

FOUNDERS METALS INC. (formerly, Avalon Works Corp.)
Suite 300, 10545 45 Avenue NW
Edmonton, Alberta T6H 4M9
Tel: (780) 437-6624

MANAGEMENT INFORMATION CIRCULAR
as of March 29, 2021 (unless otherwise noted)

MANAGEMENT SOLICITATION OF PROXIES

This Management Information Circular is furnished to you in connection with the solicitation of proxies by management of Founders Metals Inc. (formerly, Avalon Works Corp.) (“we”, “us” or the “Corporation”) for use at the annual and special meeting (the “Meeting”) of shareholders of the Corporation to be held on Friday, April 30, 2021 at 10:00 am (Vancouver time), and at any adjournment of the Meeting. We will conduct the solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees or agents (including brokers holding shares on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

APPOINTMENT OF PROXY HOLDER

The persons named as proxy holders in the enclosed form of proxy are our directors or officers. As a shareholder, you have the right to appoint a person (who need not be a shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

VOTING BY PROXY

The persons named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.

The enclosed form of proxy gives the persons named as proxy holders discretionary authority regarding amendments or variations to matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Management Information Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an “X” in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxy holders nominated by management will vote the shares represented by your proxy in accordance with their judgment.**

RETURN OF PROXY

You must deliver the completed form of proxy to the office of our registrar and transfer agent, AST Trust Corporation (Canada), by fax to 416-368-2502 or by hand or mail to P.O. Box 721 Agincourt, Ontario M1S 0A1 or to the Corporation’s head office at the address listed on the cover page of this Management Information Circular, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Meeting or any adjournment thereof. You may also vote by telephone and by online voting. Please see the form of proxy for instructions for telephone and online voting.

ADVICE TO NON-REGISTERED SHAREHOLDERS

Only shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are “non-registered” shareholders because their shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a “**Nominee**”). If you purchased your shares through a broker, you are likely a non-registered shareholder.

These security holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as “**NOBOs**”. Those non-registered Holders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as “**OBOs**”.

In accordance with the securities regulatory policy, we have distributed copies of the Meeting materials, being the Notice of Meeting, this Management Information Circular, and the form of proxy, directly to the NOBOs and to the Nominees for onward distribution to our non-registered shareholders.

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting materials sent to non-registered holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “**VIF**”). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered shareholder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIFs, whether provided by the Corporation or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered shareholders to direct the voting of the shares which they beneficially own. If a non-registered holder who receives a VIF wishes to attend the Meeting or have someone else attend on his, her or its behalf, the non-registered shareholder may appoint a legal proxy as set forth in the VIF, which will give the non-registered shareholder or his, her or its nominee the right to attend and vote at the Meeting. Non-registered shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

REVOCAION OF PROXY

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy; or
- (c) attending the Meeting in person and registering with the scrutineer as a registered shareholder present in person.

The later proxy or the notice of revocation must be delivered to the office of our registrar and transfer agent or to our head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered shareholder who wishes to revoke a proxy authorization form (voting instructions) or to revoke a waiver of your right to receive Meeting materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

We are authorized to issue an unlimited number of common shares without par value, of which **26,217,000** common shares were issued and outstanding as of March 29, 2021.

Persons who are registered shareholders as of the close of business on March 29, 2021 will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every shareholder and proxy holder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each share. In order to approve a motion proposed at the Meeting, a majority of more than 50% of the votes cast will be required to pass an ordinary resolution, and a majority of at least 75% of the votes cast will be required to pass a special resolution.

To the knowledge of our directors and executive officers, the following persons beneficially own, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of all voting rights as of March 29, 2021:

Name of Shareholder	Number of Shares Owned	Percentage of Issued and Outstanding Shares
678119 Alberta Ltd. ⁽¹⁾	3,866,666 ⁽⁴⁾	14.75%
Severin Holdings Inc. ⁽²⁾	3,866,666 ⁽⁴⁾	14.75%
Jemseg Capital Inc. ⁽³⁾	3,866,666 ⁽⁴⁾	14.75%

Notes:

- (1) Shares beneficially held by 678119 Alberta Ltd., of which Mr. Williamson is a principal.
- (2) Shares beneficially held by Jemseg Capital Inc, of which Mr. Bonnell is a principal
- (3) Shares beneficially held by Severin Holdings Inc., of which Mr. Stajduhar is a principal.
- (4) Held in escrow pursuant to a 36-month staged release Value Escrow Agreement in accordance with the policies of the TSX Venture Exchange, wherein 10% of which have been released from escrow.

