by any Applicable Laws. If necessary under Applicable Laws, the Administrator may cause a stop-transfer order against such Shares to be placed on the stock books and records of the Company, and a legend indicating that the Shares may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any Applicable Laws, may be stamped on the certificates representing such Shares in order to assure an exemption from registration. The Administrator also may require such other documentation as may from time to time be necessary to comply with applicable securities laws. **THE COMPANY HAS NO OBLIGATION TO UNDERTAKE REGISTRATION OF OPTIONS OR THE SHARES ISSUABLE UPON THE EXERCISE OF OPTIONS IN THE UNITED STATES OR ANY OTHER JURISDICTION OUTSIDE OF CANADA.**

12.3 Tax Withholding. The Optionee shall hold harmless the Company and be solely responsible, upon exercise of an Option or, if later, the date that the amount of such obligations becomes determinable, all applicable federal, provincial, local and foreign withholding taxes, determined as a result of and upon exercise of an Option or from a transfer or other disposition of Shares acquired upon exercise of an Option or otherwise related to an Option or Shares acquired in connection with an Option.

## **Part 13**

### **NOTICES**

13.1 Notices. All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and may be served in any one of the following ways: (i) personally on the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such service; (ii) facsimile transmission or by electronic mail, in which case notice shall be deemed to have been duly given on the date the fax or email is sent; or (iii) mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the fifth postal delivery day following the date of such mailing.

**Part 14**  
**MISCELLANEOUS PROVISIONS**

14.1 No Obligation to Exercise. Optionees shall be under no obligation to exercise Options granted under this Plan.

14.2 No Obligation to Retain Optionee. Nothing contained in this Plan shall obligate the Company to retain an Optionee as a Director, Officer, Employee or Consultant for any period, nor shall this Plan interfere in any way with the right of the Company to change the terms or conditions of the Optionee's employment or engagement with the Company, including the Optionee's compensation.

14.3 Binding Agreement. The provisions of this Plan and each Option Agreement with an Optionee shall be binding upon such Optionee and the Successor or Guardian of such Optionee.

14.4 Governing Law. The laws of the Province of British Columbia shall apply to this Plan and all rights and obligations hereunder shall be determined in accordance with such laws.

14.5 Use of Terms. Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

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SCHEDULE "A"  
**KERMODE RESOURCES LTD.**

**OPTION AGREEMENT**

*The Option granted herein is not assignable or transferable by the Optionee. Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities issued upon the exercise of the Option granted herein 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 four months and one day after the Grant Date.*

This Option Agreement is entered into between Kermode Resources Ltd. (the "Company") and the Optionee named below pursuant to the Company's Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on \_\_\_\_\_, 20\_\_ (the "Grant Date");
2. \_\_\_\_\_ (the "Optionee");
3. was granted the option (the "Option") to purchase \_\_\_\_\_ Common Shares (the "Option Shares") of the Company;
4. at the price (the "Option Price") of \$\_\_\_\_\_ per share;
5. which shall / shall not (*select*) be exercisable ("Vested") in accordance with Section 6.6 of the Plan (*applicable if the Optionee is a person who performs Investor Relations Activities for the Company*);
6. shall expire on \_\_\_\_\_, 20\_\_ (the "Expiry Date"); and
7. [insert other terms or conditions],

all on the terms and subject to the conditions set out in the Plan.

By receiving and accepting the Options, the Optionee:

- (a) confirms that he has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Certificate;
- (b) consents to the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (c) consents to the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

Issued as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**KERMODE RESOURCES LTD.**  
By its authorized signatory:

**[NAME OF OPTIONEE]**

\_\_\_\_\_

\_\_\_\_\_

*SCHEDULE "B"*  
**EXERCISE NOTICE**

To: The Administrator, Stock Option Plan  
KERMODE RESOURCES LTD. (the "Company")

The undersigned hereby irrevocably gives notice, pursuant to the Company's Stock Option Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for (*cross out non-applicable item*):

- (a) all of the Shares; or
- (b) \_\_\_\_\_ of the Shares, which are the subject of the Option Certificate attached hereto.

