

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

OF

LIBBY K INDUSTRIES INC.

TO BE HELD ON JANUARY 3, 2020

DATED: November 30, 2019

LIBBY K INDUSTRIES INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the "**Meeting**") of shareholders of Libby K Industries Inc. (the "**Company**" or "**Libby K**") will be held on Friday, January 3, 2020 at 10:00 a.m. (Vancouver time) at the offices of Miller Thomson LLP located at 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5, for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended September 30, 2019 together with the report of the auditors thereon;
2. to fix the number of directors at four (4) and to elect the directors of the Company for the ensuing year;
3. to appoint Smythe LLP as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
4. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution approving the stock option plan of the Company attached as Schedule "A" to the accompanying management information circular (the "**Circular**");
5. to consider and, if deemed appropriate, to pass, with or without variation, a special resolution to amend and restate the Company's articles by approving the amended and restated articles attached as Schedule "C" to the Circular; and
6. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Circular, which is deemed to form part of this notice of meeting. Please read the Circular carefully before you vote on the matters being transacted at the Meeting.

Your vote is important regardless of the number of Libby K shares you own. Registered Libby K shareholders who are unable to attend the Meeting or any postponement or adjournment thereof in person are requested to complete, date, sign and return the enclosed form of proxy or, alternatively, to vote by telephone, or over the Internet, in each case in accordance with the enclosed instructions. In order to be valid for use at the Meeting, the completed proxy form must be deposited at the office of Computershare Investor Services Inc., by fax at (604) 661-9401 or by mail or hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not later than 10:00 a.m. (Vancouver time) on December 31, 2019 or, if the Meeting is adjourned or postponed, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the adjourned or postponed meeting. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting in his or her discretion.

Non-registered Libby K shareholders who receive these materials through their broker or other intermediary should complete and send the form of proxy or voting instruction form in accordance with the instructions provided by their broker or intermediary.

DATED at Vancouver, British Columbia, this 30th day of November, 2019.

BY ORDER OF THE BOARD

"Robert Kiesman"

Robert Kiesman
Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of Libby K Industries Inc. (the "**Company**" or "**Libby K**") for use at the annual general and special meeting (the "**Meeting**") of its shareholders to be held on Friday, January 3, 2020 at the time and place and for the purposes set forth in the accompanying notice of Meeting (the "**Notice**"). Unless otherwise stated, this Circular contains information as at November 30, 2019. References in this Circular to the Meeting include any adjournment or postponement thereof.

Unless otherwise indicated, in this Circular, all references to "\$" are to Canadian dollars.

The Company will conduct its solicitation primarily by mail; however, officers and employees of the Company may, without receiving special compensation, also solicit proxies by telephone or make other personal contact. The Company will pay the cost of solicitation.

GENERAL PROXY INFORMATION

Appointment of Proxyholder

The purpose of a proxy is to designate persons who will vote on a shareholder's behalf at the Meeting in accordance with the instructions given by the shareholder in the form of proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "**Management Proxyholders**").

A shareholder has the right to appoint a person or company other than a Management Proxyholder to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's or company's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

Voting by Proxy

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Common shares of the Company ("**Shares**") represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder 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 a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also grants discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any amendment, variation or other matter should properly come before the Meeting, each nominee named in the accompanying proxy form intends to vote thereon in accordance with the nominee's best judgment or as stated above.

Completion and Return of Proxy

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, by mail or facsimile at (604) 661-9401, or voted by telephone or through the Internet in accordance with the instructions set out in the form of proxy accompanying this Circular not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the Chair of the Meeting elects to exercise his or her discretion to waive or extend the time for receipt of proxies.

Non-Registered Holders

Only shareholders whose names appear on the records of the Company as the registered holders of Shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the Shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the Shares; a bank, a trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or a clearing agency such as The Canadian Depository for Securities Limited (a "**Nominee**"). If you purchased your Shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Circular and the enclosed form of proxy, to the Nominees for distribution to non-registered holders. Nominees are required to forward these Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In accordance with the requirements of NI 54-101, the Company has elected to send the Meeting materials directly to "non-objecting beneficial owners" ("**NOBOs**"). If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding Shares on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee 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.

The Company will not pay for an intermediary to deliver the Meeting materials to "objecting beneficial owners".

Revocability of Proxy

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his

attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment or postponement thereof, or with the Chair of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Record Date

The board of directors of the Company (the "**Board**") has fixed December 2, 2019 as the record date, being the date for the determination of the holders of the Shares entitled to notice of, and to vote at, the Meeting and any adjournment or postponement thereof.

Shares Outstanding and Principal Holders

The Company is authorized to issue an unlimited number of Shares, of which 11,100,000 Shares are issued and outstanding as of the record date. Persons who are registered shareholders at the close of business on the record date of December 2, 2019 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Share held. The Company has only one class of shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all Shares of the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors, and the appointment of auditors and other than as a holder or potential holder of stock options.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

EXECUTIVE COMPENSATION

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, pursuant to which the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the other most highly compensated executive officer of the Company whose total

compensation was more than \$150,000 as at September 30, 2019 (collectively, the "Named Executive Officers") and for the directors of the Company. During the financial year ended September 30, 2019, the Company had two Named Executive Officers: Robert Kiesman and Mark Orsmond.

Summary Compensation Table

The following table sets out the compensation (excluding compensation securities) for each of the Named Executive Officers and directors of the Company for the period from incorporation on July 5, 2018 to September 30, 2018 and the financial year ended September 30, 2019.

Table of Compensation Excluding Compensation Securities							
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 (\$)
Robert Kiesman, Chief Executive Officer, Chairman and Director ⁽¹⁾	2019 ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2018 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil
Mark Orsmond Director, Chief Financial Officer and Corporate Secretary ⁽²⁾	2019 ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2018 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil
Merv Chia, Director ⁽³⁾	2019 ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2018 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil
Kendra Low Director ⁽⁴⁾	2019 ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2018 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil
	2018 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Robert Kiesman was appointed as the Chief Executive Officer, Chairman and a director of the Company on July 5, 2018.
- (2) Mark Orsmond was appointed as the Chief Financial Officer and a director of the Company on July 5, 2018. He was appointed Corporate Secretary on December 11, 2018.
- (3) Merv Chia was appointed a director of the Company on July 5, 2018.
- (4) Kendra Low was appointed as Corporate Secretary of the Company on July 5, 2018. She resigned as Corporate Secretary and was appointed a director of the Company on December 11, 2018.
- (5) The information provided under this item is for the financial year ended September 30, 2019. This was the first full financial year end of the Company.
- (6) The information provided under this item is for the period from incorporation on July 5, 2018 to September 30, 2018. This was the first financial period of the Company.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each of the Named Executive Officers and directors of the Company for services provided or to be provided, directly or indirectly, to the Company for the financial year ended September 30, 2019.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at September 30, 2019 (\$)	Expiry date
Robert Kiesman Chief Executive Officer, Chairman and Director	Stock Option ⁽²⁾⁽³⁾	277,500 ⁽¹⁾ (2.5%)	Feb 8, 2019	0.10	N/A	0.115	Feb 8, 2024
Mark Orsmond Chief Financial Officer and Director	Stock Option ⁽²⁾⁽³⁾	277,500 ⁽¹⁾ (2.5%)	Feb 8, 2019	0.10	N/A	0.115	Feb 8, 2024
Merv Chia Director	Stock Option ⁽²⁾⁽³⁾	277,500 ⁽¹⁾ (2.5%)	Feb 8, 2019	0.10	N/A	0.115	Feb 8, 2024
Kendra Low Director	Stock Option ⁽²⁾⁽³⁾	277,500 ⁽¹⁾ (2.5%)	Feb 8, 2019	0.10	N/A	0.115	Feb 8, 2024

Notes:

- (1) All of the options vested as at February 8, 2019.
- (2) By the terms of the stock options, all common shares acquired on exercise thereof prior to the completion of a "qualifying transaction" by the Company must be deposited in escrow with Computershare Trust Company as escrow agent and will be subject to escrow until a final Exchange bulletin is issued following closing of the "qualifying transaction".
- (3) By the terms of the stock options, these options must be exercised within 12 months after the completion of the "qualifying transaction".