FINANCIAL STATEMENTS

The Audited financial statements of the Company for the Company's fiscal year ending August 31, 2019 and August 31, 2020, the report of the auditor thereon and the related management's discussion and analysis were filed on SEDAR at www.sedar.com and will be tabled at the Meeting and will be available at the Meeting.

ELECTION OF DIRECTORS

Fix the Number of Directors

Our directors are elected at each annual general meeting and hold office until the next annual general meeting or until that person sooner ceases to be a director. Shareholders will be asked to pass an ordinary resolution to set the number of directors at **four (4)** for the next year, subject to any increases permitted by the Corporation's Articles of Incorporation, by-laws or the *Canada Business Corporations Act* ("CBCA").

There are currently four (4) directors of the Company. Management proposes that the number of directors be fixed at four (4). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected to be fixed at four (4). Unless otherwise directed, it is the intention of management proxyholders to vote proxies, in the accompanying form, FOR the approval of setting the number of directors to be elected at the meeting at four (4).

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below, all of whom are presently members of the Board of Directors. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the shares represented by the proxy for the election of any other person or persons as directors.

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them:

Name, Province or State and Country of Residence and Present Office Held ⁽¹⁾	Periods Served as Director	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised ⁽²⁾
John Williamson ⁽³⁾ Edmonton, Alberta President, Chief Executive Officer ("CEO") and Director	February 26, 2021 to present	3,866,666 ⁽⁴⁾⁽⁸⁾
Roy Bonnell ⁽³⁾ Montreal, Quebec Director	February 26, 2021 to present	3,866,666 ⁽⁵⁾⁽⁸⁾
Nicholas Stajduhar ⁽³⁾ Guelph, Ontario Director	February 26, 2021 to present	3,866,666 ⁽⁶⁾⁽⁸⁾
Kevin Vienneau Bathurst, New Brunswick Director	February 26, 2021 to present	2,400,000 ⁽⁷⁾⁽⁸⁾

(1) See below for description of principal occupations for past five years.

(2) As of March 29, 2021.

(3) Denotes a member of our Audit Committee. Roy Bonnell is the Chair.

(4) Shares beneficially held by 678119 Alberta Ltd., of which Mr. Williamson is a principal.

(5) Shares beneficially held by Jemseg Capital Inc, of which Mr. Bonnell is a principal

(6) Shares beneficially held by Severin Holdings Inc., of which Mr. Stajduhar is a principal.

(7) Shares beneficially held by 677606 New Brunswick Corp., of which Mr. Vienneau is a principal.

(8) Held in escrow pursuant to a 36-month staged release Value Escrow Agreement in accordance with the policies of the TSX Venture Exchange, wherein 10% of which have been released from escrow.

John Williamson, age 60, *President, Chief Executive Officer and Director*

Mr. Williamson is Chairman, Chief Executive Officer and Director of Benchmark Metals Inc. since March 2018, and Chairman and Director of Duro Metals Inc. since September 2019; Executive Chairman of Altiplano Metals Inc. since August 2019, and Chief Executive Officer from July 2014 to August 2019; Director of Scottie Resources Corp. since February 2018; Director of Exploits Discovery Corp. from May 2019 to October 2020; Director, President and Chief Executive Officer of Camino Minerals Corporation from August 2018 to January 2020; Director of FCF Capital Inc. from September 2003 to February 2016, CEO from September 2013 to April 2015, Chairman from June 2011 to June 2014; Chairman, CEO; and a Director of North Country Gold Corp from February 2010 to September 2015. Mr. Williamson holds a B.Sc. in Geology and is a registered Professional Geologist (P.Geol.) with the Association of Professional Engineers and Geoscientists (APEGA) and the Geological Association of Canada.

Roy Bonnell, age 55, *Director*

Mr. Bonnell has over 25 years of experience in venture capital investment, finance and mergers and acquisitions. He is President of Jemseg Capital Inc. which is a private consulting company providing consulting services for venture capital investment, finance and mergers and acquisitions since 2015. He is a Director of Thesis Gold Inc. since October 30, 2020 and was President and Chief Executive Officer of Thesis Gold Inc. from October 30, 2020 to January 26, 2021, which is a mining exploration company listed on the TSX Venture Exchange. He has also been the Vice-President Business and Corporate Development of Anomera Inc. since February 2020. He was Chief Executive Officer of Defiance Silver Corp. (August to December 2017). From 2007-2015, Mr. Bonnell served as President and CEO of Argex Titanium Inc., overseeing its rapid expansion from a mining exploration company to an emerging specialty chemical producer. Argex grew to be the Second Best Performing Mining stock on the Venture's 2013 Top 50 list. From 2005-2009, he was Managing Director & Founder of Atwater Financial Group, an independent

financial and strategic advisory service. He also served at investment dealers and merchant banks including Dundee Securities Limited, Hampton Securities Limited, Benvest Associates Inc. and Two Roads Investments Inc.