Calculation of total Exercise Price:

- (i) number of Shares to be acquired on exercise: \_\_\_\_\_
- (ii) multiplied by the Exercise Price per Share: \_\_\_\_\_
- TOTAL EXERCISE PRICE, enclosed herewith: \_\_\_\_\_

The undersigned tenders herewith payment in an amount equal to the total Exercise Price of the aforesaid Shares, as calculated above, and directs the Company to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

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

DATED: \_\_\_\_\_

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_  
Name of Option Holder (please print)

**SCHEDULE “C”  
TO INFORMATION CIRCULAR DATED JUNE 28, 2021**

**ARTICLES**

**OF**

**KERMODE RESOURCES LTD.**

**Incorporation Number: C-582051**

**(the “Company”)**

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## **PART 1 – INTERPRETATION**

### **1.1 DEFINITIONS**

In these Articles, unless the context otherwise requires:

1. “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
2. “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
3. “legal personal representative” means the personal or other legal representative of the shareholder;
4. “Notice of Articles” means the notice of articles for the Company contained in the Company’s incorporation application, as amended from time to time;
5. “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register; and
6. “seal” means the seal of the Company, if any.

### **1.2 BUSINESS CORPORATIONS ACT AND INTERPRETATION ACT DEFINITIONS APPLICABLE**

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act* (British Columbia), with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* (British Columbia) relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## **PART 2 – SHARES AND SHARE CERTIFICATES**

### **2.1 AUTHORIZED SHARE STRUCTURE**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company as the same may be amended from time to time.

### **2.2 FORM OF SHARE CERTIFICATE**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

### **2.3 SHAREHOLDER ENTITLED TO CERTIFICATE OR ACKNOWLEDGMENT**

A share issued by the Company may be represented by a share certificate or may be an uncertificated (electronic or book based) share. Each shareholder is entitled, without charge, to either (a) one physical share certificate representing the shares of each class or series of shares registered in the shareholder’s name, or (b) a non-transferable written acknowledgment of the shareholder’s right to obtain such a share certificate (such as a direct registration statement), provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of

several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all. Shares may be issued in book or electronic form. The directors of the Company may, by resolution, provide that (a) the shares of any or all of the classes and series of the Company's shares may be uncertificated shares, or (b) any specified shares may be uncertificated shares.

## **2.4 DELIVERY BY MAIL**

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

## **2.5 REPLACEMENT OF WORN OUT OR DEFACED CERTIFICATE OR ACKNOWLEDGEMENT**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

1. order the share certificate or acknowledgment, as the case may be, to be cancelled; and
2. issue a replacement share certificate or acknowledgment, as the case may be.

## **2.6 REPLACEMENT OF LOST, STOLEN OR DESTROYED CERTIFICATE OR ACKNOWLEDGMENT**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

1. proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
2. any indemnity the directors consider adequate.

## **2.7 SPLITTING SHARE CERTIFICATES**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

## **2.8 CERTIFICATE FEE**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount determined by the directors, if any, which must not exceed the amount prescribed under the *Business Corporations Act*.

## **2.9 RECOGNITION OF TRUSTS**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or

(except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

## **PART 3 – ISSUE OF SHARES**

### **3.1 DIRECTORS AUTHORIZED**

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share, if any.

### **3.2 COMMISSIONS AND DISCOUNTS**

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

### **3.3 BROKERAGE**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### **3.4 CONDITIONS OF ISSUE**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

1. consideration is provided to the Company for the issue of the share by one or more of the following:
  - a) past services performed for the Company;
  - b) property;
  - c) money; and
2. the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### **3.5 SHARE PURCHASE WARRANTS AND RIGHTS**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **PART 4 – SHARE REGISTERS**

### **4.1 CENTRAL SECURITIES REGISTER**

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent

which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

#### **4.2 CLOSING REGISTER**

The Company must not at any time close its central securities register.