During the financial year ended September 30, 2019, no compensation securities were exercised by any Named Executive Officer or director of the Company.

Pension Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Stock Option Plans

The Company is proposing to approve a stock option plan at the Meeting. For a description of the material terms of the stock option plan, see "*Particulars of Matters To Be Acted Upon – Approval of Stock Option Plan*" below.

Material Terms of Named Executive Officer Agreements

Management functions of the Company are not, to any substantial degree, performed by anyone other than by Named Executive Officers or directors of the Company.

The Company is currently listed on the TSX Venture Exchange (the "**Exchange**") as a capital pool company (a "**CPC**"). As required under Exchange Policy 4.2 (the "**CPC Rules**"), the Company currently makes no compensation payments to its executive officers or directors.

Accordingly, there were no formal agreements or arrangements in place under which compensation was provided to any Named Executive Officer or director during the most recently completed financial year or is payable in respect of services provided to the Company performed by a director or Named Executive Officer; or performed by any other party but are services typically provided by a director or a Named Executive Officer.

Similarly, the Company has no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or its subsidiaries, or a change in responsibilities of the Named Executive Officer or director following a change in control.

Oversight and Description of Director and Named Executive Officer Compensation

Given the limited nature of its activities the Company does not have a formal compensation committee at this time. In addition, as required under the CPC Rules, the Company currently makes no compensation payments to its executive officers or directors. However, the independent directors, being Merv Chia and Kendra Low, are responsible for administering compensation policies related to the executive management of the Company, including option-based awards.

Compensation of Named Executive Officers and Directors

Elements of Compensation

As required under the CPC Rules and as stated above, the Company currently makes no compensation payments to its executive officers or directors. To date, the independent directors have not yet established any formal objectives, criteria, or benchmark analyses for executive compensation. Following completion of a "qualifying transaction" by the Company, the independent directors will review the levels of compensation for executive officers and directors and implement and adopt an appropriate philosophy and system for compensation based on the nature and extent of its business at that time. In the future, total compensation for executive officers and directors may include base salary or management fee and long-term incentive stock options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
<i>Equity compensation plans approved by securityholders</i>	Nil	N/A	N/A
<i>Equity compensation plans not approved by securityholders⁽¹⁾</i>	1,100,000	\$0.10	Nil
<i>Total</i>	Nil	N/A	Nil

Notes:

- (1) The Board adopted a stock option plan on September 5, 2018 which must be adopted by the shareholders of the Company and must be re-approved by the shareholders annually basis pursuant to the policies of the Exchange. See "Particulars of Matters To Be Acted Upon – Approval of Stock Option Plan".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company which is owing to the Company or which is owing to another entity, which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

in relation to a securities purchase program or other program.

MANAGEMENT CONTRACTS

No management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The Company's audit committee (the "**Audit Committee**") is attached to this Circular as Schedule "B".

Composition of the Audit Committee

The Audit Committee consists of three directors, namely Kendra Low (Chair), Mark Orsmond and Merv Chia. All of the members of the Audit Committee are "financially literate" within the meaning of that term in NI 52-110 – *Audit Committees* ("**NI 52-110**"). Kendra Low and Merv Chia are independent within the meaning of that term as set forth in NI 52-110. Mark Orsmond is not independent by virtue of his position as Chief Executive Officer and Corporate Secretary of the Company.

Relevant Education and Experience

The following is a brief summary of the relevant educational background and experience of each of the members of the Audit Committee:

Kendra Low (Chair):

Kendra Low holds an MBA from the University of British Columbia and has more than 15 years of experience working in corporate and sustainability governance. An experienced corporate secretary, corporate and sustainability governance professional and business strategist, she has advised boards and managed the governance function for both publicly-traded and not-for-profit organizations. She is

the founder and principal of a private corporate governance consulting firm that has worked with large energy, pulp & paper, and mining companies in addition to a host of smaller not-for-profit organizations.

Mark Orsmond:

Mr. Orsmond holds his Chartered Professional Accountant designation and has a Bachelor of Commerce degree from the University of South Africa.

Mr. Orsmond was President of Mercantile Consulting from September 2001 to January 2018. From June 2008 to July 2018, Mr. Orsmond was Chief Financial Officer for All-Sea Enterprises Ltd. Mr. Orsmond was also President of Movarie Capital Corp. from May 2012 to March 2016, the Chief Financial Officer of Hedger Capital Inc. from March 2006 to January 2010 and a Director of Keegan Resources Inc. from October 2007 to August 2008. Mr. Orsmond has been a Director and CFO of Danacore Industries Inc. since January 2018 and is currently the Chief Financial Officer of the Corix Group in Vancouver.

Merv Chia:

Merv Chia has served as President of NEX Industries Corp., a private investment company, since 1999. He has held several corporate board directorships and numerous other corporate roles with public and private companies. He graduated University of Winnipeg Collegiate and studied finance and marketing at the University of Manitoba.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

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 National Instrument 52-110. As a venture issuer, Libby K is relying on the exemption in Section 6.1 of NI 52-110 (Venture Issuers) from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "External Audit" in the Audit Committee's Charter found as Schedule "B" to this Circular.

External Auditors Service Fees (By Category)

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

<i>Financial Year Ending</i>	<i>Audit Fees (\$)</i>	<i>Audit-Related Fees (\$)</i>	<i>Tax Fees (\$)</i>	<i>All Other Fees (\$)</i>
September 30, 2018	5,000	Nil	Nil	1,500
September 30, 2019	5,000	1,250	Nil	3,000

CORPORATE GOVERNANCE DISCLOSURE

The Company is currently listed on the Exchange as a CPC and currently has no assets, other than cash, and does not have an active business other than the identification and assessment of potential "qualifying transactions". National Instrument 58-201, *Corporate Governance Guidelines* ("**NI 58-201**") establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines. However, the Board considers that many of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101, *Corporate Governance Disclosure*, mandates disclosure of corporate governance practices which disclosure is set out below. Upon completion of a "qualifying transaction" the Company will reassess its corporate governance practices and the guidelines promulgated by NI 58-201.

Independence of Members of Board

As at the date hereof, the Board consists of four (4) directors, two (2) of whom are independent based upon the criteria set forth in NI 52-110. Each of Merv Chia and Kendra Low are independent. Robert Kiesman is not independent by virtue of his position as Chief Executive Officer and Chairman of the Company and Mark Orsmond is not independent by virtue of his position as Chief Financial Officer and Secretary of the Company. The Board holds in camera sessions at which non-independent directors and members of management are not in attendance during Board meetings as needed to facilitate open and candid discussion among its independent directors.

Management Supervision by Board

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are involved in reviewing and supervising the operations of the Company and have full access to management.

Participation of Directors in Other Reporting Issuers

The following directors of the Company hold directorships in other reporting issuers as set out below:

Name of Director	Name of Other Reporting Issuer	Position
Mark Orsmond	Danacore Industries Inc.	President, CEO and Director

Orientation and Continuing Education

The Company does not have formal orientation and training programs and does not consider these programs necessary at this stage of the Company's development.

Ethical Business Conduct

The Board does not consider a formal policy necessary at this stage of the Company's development, but views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders.

Nomination of Directors

The Board as a whole has responsibility for identifying potential candidates and will determine new nominees to the Board, although a formal process has not been adopted. Future nominees will likely be the result of recruitment efforts by the directors, including both formal and informal discussions among directors and the Chief Executive Officer.

Compensation of Directors and Executive Officers

The Company is currently listed on the Exchange as a CPC and is therefore prohibited from making payments to its directors and officers as remuneration (e.g., salaries, consulting fees, management contract fees and directors' fees) until completion of a "qualifying transaction". Accordingly, the Board does not consider it necessary or useful at this stage of the Company's development to take any steps to determine compensation for its directors and executive officers.

Board Committees

The Company has only the Audit Committee at this time. As stated above, the Board has determined that additional committees are not necessary at this stage of the Company's development.

Assessments

The Board monitors but does not formally assess the performance of individual directors or Audit Committee members or their contributions. The Board does not consider that formal assessments would be useful at this stage of the Company's development.

Board Expectations of 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. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

PARTICULARS OF MATTERS TO BE ACTED UPON

Receipt of the Financial Statements and Auditors' Report

The consolidated financial statements of the Company for the financial year ended September 30, 2019 and the auditors' report thereon will be placed before the shareholders at the Meeting.

If you wish to receive interim and/or annual financial statements from the Company, you are encouraged to send the enclosed return card to Computershare Investor Services Inc. at the address set forth on the return card. The Company's annual financial statements for the financial year ended September 30, 2019 are also available under the Company's profile on SEDAR (www.sedar.com).

Election of Directors

Fixing the Number of Directors

The Company is requesting that the shareholders consider and, if thought advisable, approve an ordinary resolution at the Meeting to set the number of directors of the Board at four (4) for the ensuing year.

Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the common shares represented by such form of proxy FOR fixing the number of directors at four (4).

Election of 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. All four nominees are currently directors of the Company.

Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the common shares represented by such form of proxy FOR the election of the four director nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, and each other person whose term of office as a director will continue after the Meeting, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly⁽¹⁾</i>
Robert Kiesman British Columbia, Canada Chairman, Chief Executive Officer and a Director	Associate lawyer with Stikeman Elliott LLP from 2009 to June 2017. President and Chief Legal Officer of Steveston Employment Advisors Inc. since June 2017.	Since July 5, 2018	868,000 ⁽²⁾
Mark Orsmond⁽³⁾ British Columbia, Canada Chief Financial Officer, Corporate Secretary and a Director	CFO of All-Sea Enterprises Ltd. from June 2008 to July 2018; President of Mercantile Consulting Limited from September 2001 to January 2018; President of Movarie Capital Inc. from May 2012 to March 2016; CFO of the Corix Group from September 2017 to December 2017 and from February 2018 to the present; Senior Consultant from January 2018 to August 2018; President, CEO and Director of Danacore Industries Inc. from January 2018 to the present.	Since July 5, 2018	700,000 ⁽⁴⁾
Merv Chia⁽³⁾ British Columbia, Canada Director	President of Nex Industries Corp. since 1999.	Since July 5, 2018	600,000 ⁽⁵⁾
Kendra Low⁽³⁾ British Columbia, Canada Director	President of Kalamandra Consulting Inc.	Since December 11, 2018	100,000

Notes:

- (1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at November 30, 2019, based upon information furnished to the Company by individual directors. Unless otherwise indicated, such shares are held directly.
- (2) 743,000 Shares are held directly by Robert Kiesman; 25,000 Shares are registered in the name of Skeena Gold Fishing Ltd., a corporation controlled by Mr. Kiesman; 100,000 Shares are registered in the name of Debra Wampler, an individual whose securities are controlled by Mr. Kiesman.
- (3) Member of the Audit Committee, of which Kendra Low is chair.
- (4) Shares are registered in the name of Mercantile Consulting Limited, a corporation controlled by Mr. Orsmond.
- (5) Shares are registered in the name of NEX Industries Corp., a company controlled by Mr. Chia.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

To the knowledge of the Company, except as set out below, no proposed director:

- (a) is, as at the date of the Circular, or has been, within 10 years before the date of the Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
 - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or 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; or
 - (ii) was subject to a cease trade or similar order or 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, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Circular, or has been within 10 years before the date of the 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
- (c) has, within the 10 years before the date of this 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 had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to 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
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Certain directors of the Company are presently directors of other reporting issuers (see "*Corporate Governance Disclosure – Participation of Directors in Other Reporting Issuers*").

Appointment of Auditors

The shareholders will be asked to vote for the appointment of Smythe LLP as auditors of the Company until the earlier of: (i) the close of the next annual meeting; or (ii) the resignation or removal of Smythe

LLP; at such remuneration as may be approved by the Board. Smythe LLP were first appointed auditors of the Company on September 5, 2018.

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Smythe LLP as the auditors of the Company, to hold office for the ensuing year at a remuneration to be fixed by the directors.

Approval of Amended and Restated Articles

In connection with the preparation of this Circular, the Company has undertaken a review of its articles (the "**Articles**"). As a result of that review, on November **29**, 2019, the Board approved, subject to receiving the necessary shareholder approval, the adoption of the amended restated articles in the form attached hereto as Schedule "C" (the "**Amended and Restated Articles**").

The Amended and Restated Articles will not result in any material changes to the constitution, powers or management of the Company, except as otherwise described herein. In that regard, the Amended and Restated Articles will grant the Board with greater authority and flexibility to make certain alterations to the capitalization of the Company. The Board has determined that the Amended and Restated Articles leverage the flexibility afforded by the *Business Corporations Act*, and better position to Company to complete a "qualifying transaction" in a timely and cost-effective manner.

A description of the material amendments follows.

Redemption of Shares

Under the Amended and Restated Articles, if the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to any special rights and restrictions attached to such class of shares, determine the manner in which the shares to be redeemed shall be selected. The BCBCA allows redemptions that are consistent with a company's articles, so these amendments provide the Company with greater flexibility when redeeming shares.

Bonds, Debentures, Debt

Under the Amended and Restated Articles, any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine. The Articles are silent on the types of debt the Company can issue.

Alterations

Under the Articles, any alteration described below in this section requires a special resolution of the shareholders. A special resolution is a resolution approved by not less than two thirds of the votes cast thereon. Under the Amended and Restated Articles any alteration described below, may be effected by a resolution of the Board or an ordinary resolution. An ordinary resolution is a resolution approved by not less than fifty percent of the votes cast thereon.

More particular, the proposed Amended and Restated Articles will provide that the Company may by directors' resolution or by ordinary resolution of Shareholders, in each case as determined by the directors:

- (a) 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;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue 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;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value;
- (f) alter the identifying name of any of its shares;
- (g) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued;
- (h) authorize an alteration of its Notice of Articles in order to change its name and may, by directors' resolution or ordinary resolution of Shareholders, in each case as determined by the directors, adopt or change any translation of that name; and
- (i) if the BCBCA does not specify the type of resolution and the Company's Amended and Restated Articles do not specify another type of resolution, alter the Company's articles;

and, if applicable, alter its Notice of Articles and, if applicable, alter its Articles accordingly.

Change of Name of the Company

The Amended and Restated Articles will allow the Company, by directors' resolution or by ordinary resolution, in each case as determined by the directors, to authorize an alteration of its Notice of Articles in order to change its name and may, by directors' resolution or ordinary resolution, in each case as determined by the directors, adopt or change any translation of that name.

Location of Meetings of Shareholders

The Amended and Restated Articles will allow the directors to approve a shareholder meeting location outside of the Province of British Columbia, which is prohibited under the Articles.

Notice of Resolutions to which Shareholders May Dissent

In accordance with the BCBCA, the Amended and Restated Articles provide that the Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution.

Quorum Requirements

The Articles provide that the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who hold, in the aggregate, at least 5% of the shares outstanding which can be voted at the meeting.

The Amended and Restated Articles will provide that, 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 present or represented by proxy entitled to vote at such meeting.

Notice and Access

The Amended and Restated Articles allow the Company to utilize notice-and-access provisions of NI 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, which is not explicitly provided for under the Articles. The notice-and-access provisions permit the electronic delivery of shareholder meeting material, thereby reducing the Company's printing and mailing costs.

The full text of the Amended and Restated Articles is set forth in Schedule "C" hereto. The Amended and Restated Articles will also be available for review at the Meeting. If the Amended and Restated Articles are approved at the Meeting, a copy of the Amended and Restated Articles will be filed and thereafter may be obtained under the Company's profile on SEDAR at www.sedar.com.