### **PART 5 – SHARE TRANSFERS**

#### **5.1 REGISTERING TRANSFERS**

A transfer of a share of the Company must not be registered unless:

1. a duly signed instrument of transfer in respect of the share has been received by the Company;
2. if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
3. if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

#### **5.2 FORM OF INSTRUMENT OF TRANSFER**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

#### **5.3 TRANSFEROR REMAINS SHAREHOLDER**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

#### **5.4 SIGNING OF INSTRUMENT OF TRANSFER**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

1. in the name of the person named as transferee in that instrument of transfer; or
2. if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

#### **5.5 ENQUIRY AS TO TITLE NOT REQUIRED**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any

intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

## **5.6 TRANSFER FEE**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

## **PART 6 – TRANSMISSION OF SHARES**

### **6.1 LEGAL PERSONAL REPRESENTATIVE RECOGNIZED ON DEATH**

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

### **6.2 RIGHTS OF LEGAL PERSONAL REPRESENTATIVE**

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

## **PART 7 – PURCHASE OF SHARES**

### **7.1 COMPANY AUTHORIZED TO PURCHASE SHARES**

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

### **7.2 PURCHASE WHEN INSOLVENT**

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

1. the Company is insolvent; or
2. making the payment or providing the consideration would render the Company insolvent.

### **7.3 SALE AND VOTING OF PURCHASED SHARES**

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

1. is not entitled to vote the share at a meeting of its shareholders;
2. must not pay a dividend in respect of the share; and
3. must not make any other distribution in respect of the share.

## **PART 8 – BORROWING POWERS**

### **8.1 COMPANY AUTHORIZED TO BORROW**

The Company, if authorized by the directors, may:

1. borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
2. issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
3. guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
4. mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## **PART 9 – ALTERATIONS**

### **9.1 ALTERATION OF AUTHORIZED SHARE STRUCTURE**

Subject to Article 9.2, the *Business Corporations Act*, and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' resolution:

1. create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
2. increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
3. subdivide or consolidate all or any of its unissued, or fully paid and issued, shares;
4. if the Company is authorized to issue shares of a class of shares with par value:
  - a) decrease the par value of those shares; or
  - b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
5. change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
6. alter the identifying name of any of its shares; or
7. otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

### **9.2 SPECIAL RIGHTS AND RESTRICTIONS**

Subject to the *Business Corporations Act* and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' resolution:

1. create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
2. vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

### **9.3 CHANGE OF NAME**

The Company may by directors' resolution authorize an alteration of its Notice of Articles in order to change its name subject to any other regulatory or stock exchange requirements applicable to the Company.

### **9.4 OTHER ALTERATIONS**

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by directors' resolution alter these Articles subject to any other regulatory or stock exchange requirements applicable to the Company.

## **PART 10 – MEETINGS OF SHAREHOLDERS**

### **10.1 ANNUAL GENERAL MEETINGS**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

### **10.2 RESOLUTION INSTEAD OF ANNUAL GENERAL MEETING**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **10.3 CALLING OF MEETINGS OF SHAREHOLDERS**

The directors may, whenever they think fit, call a meeting of shareholders.

### **10.4 MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS**

A meeting of the Company's shareholders may be held entirely or in part by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if approved by directors' resolution prior to the meeting and subject to the *Business Corporations Act*. Any person participating in a meeting by such means is deemed to be present at the meeting.

### **10.5 NOTICE FOR MEETINGS OF SHAREHOLDERS**

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

1. if and for so long as the Company is a public company, 21 days;
2. otherwise, 10 days.

#### **10.6 RECORD DATE FOR NOTICE**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

1. if and for so long as the Company is a public company, 21 days;
2. otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.7 RECORD DATE FOR VOTING**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.8 FAILURE TO GIVE NOTICE AND WAIVER OF NOTICE**

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

#### **10.9 NOTICE OF SPECIAL BUSINESS AT MEETINGS OF SHAREHOLDERS**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

1. state the general nature of the special business; and
2. if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
  - a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
  - b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

#### **10.10 NOTICE OF SPECIAL BUSINESS**

1. In addition to any other requirements under applicable laws, for a shareholder to put forward a motion at a meeting of shareholders for any other business not being put forward for consideration by management (the "**Motioning Shareholder**"), the Motioning Shareholder must have given prior notice thereof that is both timely (in accordance with paragraph 2 below) and in proper written form

(in accordance with paragraph 3 below) to the Secretary of the Company at the principal executive offices of the Company.

2. To be timely, a Motioning Shareholder's notice to the Secretary of the Company must be made:
  - a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Motioning Shareholder may be made not later than the close of business on the tenth day following the Notice Date; and
  - b) in the case of a special meeting (which is not also an annual meeting) of shareholders, not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Motioning Shareholder's notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

3. To be in proper written form, a Motioning Shareholder's notice to the Secretary of the Company must set forth particulars of:
  - a) the specific matter and motion intended to be put forward by the Motioning Shareholder and such information relating to the motion that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for holding a shareholders' meeting pursuant to the Act and Applicable Securities Laws (as defined below); and
  - b) the Motioning Shareholder, including full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Motioning Shareholder has a right to vote or direct the voting of any Common Shares of the Company and any other information relating to such Motioning Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).
4. The provisions of sections 14.12(5), (6), (7) and (8) apply equally in this Article 10.10.

## **PART 11 – PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 SPECIAL BUSINESS**

At a meeting of shareholders, the following business is special business:

1. at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
2. at an annual general meeting, all business is special business except for the following:
  - a) business relating to the conduct of or voting at the meeting;
  - b) consideration of any financial statements of the Company presented to the meeting;
  - c) consideration of any reports of the directors or auditor;
  - d) the setting or changing of the number of directors;
  - e) the election or appointment of directors;

- f) the appointment of an auditor;
- g) the setting of the remuneration of an auditor;
- h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
- i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

## **11.2 SPECIAL MAJORITY**

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds ( $\frac{2}{3}$ ) of the votes cast on the resolution.

## **11.3 QUORUM**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

## **11.4 ONE SHAREHOLDER MAY CONSTITUTE QUORUM**

If there is only one shareholder entitled to vote at a meeting of shareholders:

1. the quorum is one person who is, or who represents by proxy, that shareholder; and
2. that shareholder, present in person or by proxy, may constitute the meeting.

## **11.5 OTHER PERSONS MAY ATTEND**

The directors, the chief executive officer (if any), the president (if any), the chief financial officer (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

## **11.6 REQUIREMENT OF QUORUM**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

## **11.7 LACK OF QUORUM**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

1. in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
2. in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

## **11.8 LACK OF QUORUM AT SUCCEEDING MEETING**

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

## **11.9 CHAIR**

The following individual is entitled to preside as chair at a meeting of shareholders:

1. the chair of the board, if any; or
2. the chief executive officer, if any; or
3. the president, if any.

## **11.10 SELECTION OF ALTERNATE CHAIR**

If, at any meeting of shareholders, there is no chair of the board, chief executive officer or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board, chief executive officer and the president are unwilling to act as chair of the meeting, or if the chair of the board, chief executive officer and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number or the Company's solicitor to be chair of the meeting failing which the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

## **11.11 ADJOURNMENTS**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

## **11.12 NOTICE OF ADJOURNED MEETING**

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

## **11.13 DECISIONS BY SHOW OF HANDS OR POLL**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

## **11.14 DECLARATION OF RESULT**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **11.15 MOTION NEED NOT BE SECONDED**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

### **11.16 CASTING VOTE**

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

### **11.17 MANNER OF TAKING POLL**

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

1. the poll must be taken:
  - a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - b) in the manner, at the time and at the place that the chair of the meeting directs;
2. the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
3. the demand for the poll may be withdrawn by the person who demanded it.