Shareholders will be asked at the Meeting to consider and, if deemed appropriate, to pass, with or without variation, the following special resolutions, in substantially the following form (the "**Articles Resolution**"):

"BE IT RESOLVED THAT:

1. the amended and restated articles of the Company, substantially in the form attached in Schedule "C" to the management information circular of the Company dated November 30, 2019, are approved and adopted;
2. any director or officer of the Company are authorized and directed to execute and deliver for and in the name of and on behalf of the Company, whether under its corporate seal or not, all such certificates, instruments, agreements, documents and notices and to do all such other acts and things as in such person's opinion as may be necessary or desirable for the purpose of giving effect to these resolutions; and
3. notwithstanding that these resolutions have been passed by the shareholders of the Company, the directors of the Company are hereby authorized to abandon all or any part of these resolutions at any time prior to giving effect thereto without further notice to or approval of the shareholders of the Company."

The Board and management of the Company recommend that shareholders vote FOR the Articles Resolution. To be effective, the Articles Resolution must be approved by 66 2/3% of votes cast by holders of common shares present in person, or represented by proxy, at the Meeting.

Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the common shares represented by such form of proxy FOR the Articles Resolution.

Approval of Stock Option Plan

The Board adopted a stock option plan on September 5, 2019 (the "**Plan**"). The Plan must be adopted by the shareholders of the Company and must be re-approved by the shareholders annually basis pursuant to the policies of the Exchange.

Pursuant to the Plan, the Board may from time to time authorize the issue of options ("**Options**") to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries.

The terms of the Plan provide that the number of shares which may be reserved for issuance under the Plan (together with all other share compensation arrangements of the Company) shall not exceed: (i) prior to the completion of a "qualifying transaction", 10% (being 1,100,000) of the number of shares outstanding at the closing of its initial public offering ("**IPO**"), being 11,100,000; or (ii) following completion of a "qualifying transaction", 10% of the issued and outstanding shares of the Company as it may be from time to time.

The purpose of the Plan is to give to directors, officers, employees and consultants, an opportunity to advance the interests of the Company, through the grant of Options, by providing an incentive mechanism to foster the interest of such persons in the success of the Company and its subsidiaries; encouraging such persons to remain with the Company or its subsidiaries; and attracting new directors, employees and consultants.

The Plan is administered by the Board, which shall, without limitation, have full and final authority in its discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan, subject to any necessary shareholder or regulatory approval. The Board may delegate any or all of its authority with respect to the administration of the Plan to a committee of the Board. The Board shall determine to whom Options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option.

Under the Plan, Options are exercisable over periods of up to 10 years as determined by the Board.

Prior to the completion of a "qualifying transaction", the exercise price of each Option shall not be less than the greater of the initial public offering price and the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of Options (or, if the grant is not announced, the closing market price prevailing on the day that the Option is granted), less the applicable discount, if any, permitted by the policies of the Exchange Discounted Market Price (as such term is defined in the policies of the Exchange).

After the completion of a "qualifying transaction", Options may not have an exercise price that is less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of Options (or, if the grant is not announced, the

closing market price prevailing on the day that the Option is granted), less the applicable discount, if any, permitted by the policies of the Exchange and approved by the Board.

In accordance with the policies of the Exchange, the Plan provides that: (i) the maximum number of common shares which may be issued pursuant to options previously granted and those granted under the Plan are 10% of the issued and outstanding common shares at the time of the grant; and (ii) the number of shares which may be reserved for issuance to any one individual may not exceed (without shareholder approval) 5% of the issued shares on a yearly basis or 2% if the Optionee (as such term is defined in the Plan) is engaged in investor relations activities or is a consultant.

The Plan contains no vesting requirements, but permits the Board to specify a vesting schedule in its discretion, subject to the Exchange's minimum vesting requirements, if any.

The Plan provides that if a change of control (as defined in the Plan) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.

The Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations.

The Plan provides that on the death or disability of an option holder, all vested Options will expire at the earlier of 365 days after the date of death or disability and the expiry date of such Options. Where an Optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an Optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such Optionee will expire at the earlier of: (i) the expiry date of such options; and (ii) the date which is 90 days (30 days if the Optionee was engaged in investor relations activities) after the Optionee ceases its office, employment or engagement with the Company. However, the Board may extend this expiry date within a reasonable period in accordance with the policies of the Exchange.

Notwithstanding the foregoing, the Plan provides that Options granted prior to the completion of the "qualifying transaction" to any person who does not continue as a director, officer, technical consultant or employee of the resulting issuer have a maximum term of the later of 12 months after the completion of the "qualifying transaction" and 90 days after such person ceases to become a director, officer, technical consultant or employee of the resulting issuer.

In accordance with good corporate governance practices and as recommended by National Policy 51-201 *Disclosure Standards*, the Company may impose black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the board of directors. In order to ensure that holders of outstanding stock options are not prejudiced by the imposition of such black-out periods, the Plan contains a provision to the effect that any outstanding stock options with an expiry date occurring during a management imposed black-out period or within five days thereafter will be automatically extended during a black-out period to a date that is no later than 10 business days following the end of the black-out period.

The Company does not provide any financial assistance to participants in order to facilitate the purchase of Shares under the Plan. As at the date of this Circular, 1,100,000 Options had been issued under the Plan. A copy of the Plan may be inspected at the office of the Company's counsel, Pacific Centre, 725 Granville Street, Suite 400, Vancouver, BC V7Y 1G5 during normal business hours and at the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed appropriate, to pass, with or without variation, the following resolutions, in substantially the following form (the "**Stock Option Plan Resolution**") to approve the Plan:

"BE IT RESOLVED THAT:

1. the Plan (as defined and described in the Company's information circular dated November 30, 2019) pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries, is authorized, confirmed and approved;
2. the board of directors is authorized on behalf of the Company to make any amendments to the Plan as may be required by regulatory authorities or otherwise made necessary by applicable legislation, without further approval of the shareholders of the Company, in order to ensure the adoption and efficient function of the Plan; and
3. any director or officer of the Company is authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection with the implementation of the Plan."

The directors of the Company believe the passing of the Stock Option Plan Resolution is in the best interests of the Company and recommend that Shareholders of the Company vote FOR Stock Option Plan Resolution. **In the absence of contrary instruction, the person(s) designated by management of the Company in the enclosed form of proxy intended to vote FOR the approval of the Plan.**

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on its SEDAR profile at www.sedar.com. Shareholders may contact the Company at 1208 Rosewood Crescent, North Vancouver, British Columbia, V7P 1H4 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A related thereto for the year ended September 30, 2019 which are available on SEDAR.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 30th day of November, 2019

Approved By The Board Of Directors of Libby K Industries Inc.

"Robert Kiesman"

Robert Kiesman
Chairman and CEO

SCHEDULE "A"
STOCK OPTION PLAN

LIBBY K INDUSTRIES INC.
(the "Company")

STOCK OPTION PLAN

1. PURPOSE OF THE PLAN

The Company hereby establishes a stock option plan (the "**Plan**") for Eligible Persons (as defined below). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten (10) years as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the Market Price prevailing on the date the option is granted less applicable discount, if any, permitted by the policies of the Exchanges and approved by the Board.

2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

- 2.1 "**Associate**" means an "Associate" as defined in the TSXV Policies.
- 2.2 "**Black-Out Period**" means a period of time during which, pursuant to the policies of the Company, trading in Shares or Options is prohibited or restricted.
- 2.3 "**Board**" means the Board of Directors of the Company.
- 2.4 "**Change of Control**" means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board.
- 2.4 "**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended.
- 2.5 "**Company**" means Libby K Industries Inc. and its successors.
- 2.6 "**Completion of the Qualifying Transaction**" means "Completion of the Qualifying Transaction" as defined in the TSX Policy 2.4.
- 2.7 "**Consultant**" means a "Consultant" as defined in the TSXV Policies.
- 2.8 "**Consultant Company**" means a "Consultant Company" as defined in the TSXV Policies.
- 2.9 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