### **11.18 DEMAND FOR POLL ON ADJOURNMENT**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

### **11.19 CHAIR MUST RESOLVE DISPUTE**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

### **11.20 CASTING OF VOTES**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

### **11.21 DEMAND FOR POLL**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

### **11.22 DEMAND FOR POLL NOT TO PREVENT CONTINUANCE OF MEETING**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

### **11.23 RETENTION OF BALLOTS AND PROXIES**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

## **PART 12 – VOTES OF SHAREHOLDERS**

### **12.1 NUMBER OF VOTES BY SHAREHOLDER OR BY SHARES**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

1. on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
2. on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

### **12.2 VOTES OF PERSONS IN REPRESENTATIVE CAPACITY**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **12.3 VOTES BY JOINT HOLDERS**

If there are joint shareholders registered in respect of any share:

1. any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
2. if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

### **12.4 LEGAL PERSONAL REPRESENTATIVES AS JOINT SHAREHOLDERS**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

### **12.5 REPRESENTATIVE OF A CORPORATE SHAREHOLDER**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

1. for that purpose, the instrument appointing a representative must:
  - a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
  - b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
2. if a representative is appointed under this Article 12.5:
  - a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise

if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

- b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

## **12.6 PROXY PROVISIONS DO NOT APPLY TO ALL COMPANIES**

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions (as defined in section 1(1) of the *Business Corporations Act*) as part of its Articles or to which the Statutory Reporting Company Provisions apply.

## **12.7 APPOINTMENT OF PROXY HOLDERS**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

## **12.8 ALTERNATE PROXY HOLDERS**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

## **12.9 PROXY HOLDER NEED NOT BE SHAREHOLDER**

A person appointed as a proxy holder need not be a shareholder.

## **12.10 DEPOSIT OF PROXY**

A proxy for a meeting of shareholders must:

1. be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
2. unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

## **12.11 VALIDITY OF PROXY VOTE**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

1. at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

2. by the chair of the meeting, before the vote is taken.

### 12.12 FORM OF PROXY

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*[name of company]*  
(the “Company”)

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

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Signed *[month, day, year]*

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*[Signature of shareholder]*

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*[Name of shareholder—printed]*

### 12.13 REVOCATION OF PROXY

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

1. received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
2. provided, at the meeting, to the chair of the meeting.

### 12.14 REVOCATION OF PROXY MUST BE SIGNED

An instrument referred to in Article 12.13 must be signed as follows:

1. if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
2. if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

### 12.15 PRODUCTION OF EVIDENCE OF AUTHORITY TO VOTE

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **PART 13 – DIRECTORS**

### **13.1 FIRST DIRECTORS; NUMBER OF DIRECTORS**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. There is no requirement for the directors or shareholders to fix or set the number of directors from time to time. If the Company is a public company, the Company shall have at least three directors. If the Company is not a public company, the Company shall have at least one director.

### **13.2 CHANGE IN NUMBER OF DIRECTORS**

If the number of directors is at any time fixed or set hereunder:

1. the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or
2. if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

### **13.3 DIRECTORS' ACTS VALID DESPITE VACANCY**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### **13.4 QUALIFICATIONS OF DIRECTORS**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

### **13.5 REMUNERATION OF DIRECTORS**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors may be determined by the shareholders. Any remuneration received by a director may be in addition to any salary or other remuneration paid to such person in his capacity as an officer or employee of the Company.

### **13.6 REIMBURSEMENT OF EXPENSES OF DIRECTORS**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

### **13.7 SPECIAL REMUNERATION FOR DIRECTORS**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

### **13.8 GRATUITY, PENSION OR ALLOWANCE ON RETIREMENT OF DIRECTOR**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of

profit with the Company or to his or her spouse or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **PART 14 – ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 ELECTION AT ANNUAL GENERAL MEETING**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

1. the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
2. all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

### **14.2 CONSENT TO BE A DIRECTOR**

No election, appointment or designation of an individual as a director is valid unless:

1. that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
2. that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
3. with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

### **14.3 FAILURE TO ELECT OR APPOINT DIRECTORS**

If (i) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or (ii) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors, then each director then in office continues to hold office until the earlier of:

1. the date on which his or her successor is elected or appointed; and
2. the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

### **14.4 PLACES OF RETIRING DIRECTORS NOT FILLED**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 DIRECTORS MAY FILL CASUAL VACANCIES**

Any casual vacancy occurring in the board of directors may be filled by the directors.

#### **14.6 REMAINING DIRECTORS POWER TO ACT**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

#### **14.7 SHAREHOLDERS MAY FILL VACANCIES**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.8 ADDITIONAL DIRECTORS**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

1. one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
2. in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

#### **14.9 CEASING TO BE A DIRECTOR**

A director ceases to be a director when:

1. the term of office of the director expires;
2. the director dies;
3. the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
4. the director is removed from office pursuant to Articles 14.10 or 14.11.

#### **14.10 REMOVAL OF DIRECTOR BY SHAREHOLDERS**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### 14.11 REMOVAL OF DIRECTOR BY DIRECTORS

The directors may remove any director before the expiration of his or her term of office if:

1. such director is convicted of an indictable offence;
2. such director ceases to be qualified to act as a director of a company and does not promptly resign; or
3. if there are at least three directors on the board, then if all other directors pass a resolution to remove such director;

and the remaining directors may in any such event appoint a director to fill the resulting vacancy.

#### 14.12 NOMINATION OF DIRECTORS

1. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - a) by or at the direction of the board, including pursuant to a notice of meeting;
  - b) by or at the direction or request of one or more shareholders pursuant to a “proposal” made in accordance with Division 7 of Part 5 of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with section 167 of the *Business Corporations Act*; or
  - c) by any person (a “**Nominating Shareholder**”), (A) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 14.12 and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more Common Shares carrying the right to vote at such meeting or who beneficially owns Common Shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 14.12.
2. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given prior notice thereof that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the Secretary of the Company at the principal executive offices of the Company.
3. To be timely, a Nominating Shareholder’s notice to the Secretary of the Company must be made:
  - a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth day following the Notice Date; and
  - b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Nominating Shareholder’s notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of

shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

4. To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:
  - a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the present principal occupation, business or employment of the person within the preceding five years, as well as the name and principal business of any company in which such employment is carried on; (C) the citizenship of such person; (D) the class or series and number of Common Shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
  - b) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any Common Shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
6. For purposes of this Article 14.12 and Article 10.10:
  - a) “**Applicable Securities Laws**” means the applicable securities legislation of each province and territory of Canada in which the Company is a reporting issuer, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada; and
  - b) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).
7. Notwithstanding any other provision of this Article 14.12, notice given to the Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the

Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery at the address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Article 14.12.

## **PART 15 – ALTERNATE DIRECTORS**

### **15.1 APPOINTMENT OF ALTERNATE DIRECTOR**

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

### **15.2 NOTICE OF MEETINGS**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

### **15.3 ALTERNATE FOR MORE THAN ONE DIRECTOR ATTENDING MEETINGS**

A person may be appointed as an alternate director by more than one director, and an alternate director:

1. will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
2. has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
3. will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
4. has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

### **15.4 CONSENT RESOLUTIONS**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

### **15.5 ALTERNATE DIRECTOR NOT AN AGENT**

Every alternate director is deemed not to be the agent of his or her appointor.

## **15.6 REVOCATION OF APPOINTMENT OF ALTERNATE DIRECTOR**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

## **15.7 CEASING TO BE AN ALTERNATE DIRECTOR**

The appointment of an alternate director ceases when:

1. his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
2. the alternate director dies;
3. the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
4. the alternate director ceases to be qualified to act as a director; or
5. his or her appointor revokes the appointment of the alternate director.