- (a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
 - (b) acting as a director or officer of the Company or its subsidiaries.
- 2.10 "**Discounted Market Price**" of Shares means, if the Shares are listed only on the TSX Venture Exchange, the Market Price less the maximum discount permitted under the TSX Policy applicable to incentive stock options.
- 2.11 "**Disinterested Shareholder Approval**" means approval by a majority of the votes attaching to shares voted at a meeting of shareholders of the Company, excluding the votes attaching to shares held by persons with an interest in the subject matter of the resolution, in accordance with TSXV Policies.
- 2.12 "**Eligible Persons**":
 - (a) prior to the Completion of the Qualifying Transaction, means a director or officer of the Company, and where permitted by Securities Laws, a technical consultant whose particular industry experience in relation to the business of the Vendors or the Target Company, as the case may be, is required to evaluate the proposed Qualifying Transaction, or a Company (as defined in the TSXV Policies), all of whose securities are owned by such director, officer, or technical consultant, and specifically excludes any person providing Investor Relations Activities, promotional or market-making services; or
 - (b) upon the Completion of the Qualifying Transaction, means a director, senior officer, Employee, Management Company Employee and a consultant of either or both of the Company or its subsidiaries.
- 2.13 "**Employee**" means an "Employee" as defined in the TSXV Policies.
- 2.14 "**Exchanges**" means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.15 "**Expiry Date**" means the date set by the Board under paragraph 3.1 of the Plan, as the last date on which an Option may be exercised.
- 2.16 "**Expiry Time**" means, in respect of an Option, 4:00pm Pacific Standard Time on the Expiry Date of such Option.
- 2.17 "**Fair Market Value**" shall mean, with respect to any property (including, without limitation, any Shares), the fair market value of such property determined by such methods or procedures as are established from time to time by the Board. Unless otherwise determined by the Board, the fair market value of a Share as of a given date will be the price at which the last recorded sale of a board lot of Shares took place on the Exchanges immediately preceding the Grant Date.

- 2.18 "**Grant Date**" means the date specified in an Option Agreement as the date on which an Option is granted.
- 2.19 "**Incentive Stock Option**" shall mean an Option granted to a U.S. Participant that is intended to qualify as an "incentive stock option" within the meaning of section 422 of the Code.
- 2.20 "**IPO**" means "IPO" as defined in the TSXV Policies.
- 2.21 "**IPO Share**" means "IPO Share" as defined in the TSX Policy 2.4.
- 2.22 "**Insider**" means an "Insider" as defined in the TSXV Policies.
- 2.23 "**Investor Relations Activities**" means "Investor Relations Activities" as defined in the TSXV Policies.
- 2.24 "**Joint Actor**" means a person "acting jointly or in concert" with another person as that phrase is interpreted in Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.
- 2.25 "**Management Company Employee**" means a "Management Company Employee" as defined in the TSXV Policies.
- 2.26 "**Market Price**" of Shares at any Grant Date means the last closing price per Share on the last day on which Shares were traded prior to the day on which the Company announces the grant of the Option or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.27 "**Nonqualified Stock Option**" shall mean an Option granted to a U.S. Participant that is not an Incentive Stock Option.
- 2.28 "**Option**" means an option to purchase Shares granted pursuant to this Plan.
- 2.29 "**Option Agreement**" means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.
- 2.30 "**Optionee**" means each of the Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.
- 2.31 "**Option Price**" means the price per Share specified in an Option Agreement, as adjusted from time to time in accordance with the provisions of section 5.
- 2.32 "**Option Shares**" means the aggregate number of Shares which an Optionee may purchase under an Option.
- 2.33 "**Plan**" means this 2018 Stock Option Plan.

- 2.34 **"Qualifying Transaction"** means "Qualifying Transaction" as defined in the TSX Policy 2.4.
- 2.35 **"Resulting Issuer"** means "Resulting Issuer" as defined in the TSX Policy 2.4.
- 2.36 **"Shares"** means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.37 **"Securities Act"** means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.38 **"Securities Laws"** means "Securities Laws" as defined in the TSXV Policies.
- 2.39 **"Target Company"** means "Target Company" as defined in the TSX Policy 2.4.
- 2.40 **"10% Shareholder"** shall mean a person who owns (taking into account the constructive ownership rules under section 424(d) of the Code) more than 10% of the total combined voting power of all classes of shares of the Company (or of any parent or subsidiary of the Company within the meaning of section 424(e) and 424(f) of the Code).
- 2.41 **"Tier 1 Issuer"** means "Tier 1 Issuer" as defined in TSXV Policies.
- 2.42 **"TSXV Policies"** means the policies included in the TSX Venture Exchange Corporate Finance Manual and "TSX Policy" means any one of them.
- 2.43 **"Unissued Option Shares"** means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.44 **"U.S. Participant"** shall mean an Optionee who is a U.S. citizen or a U.S. resident, in each case as defined in the Code.
- 2.45 **"U.S. Securities Act"** shall mean the United States *Securities Act of 1933*, as amended.
- 2.46 **"Vendors"** means "Vendors" as defined in the TSX Policy 2.4.
- 2.47 **"Vested"** means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

3. GRANT OF OPTIONS

3.1 Option Terms

Pursuant to paragraph 7.3 of the Plan, the Board shall have the authority to issue Options and set the terms of Options in accordance with the terms of the Plan and applicable policies of the Exchanges.

The Board may from time to time authorize the issue of Options to Eligible Persons.

Subject to the limitations in Section 6.2(a) applicable to U.S. Participants and Section 6.3(c) applicable to Incentive Stock Options, prior to the Completion of the Qualifying Transaction, the Option Price under each Option shall be not less than the greater of the IPO Share price and the Discounted Market Price.

Subject to the limitations in Section 6.2(a) applicable to U.S. Participants and Section 6.3(c) applicable to Incentive Stock Options, upon the Completion of the Qualifying Transaction, the Option Price under each Option shall be not less than the Discounted Market Price on the Grant Date provided that if an Option is granted within 90 days of the distribution of Shares by the Company pursuant to a prospectus, the Option Price must be the greater of the Discounted Market Price and the per share price paid for Shares acquired under such distribution. The 90 day period begins: (a) on the date a final receipt is issued for the prospectus, or, in the case of an initial public offering of Shares, on the date of listing of the Shares; or (ii) in the case of a prospectus that qualifies the distribution of Shares upon the exercise of special warrants, on the date of issuance of such special warrants.

The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten (10) years after the Grant Date, subject to the operation of paragraph 4.5. Options shall not be assignable (or transferable) by the Optionee.

3.2 Previously Granted Options

In the event that on the date this Plan is implemented and effective (the "**Effective Date**") there are outstanding stock options (the "**Pre-Existing Options**") that were previously granted by the Company pursuant to any stock option plan in place prior to the Effective Date (a "**Pre-Existing Plan**"), all such Pre-Existing Options shall, effective as of the Effective Date, be governed by and subject to the terms of the Plan.

3.3 Limits on Shares Issuable on Exercise of Options

At the time of grant of any Option, the aggregate number of Shares reserved for issuance under the Plan which may be made subject to Options at any time and from time to time (including those issuable upon the exercise of Pre-Existing Options):

- (a) prior to the Completion of the Qualifying Transaction, the aggregate number of Shares issuable upon exercise of Options shall not exceed 10% of the Shares outstanding as at the closing of the Company's IPO; and
- (b) upon the Completion of the Qualifying Transaction, the aggregate number of Shares issuable upon exercise of Options shall not exceed 10% of the total number of issued and outstanding Shares, on a non-diluted basis, as constituted on the Grant Date of such Option.

Any Shares subject to an Option which has been granted under the Plan and which has been subsequently cancelled or terminated in accordance with the terms of the Plan, without having

been exercised, will again be available for issuance pursuant to the exercise of Options granted under the Plan.

The number of Shares which may be issuable under the Plan, subject to the restrictions in Section 7.15 below, and all of the Company's other previously established or proposed share compensation arrangements:

- (a) prior to the Completion of the Qualifying Transaction, to any individual director or officer may not exceed 5% of the common shares to be outstanding after closing of the Company's IPO;
- (b) prior to the Completion of the Qualifying Transaction, to all technical consultants may not exceed 2% of the common shares to be outstanding after closing of the Company's IPO;
- (c) after the Completion of the Qualifying Transaction, within a one-year period to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit;
- (d) after the Completion of the Qualifying Transaction, within a one-year period to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit;
- (e) after the Completion of the Qualifying Transaction, within a one-year period to any one Consultant shall not exceed 2% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (f) after the Completion of the Qualifying Transaction, within a one-year period to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis.