## **15.8 REMUNERATION AND EXPENSES OF ALTERNATE DIRECTOR**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

# **PART 16 – POWERS AND DUTIES OF DIRECTORS**

## **16.1 POWERS OF MANAGEMENT**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

## **16.2 APPOINTMENT OF ATTORNEY OF COMPANY**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

# **PART 17 – DISCLOSURE OF INTEREST OF DIRECTORS**

## **17.1 OBLIGATION TO ACCOUNT FOR PROFITS**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to

the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

#### **17.2 RESTRICTIONS ON VOTING BY REASON OF INTEREST**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

#### **17.3 INTERESTED DIRECTOR COUNTED IN QUORUM**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

#### **17.4 DISCLOSURE OF CONFLICT OF INTEREST OR PROPERTY**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

#### **17.5 DIRECTOR HOLDING OTHER OFFICE IN THE COMPANY**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

#### **17.6 NO DISQUALIFICATION**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

#### **17.7 PROFESSIONAL SERVICES BY DIRECTOR OR OFFICER**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

#### **17.8 DIRECTOR OR OFFICER IN OTHER CORPORATIONS**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

## **PART 18 – PROCEEDINGS OF DIRECTORS**

### **18.1 MEETINGS OF DIRECTORS**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

### **18.2 VOTING AT MEETINGS**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

### **18.3 CHAIR OF MEETINGS**

The following individual is entitled to preside as chair at a meeting of directors:

1. the chair of the board, if any;
2. in the absence of the chair of the board, the president, if any, if the president is a director; or
3. any other director chosen by the directors or, if the directors wish, the Company's solicitor, if:
  - a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
  - b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
  - c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

### **18.4 MEETINGS BY TELEPHONE OR OTHER COMMUNICATIONS MEDIUM**

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **18.5 CALLING OF MEETINGS**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

### **18.6 NOTICE OF MEETINGS**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

## **18.7 WHEN NOTICE NOT REQUIRED**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

1. the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
2. the director or alternate director, as the case may be, has waived notice of the meeting.

## **18.8 MEETING VALID DESPITE FAILURE TO GIVE NOTICE**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

## **18.9 WAIVER OF NOTICE OF MEETINGS**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

## **18.10 QUORUM**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

## **18.11 VALIDITY OF ACTS WHERE APPOINTMENT DEFECTIVE**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

## **18.12 CONSENT RESOLUTIONS IN WRITING**

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **PART 19 – EXECUTIVE AND OTHER COMMITTEES**

### **19.1 APPOINTMENT AND POWERS OF EXECUTIVE COMMITTEE**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

1. the power to fill vacancies in the board of directors;
2. the power to remove a director;
3. the power to change the membership of, or fill vacancies in, any committee of the directors; and
4. such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **19.2 APPOINTMENT AND POWERS OF OTHER COMMITTEES**

The directors may, by resolution:

1. appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
2. delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - a) the power to fill vacancies in the board of directors;
  - b) the power to remove a director;
  - c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - d) the power to appoint or remove officers appointed by the directors; and
3. make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 OBLIGATIONS OF COMMITTEES**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

1. conform to any rules that may from time to time be imposed on it by the directors; and
2. report every act or thing done in exercise of those powers at such times as the directors may require.

### **19.4 POWERS OF BOARD**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

1. revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
2. terminate the appointment of, or change the membership of, the committee; and
3. fill vacancies in the committee.

## **19.5 COMMITTEE MEETINGS**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

1. the committee may meet and adjourn as it thinks proper;
2. the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
3. a majority of the members of the committee constitutes a quorum of the committee; and
4. questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

## **PART 20 – OFFICERS**

### **20.1 DIRECTORS MAY APPOINT OFFICERS**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

### **20.2 FUNCTIONS, DUTIES AND POWERS OF OFFICERS**

The directors may, for each officer:

1. determine the functions and duties of the officer;
2. entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
3. revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **20.3 QUALIFICATIONS**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

### **20.4 REMUNERATION AND TERMS OF APPOINTMENT**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **PART 21 – INDEMNIFICATION**

### **21.1 DEFINITIONS**

In this Article 21:

1. “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
2. “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - a) is or may be joined as a party; or
  - b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
3. “expenses” has the meaning set out in the *Business Corporations Act*.

### **21.2 MANDATORY INDEMNIFICATION OF DIRECTORS AND FORMER DIRECTORS**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

### **21.3 INDEMNIFICATION OF OTHER PERSONS**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

### **21.4 NON-COMPLIANCE WITH *BUSINESS CORPORATIONS ACT***

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

### **21.5 COMPANY MAY PURCHASE INSURANCE**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

1. is or was a director, alternate director, officer, employee or agent of the Company;
2. is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
3. at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
4. at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity,

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **PART 22 – DIVIDENDS**

### **22.1 PAYMENT OF DIVIDENDS SUBJECT TO SPECIAL RIGHTS**

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **22.2 DECLARATION OF DIVIDENDS**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

### **22.3 NO NOTICE REQUIRED**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

### **22.4 RECORD DATE**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

### **22.5 MANNER OF PAYING DIVIDEND**

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of cash or of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

### **22.6 SETTLEMENT OF DIFFICULTIES**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

1. set the value for distribution of specific assets;
2. determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
3. vest any such specific assets in trustees for the persons entitled to the dividend.

### **22.7 WHEN DIVIDEND PAYABLE**

Any dividend may be made payable on such date as is fixed by the directors.

### **22.8 DIVIDENDS TO BE PAID IN ACCORDANCE WITH NUMBER OF SHARES**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

## **22.9 RECEIPT BY JOINT SHAREHOLDERS**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

## **22.10 DIVIDEND BEARS NO INTEREST**

No dividend bears interest against the Company.

## **22.11 FRACTIONAL DIVIDENDS**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

## **22.12 PAYMENT OF DIVIDENDS**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

## **22.13 CAPITALIZATION OF SURPLUS**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

## **PART 23 – DOCUMENTS, RECORDS AND REPORTS**

### **23.1 RECORDING OF FINANCIAL AFFAIRS**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

### **23.2 INSPECTION OF ACCOUNTING RECORDS**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

## **PART 24 – NOTICES**

### **24.1 METHOD OF GIVING NOTICE**

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

1. mail addressed to the person at the applicable address for that person as follows:
  - a) for a record mailed to a shareholder, the shareholder's registered address;

- b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - c) in any other case, the mailing address of the intended recipient;
2. delivery at the applicable address for that person as follows, addressed to the person:
- a) for a record delivered to a shareholder, the shareholder's registered address;
  - b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - c) in any other case, the delivery address of the intended recipient;
3. sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
4. sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or
5. physical delivery to the intended recipient.

#### **24.2 DEEMED RECEIPT OF MAILING**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

#### **24.3 CERTIFICATE OF SENDING**

A certificate or other document signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

#### **24.4 NOTICE TO JOINT SHAREHOLDERS**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

#### **24.5 NOTICE TO TRUSTEES**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- 1. mailing the record, addressed to them:
  - a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

2. if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## **PART 25 – SEAL**

### **25.1 WHO MAY ATTEST SEAL**

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

1. any two directors;
2. any officer, together with any director;
3. if the Company only has one director, that director; or
4. any one or more directors or officers or persons as may be determined by the directors.

### **25.2 SEALING COPIES**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

### **25.3 MECHANICAL REPRODUCTION OF SEAL**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **PART 26 – PROHIBITIONS**

### **26.1 DEFINITIONS**

In this Article 26:

1. "designated security" means:
  - a) a voting security of the Company;
  - b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or

- c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- 2. “security” has the meaning assigned in the *Securities Act* (British Columbia);
- 3. “voting security” means a security of the Company that:
  - a) is not a debt security, and
  - b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

## **26.2 APPLICATION**

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

## **26.3 CONSENT REQUIRED FOR TRANSFER OF SHARES OR DESIGNATED SECURITIES**

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.