3.4 Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. In respect of Options granted to Employees, Consultants, Consultant Companies or Management Company Employees, the Company and the Optionee are representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement by the Company shall constitute conclusive evidence that the Option issued thereunder has been awarded in compliance with this Plan.

4. EXERCISE OF OPTION

4.1 When Options May be Exercised

Subject to paragraphs 4.3, 4.4, 4.5 and 6.2, including, without limitation: (i) any restriction (including vesting requirements) on the number or percentage of Option Shares which may be purchased by the Optionee during any particular time period; (ii) any restriction on the exercise of Options pursuant to the requirements of a Black-Out Period or any regulatory authority having jurisdiction; and (iii) termination of the Option in accordance with the terms of the Plan, the unexercised portion of an Option may be exercised by the Optionee in whole or in part at any time after the Grant Date up to the Expiry Time and shall not be exercisable thereafter. No Option may be exercised before Completion of the Qualifying Transaction unless the Optionee agrees in writing to deposit the Shares acquired upon exercise of such Option in escrow until the issuance of the Final Exchange Bulletin (as defined by TSX Policy 2.4).

4.2 Manner of Exercise

The Option shall be exercisable by delivering to the Company written notice specifying the number of Option Shares in respect of which the Option is being exercised together with payment in full of the Option Price for each such Option Share by way of certified cheque, bank draft, money order or cash. Upon receipt of such notice and payment by the Company, there will be a binding contract for the issue of the Option Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Upon an Optionee exercising an Option and paying the Company the aggregate purchase price for the Option Shares in respect of which the Option has been exercised, the Company shall as soon as practicable issue and deliver a certificate representing the Shares so purchased.

4.3 Vesting of Option Shares

The Board, subject to the policies of the Exchanges, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out in paragraph 3.3 hereof, all Options granted under the Plan shall vest and become exercisable in full upon grant, except Options granted to Consultants performing Investor Relations Activities, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three month period. Notwithstanding the foregoing, in the event that a Pre-Existing Plan imposed vesting requirements on a Pre-Existing Option, such vesting requirements must be satisfied before any such Pre-Existing Options shall become Vested.

4.4 Ceasing to be an Eligible Person and Death

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If an Optionee (or: (a) in the case of an Optionee that is not an individual, the person that controls such Optionee; or (b) in the case of an Optionee that is a Consultant Company, all of the individuals who provide services to the Company or its subsidiaries on behalf of such Consultant Company) shall die, any Option held by such Optionee at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period ending on the earlier of: (a) one year after the date of death of the Optionee; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of death of such Optionee.

If the Optionee ceases to be an Eligible Person, due to his or her Disability or, in the case of an Optionee that is a company, the Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, any Option held by such Optionee at the date of Disability shall be exercisable in whole or in part for a period ending on the earlier of: (a) one year after the date of Disability of the Optionee; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of Disability of such Optionee.

(b) Termination For Cause

If the Optionee ceases to be an Eligible Person as a result of "termination for cause" of such Optionee by the Company or its subsidiary (or in the case of an Optionee who is a Management Company Employee or Consultant, by the Optionee's employer), as that term is interpreted by the courts of the jurisdiction in which the Optionee is employed or engaged, any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her voluntary resignation, or to his or her termination by the Company or its subsidiary other than for cause (or, in the case of an Optionee who is a Management Company Employee or a Consultant, the termination of the company providing management or consultant services to the Company or its subsidiary), any outstanding Option then

held by such Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to:

- (i) if the Company is a Capital Pool Company at the time the Optionee ceases to be an Eligible Person, the earlier of: (A) the Expiry Time; and (B) the date that is 90 days (or 30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee ceases to be an Eligible Person; or
- (ii) if the Optionee ceases to be an Eligible Person after Completion of the Qualifying Transaction, the later of: (A) 12 months after Completion of the Qualifying Transaction; and (B) 180 days after the Optionee ceases to be an Eligible Person.

(d) Spin-Out Transactions

If pursuant to the operation of sub-paragraph 5.3(c) an Optionee receives options (the "**New Options**") to purchase securities of another company (the "**New Company**") in respect of the Optionee's Options (the "**Subject Options**"), the New Options shall expire on the earlier of: (i) the Expiry Date of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to sub-paragraph 4.4(a), (b) or (c), as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to sub-paragraphs 4.4(a), (b) or (c) hereof; and (iv) the date that is two (2) years after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

(e) Interpretation

For purposes of this paragraph 4.4, the dates of death, Disability, termination, retirement, voluntary resignation, ceasing to be an Eligible Person and incapacity shall be interpreted to be without regard to any period of notice (statutory or otherwise) or whether the Optionee or his or her estate continues thereafter to receive any compensatory payments from the Company or is paid salary by the Company in lieu of notice of termination.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this paragraph 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled.

Notwithstanding the other provisions of this Plan, Options granted prior to the Completion of the Qualifying Transaction to any Eligible Person who does not continue as a director, officer, technical consultant or employee of the Resulting Issuer have a maximum term of the later of 12 months after the Completion of the

Qualifying Transaction and 90 days after such Eligible Person ceases to become a director, officer, technical consultant or employee of the Resulting Issuer.

4.5 Extension of Expiry Date During Black-Out Period

If the Expiry Date in respect of any Option occurs during or within five (5) trading days following a Black-Out Period imposed by the Company, the Expiry Date of the Option shall be automatically extended to the date that is ten (10) trading days following the end of such Black-Out Period (the "**Extension Period**"); provided that if an additional Black-Out Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Black-Out Period to enable the exercise of such Options within ten (10) trading days following the end of the last imposed Black-Out Period.

4.6 Effect of a Take-Over Bid

If a *bona fide* offer (an "**Offer**") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon (subject to the approval of the Exchanges) all Option Shares subject to such Option will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then, subject to the limitations in Section 6.2(d) applicable to U.S. Participants, the Option Shares received upon such exercise, or in the case of sub-paragraph (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to paragraph 4.3 shall be reinstated. If any Option Shares are returned to the Company under this paragraph 4.6, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

4.7 Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, Vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer. The Board shall give each Optionee as much notice as possible of the acceleration of the

Options under this paragraph, except that not less than 5 business days and not more than 35 days notice is required.

4.8 Compulsory Acquisition or Going Private Transaction

If and whenever, following a take-over bid or issuer bid, there shall be a compulsory acquisition of the Shares of the Company pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal take-over bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Shares to the take-over bid.

4.9 Effect of a Change of Control

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee, subject to the approval of the Exchanges, if necessary.

4.10 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement

If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company (including, in the case of a Management Company Employee or Consultant, termination of the company providing such management or consulting services to the Company or its subsidiary), the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

4.11 Shares Not Acquired

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the

record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
 - (i) the Option Price in effect immediately before that effective date or record date; and
 - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in clause (a)(ii).

5.2 Special Distribution

Subject to the prior approval of the Exchanges, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3 Corporate Organization

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in paragraphs 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company, or securities of another company, or both; or
- (d) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Board.

5.4 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Board may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

5.5 Regulatory Approval

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 5.1, 5.2 or 5.3 is subject to the approval of the Exchanges and any other governmental authority having jurisdiction.

6. OPTIONS GRANTED TO U.S. PARTICIPANTS

6.1 Maximum Number of Shares for Incentive Stock Options

Notwithstanding any other provision of this Plan to the contrary (including, but not limited to, Section 3.3), the number of Shares available for granting Incentive Stock Options under the Plan may not exceed 10% of the total number of Shares outstanding on a non-diluted basis as of the later of: (i) date this Plan is initially adopted by the Board of Directors or (ii) the date the Plan is approved (or re-approved) by the shareholders of the Company, subject to adjustment in accordance with Article 5.

6.2 Special Requirements for Incentive Stock Options and Nonqualified Stock Options

The stock option agreement relating to any Option granted to a U.S. Participant shall specify whether such Option is an Incentive Stock Option or a Nonqualified Stock Option. If no such specification is made, the Option will be (a) an Incentive Stock Option if all of the requirements under the Code are satisfied or (b) in all other cases, a Nonqualified Stock Option. In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to any Option granted to a U.S. Participant:

- (a) The exercise price payable per Share upon exercise of an Option will not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option;
- (b) The Company may use its reasonable efforts to ensure that any adjustment with respect to the exercise price for and number of Shares subject to an Option (including, but not limited to, the adjustments contemplated under Section 5) granted to a U.S. Participant pursuant to this Plan will be made so as to comply with, and not create any adverse consequences under, sections 424 and 409A of the Code;
- (c) With respect to any extension of an Expiry Date in accordance with paragraph 4.5 of the Plan, the term "Black-Out Period" shall mean a period of time during which, pursuant to the policies of the Company that are reasonably designed to ensure compliance with applicable securities laws or rules of the Exchanges, trading in Shares or Options is prohibited or restricted; and
- (d) With respect to the right of rescission provided in Section 4.6, such right shall be limited so as to comply with, and not to create any adverse consequences under, section 409A or any other provision of the Code.

6.3 Special Requirements for Incentive Stock Options

In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to an Incentive Stock Option:

- (a) An Incentive Stock Option may be granted only to employees (including a director or officer who is also an employee) of the Company (or of any parent or subsidiary of the Company). For purposes of this Article 6, the term "employee" shall mean a person who is an employee for purposes of the Code and the terms "parent" and "subsidiary" shall have the meanings set forth in sections 424(e) and 424(f) of the Code;
- (b) The Company will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the date of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Participant during any calendar year (under this Plan and all other plans of the Company and of any parent or subsidiary of the Company) exceeds US\$100,000 or any limitation subsequently set forth in section 422(d) of the Code;
- (c) The exercise price payable per Share upon exercise of an Incentive Stock Option will not be less than 100% of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, the exercise price payable per Share upon exercise of such Incentive Stock Option will be not less than 110% of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option;
- (d) An Incentive Stock Option will terminate and no longer be exercisable no later than ten years after the date of grant of such Incentive Stock Option; provided, however, that in the case of a grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, such Incentive Stock Option will terminate and no longer be exercisable no later than five years after the date of grant of such Incentive Stock Option;
- (e) If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Corporation) for any reason, whether voluntary or involuntary, other than death, permanent disability or cause, such Incentive Stock Option shall be exercisable by the U.S. Participant (to the extent such Incentive Stock Option was Vested on the date of cessation of employment) at any time prior to the earlier of (i) the date that is three months after the date of cessation of employment or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Corporation (or by any parent or subsidiary of the Corporation) because of the death or permanent disability of such U.S. Participant, such U.S. Participant, such U.S. Participant's personal representatives or administrators, or any person or persons to whom such Incentive Stock Option is

transferred by will or the applicable laws of descent and distribution, may exercise such Incentive Stock Option (to the extent such Incentive Stock Option was Vested on the date of death or permanent disability, as the case may be) at any time prior to the earlier of (i) the date that is one year after the date of death or permanent disability, as the case may be, or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Company) for cause, the right to exercise such Incentive Stock Option will terminate on the date of cessation of employment, unless otherwise determined by the directors. For purposes of this Article 6, the term "permanent disability" has the meaning assigned to that term in section 422(e)(3) of the Code;

- (f) An Incentive Stock Option granted to a U.S. Participant may be exercised during such U.S. Participant's lifetime only by such U.S. Participant;
- (g) An Incentive Stock Option granted to a U.S. Participant may not be transferred, assigned or pledged by such U.S. Participant, except by will or by the laws of descent and distribution; and
- (h) No Incentive Stock Option will be granted more than ten years after the earlier of the date this Plan is adopted by the Board or the date this Plan is approved by the shareholders of the Company.

7. MISCELLANEOUS

7.1 Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

7.2 Necessary Approvals

The Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. Disinterested Shareholder Approval (as required by the Exchanges) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchanges and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

7.3 Administration of the Plan

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in paragraph 5.4, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

7.4 Withholding Taxes

The Company or any subsidiary of the Company may take such steps as are considered necessary or appropriate for the withholding and/or remittance of any taxes which the Company or any subsidiary of the Company is required by any law or regulation of any governmental authority whatsoever to withhold and/or remit in connection with any Option or Option exercise including, without limiting the generality of the foregoing, the withholding and/or remitting of all or any portion of any payment or the withholding of the issue of Shares to be issued upon the exercise of any Option until such time as the Optionee has paid to the Company or any subsidiary of the Company (in addition to the exercise price payable for the exercise of Options) the amount which the Company or subsidiary of the Company reasonably determines is required to be withheld and/or remitted with respect to such taxes.

7.5 Amendments to the Plan

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders, the Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

7.6 Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

7.7 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

7.8 Compliance with Applicable Law

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company

or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

7.9 No Assignment

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

7.10 Rights of Optionees

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

7.11 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

7.12 Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

7.13 Time of Essence

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

7.14 Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

7.15 CPC Provisions

Until the Completion of the Qualifying Transaction, this Plan is subject to all the terms and conditions contained in TSX Policy 2.4, and to the extent that this Plan is inconsistent with TSX Policy 2.4, the terms and conditions of TSX Policy 2.4 will govern. For further clarity, no Options may be granted to any persons providing Investor Relations Activities until the Completion of the Qualifying Transaction.

SCHEDULE "A"

LIBBY K INDUSTRIES INC.

STOCK OPTION PLAN - OPTION AGREEMENT

[The following legend is required if the Company is a Tier 2 Issuer or in respect of Options granted to Insiders or any Option granted to an Optionee with an Option Price that is lower than the Market Price: *Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof 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 , 20 [four months and one day after the date of grant].*]

This Option Agreement is entered into between Libby K Industries Inc. (the "**Company**") and the Optionee named below pursuant to the Company's 2018 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. for the price (the "**Option Price**") of \$ per share; **[For U.S. Participants, Option Price may not be less than Fair Market Value as of the Grant Date]**
5. which shall be exercisable immediately commencing on the Grant Date [OR set forth applicable vesting schedule];
6. terminating on the , 20 (the "**Expiry Date**");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, Option Shares continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

The Optionee acknowledges that any Option Shares received by him upon exercise of the Option have not been registered under the United States *Securities Act of 1933*, as amended, or the Blue Sky laws of any state (collectively, the "**Securities Acts**"). The Optionee acknowledges and understands that the Company is under no obligation to register, under the Securities Acts, the Option Shares received by him or to assist him in complying with any exemption from such registration if he should at a later date wish to dispose of the Option Shares. **[Following to be included in Option Agreements with "U.S. Persons"** - The Optionee acknowledges that the Option Shares shall bear a legend restricting the transferability thereof, such legend to be substantially in the following form:

"The shares represented by this certificate have not been registered or qualified under the United States Securities Act of 1933, as amended or state securities laws. The shares may not be offered

for sale, sold, pledged or otherwise disposed of unless so registered or qualified, unless an exemption exists or unless such disposition is not subject to U.S. federal or state securities laws, and the Company may require that the availability of any exemption or the inapplicability of such securities laws be established by an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company."]

To the extent that the Option is potentially subject to taxation under either Canada or the U.S. or both jurisdictions, the Optionee acknowledges that the Optionee has had adequate opportunity to obtain advice of independent tax counsel with respect to the tax treatment of the Option (including federal, state and provincial, as applicable). Furthermore, non-U.S. Optionees who are granted Options that are not subject to the restrictions applicable to U.S. Participants but who subsequently become subject to U.S. source income are strongly encouraged to seek advice of independent tax counsel to determine the applicability of U.S tax law to such Options.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

Acknowledgement – Personal Information

The Optionee hereby acknowledges and consents to:

- (a) the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (b) 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.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the day of , 20.

LIBBY K INDUSTRIES INC.

Per: _____

Authorized Signatory

Signature

Print Name

Address

SCHEDULE "B"
AUDIT COMMITTEE CHARTER

SCHEDULE "B"

LIBBY K INDUSTRIES INC. (the "Company")

AUDIT COMMITTEE CHARTER

Mandate

The primary function of the Audit Committee is to assist the Company's board of directors (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 Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit 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 system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Audit 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 interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is 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 Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

Meetings

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

Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit 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.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (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, 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 revenues 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 Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval such authority may be delegated by the Audit Committee to one or more independent members of the Audit 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.

SCHEDULE "C"
AMENDED AND RESTATED ARTICLES

**LIBBY K INDUSTRIES INC.
(the "Company")**

The Company has the following articles as its articles.

Incorporation number: BC1170880

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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) "*Interpretation Act*" means the *Interpretation 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;
- (4) "legal personal representative" means the personal or other legal representative of a shareholder;
- (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*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were set out herein. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* 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 or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

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.

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 or Written Notice

Unless the shares of which a shareholder is the registered owner are uncertificated shares, each shareholder is entitled, on request and at the shareholder's option, without charge, to (a) one 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, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all. Within a reasonable time after the issue or transfer of a share that is an uncertificated share, the Company must send to the shareholder a written notice containing the information required by the *Business Corporations Act*.

2.4 Delivery by Mail

Any share certificate, non-transferable written acknowledgment of a shareholder's right to obtain a share certificate or written notice of the issue or transfer of an uncertificated share 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, acknowledgement or written notice 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, provided such person has complied with the requirements of the *Business Corporations Act*.

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 as a fee to the Company for the issuance of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any, determined by the directors, 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 required by law or statute or these Articles 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.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, 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.

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; or
 - (c) money; and
- (2) the directors in their discretion have determined that the value of the consideration received by the Company is equal to or greater than 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, convertible debentures and rights upon such terms and conditions as the directors determine, which share purchase warrants, options, convertible debentures 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.

4. SHARE REGISTERS

4.1 Central Securities Register and Any Branch Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register and may maintain a branch securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register or any branch 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.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (1) a duly signed instrument of transfer in respect of the share;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (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; and

- (4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

For the purpose of this Article, delivery or surrender to the transfer agent or registrar which maintains the Company's central securities register or a branch securities register, if applicable, will constitute receipt by or surrender to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any shares 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 from time to time by the directors or the transfer agent or registrar for the class or series of shares to be transferred.

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 certificate(s) or set out in the written acknowledgments deposited with the instrument of transfer or, if the shares are uncertificated shares, then all of the uncertificated shares registered in the name of the shareholder:

- (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 as a fee to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative of the shareholder, or, in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, 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 of the shareholder, the directors may require a declaration of transmission made by the legal personal representative stating the particulars of the transmission, 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 of a shareholder has the same rights, privileges and obligations with respect to the shares as were 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. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

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 resolution of the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem 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 Redemption of Shares

If the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to any special rights and restrictions attached to such class of shares, determine the manner in which the shares to be redeemed shall be selected.

7.4 Sale and Voting of Purchased Shares

If the Company retains a share which it has redeemed, purchased or otherwise acquired, 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.

8. BORROWING POWERS

8.1 Powers of the Company

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 the directors 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.

8.2 Bonds, Debentures, Debt

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors:
 - (a) 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;
 - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue 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;
 - (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
 - (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or
 - (f) alter the identifying name of any of its shares; and
- (2) by ordinary resolution otherwise alter its shares or authorized share structure,

and, if applicable, alter its Notice of Articles and, if applicable, alter its Articles accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued; and
- (2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above if any of the shares of the class or series of shares have been issued,

and alter its Notice of Articles and Articles accordingly.

9.3 Change of Name

The Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name and may, by directors' resolution or ordinary resolution, in each case as determined by the directors, adopt or change any translation of that name.

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 or by ordinary resolution, in each case as determined by the directors, alter these Articles.

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 a resolution of 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 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, at any time, call a meeting of shareholders.

10.4 Location of Meetings of Shareholders

A meeting of the Company may be held:

- (1) in the Province of British Columbia; or
- (2) at another location outside British Columbia if that location is:
 - (a) approved by resolution of the directors before the meeting is held; or
 - (b) approved in writing by the Registrar of Companies before the meeting is held.

10.5 Notice for Meetings of Shareholders

Subject to Article 10.2, the Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' 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; or
- (2) otherwise, 10 days.

10.6 Notice of Resolution to which Shareholders May Dissent

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution 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; or
- (2) otherwise, 10 days.

10.7 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; or
- (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.

10.8 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.

10.9 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders 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 that entitlement or may agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.10 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 or a circular prepared in connection with the 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.

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; and
- (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 general meeting of shareholders is two-thirds 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 present or represented by proxy.

11.4 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the CEO (if any), the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, 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 proxyholder entitled to vote at the meeting.

11.5 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.

11.6 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.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the meeting shall be terminated.

11.8 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) if the chair of the board is absent or unwilling to act as chair of the meeting, the CEO or president, if any.

11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president willing to act as chair of the meeting or present within 15 minutes after the time set for holding the meeting, or if the chair of the board 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 a director, officer or corporate counsel to be chair of the meeting or if none of the above persons are present or if they decline to take the chair, 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.

11.10 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.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders 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.

11.12 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 any shareholder entitled to vote who is present in person or by proxy.

11.13 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 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 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.

11.15 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders, either on a show of hands or on a poll, has a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.17, 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.

11.17 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.

11.18 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.

11.19 Casting of Votes

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

11.20 No Demand for Poll on Election of Chair

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

11.21 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.

11.22 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 proxy holder entitled to vote at the meeting. At the end of such three-month period, the Company may destroy such ballots and proxies.

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 of shareholders, 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 of shareholders, 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 registered in respect of that share.

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 be received:
 - (a) 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 any adjourned meeting; or
 - (b) by the chair of the meeting at the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting; and
- (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. Notwithstanding the foregoing, a corporation that is a shareholder may appoint a proxy holder.

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 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 may, by proxy, appoint up to two 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 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

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 any adjourned meeting; or

- (2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or any adjourned meeting or by a person designated by the chair of the meeting or adjourned 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 or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given or has been 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 undersigned):

Signed [month, day, year]

[Signature of shareholder]

[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 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 or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

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; and
- (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.

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*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4; and
- (3) if the Company is not a public company, the most recently set of:

- (a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and
- (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; and
- (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, subject to Article 14.8, 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, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

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

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) those directors whose term of office expires at the annual general meeting 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:

- (1) 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
- (2) 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:

- (3) when his or her successor is elected or appointed; and

- (4) when 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 calling 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 the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. ALTERNATE DIRECTORS

15.1 Prohibition of Alternate Directors

No director may appoint any person 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.

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.

17. INTERESTS OF DIRECTORS AND OFFICERS

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.

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 or if designated by the chair, the CEO, the president, a director or other officer; or
- (3) any other director or officer chosen by the directors if:
 - (a) neither the chair of the board nor the president 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 CEO nor the president is willing to chair the meeting; or
- (c) the chair of the board, the CEO and the president 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:

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium,

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 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. Attendance of a director or alternate director at a meeting of directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

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 a majority of 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 may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and 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.

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 and in such manner and form 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.

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 thinks 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.

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 Eligible Parties

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

Subject to any restrictions in the *Business Corporations Act* and these Articles, 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 or, if applicable, any former *Companies Act* or former 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; or
- (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.

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 in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, 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 money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid 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 money 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 registered address of the shareholder, or in the case of joint shareholders, to the registered 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 Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or 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 retained earnings or surplus so capitalized or any part thereof.

23. ACCOUNTING RECORDS AND AUDITORS

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.

23.3 Remuneration of Auditors

The directors may set the remuneration of the auditors. If the directors so decide, the remuneration of the auditors will be determined by the shareholders.

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 (for the purposes of this Article 24, a "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; or
 - (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; or
 - (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;
- (5) making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or
- (6) physical delivery to the intended recipient.

24.2 Deemed Receipt

A notice, statement, report or other record that is:

- (1) 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;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;

- (3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the date it was e-mailed; and
- (4) made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in Article 24.1(5) is deemed to be received by a person on the date it was made available for public electronic access.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with 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 such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and 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.

24.6 Undelivered Notices

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

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 or the signature of any other person as may be determined by the directors.

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 such persons as are authorized under Article 25.1 to attest the Company's seal 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.

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); and
- (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.