Mr. Bonnell is a graduate of the London School of Economics (1995) where he received a M.Sc. in Accounting and Finance; McGill University (1993) where he received a MBA, University of Western Ontario (1991) where he received an LL.B and Queen's University where he received a B.A.H. (Political Studies). He has been a member of the Law Society of Upper Canada since 1996.

Nicholas Stajduhar, *age 45, Director*

Mr. Stajduhar is an accomplished financial industry professional with 15 years of experience in all aspects of sales and operations. He has a proven track record in the capital markets, is a highly knowledgeable market professional with strong communication and client relationship skills.

Mr. Stajduhar has been providing consulting services in public and private capital markets since June 2019. Previously, he was Director of Investments for Skyline Wealth Management Inc. (2017 to June 2019), Vice-President Sales and Trading for Desjardins Capital Markets (2015 to 2017), and Partner and Head of Institutional Sales for Byron Capital Markets Ltd. (2008-2015). Most recently, Mr. Stajduhar has been a Director of Thesis Gold Inc. since October 30, 2020, which is a mining exploration company listed on the TSX Venture Exchange.

In addition, Mr. Stajduhar also holds a licenses from the Canadian Securities Institute (CSC and CPH) and licensing for dealing in various forms of insurance.

Kevin Vienneau, *age 40, Director*

Mr. Vienneau is a mining engineer with over 15 years' experience in mining exploration and development on a variety of gold and base metal projects within the Bathurst mining camp, including the Elmtree Gold Project from 2004 to 2012. Kevin holds a Bachelor of Engineering from Dalhousie University and is heavily involved in permitting and negotiations with key stakeholders for projects in New Brunswick. He has played key roles in bringing projects into production as well as post-production environmental reclamation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation's management, no proposed director of the Corporation:

- (a) is, as at the date of the Information Circular, or has been within 10 years before the date of the Information Circular, a director, CEO or CFO of any company (including the Corporation) that:
 - (i) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
 - (ii) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- (b) is, as at the date of this Management Information Circular, or has been within 10 years before the date of the Management Information Circular, a director or executive officer of any company

(including the Corporation) 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 Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or 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 other 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.

Management recommends the election of each nominee as a director of the Corporation to hold office until the Corporation's next annual general meeting. It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such Proxies FOR the election of each nominee as a director of the Corporation.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Corporation's compensation package is comprised of a base salary and option-based awards.

The Corporation does not have a formal compensation program with set benchmarks; however, the Corporation does have a compensation program which seeks to reward an executive officer's current and future expected performance. Individual performance in connection with the achievement of corporate milestones and objectives is also reviewed for all executive officers.

Neither the Board of Directors nor the Compensation and Corporate Governance Committee has directly considered the implications of the risks associated with the Corporation's compensation policies and practices.

The Corporation does not have a set policy preventing an NEO or director from purchasing financing instruments such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such person.

Option-based Awards

The grant of stock options to purchase our common shares is a method of compensation which is used to attract and retain personnel and to provide an incentive to participate in the long-term focus and development of the Corporation, with specific emphasis on increasing shareholder value. The CEO typically puts forth a proposal for stock option grants for directors, officers and employees, which is

John Williamson ⁽²⁾ President, CEO and Director	2020	N/A							
	2019	N/A							
Justin Bourassa ⁽²⁾ CFO & Corporate Secretary	2020	N/A							
	2019	N/A							

(1) Financial year ended August 31.

(2) As of February 26, 2021

Incentive Plan Awards

Outstanding Share-Based and Option-Based Awards

The following table sets out, for each Named Executive Officer of the Corporation, the awards outstanding at August 31, 2020:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of share or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Michael Clemann ⁽¹⁾ , Former President, Corporate Secretary, CEO, CFO and Director	60,775	0.50	February 26, 2023	Nil	N/A	N/A	N/A
John Williamson ⁽²⁾ President, CEO and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Justin Bourassa ⁽²⁾ CFO & Corporate Secretary	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) As at August 31, 2020, Michael Clemann held 300,000 stock options exercisable at \$0.10/share that expired on August 5, 2025 (60,755 stock options exercisable at \$0.494/share following the 4.9362-to-1 share consolidation which occurred on February 25, 2021), but these stock options were replaced upon completion of the Company's listing on the TSX Venture Exchange on February 26, 2021 with the stock options listed in the table above.

(2) As of February 26, 2021

Incentive Plan Awards – Value Vested or Earned During the Year

Justin Bourassa ⁽¹⁾ CFO & Corporate Secretary	N/A							
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(1) As of February 26, 2021

Incentive Plan Awards

Outstanding Share-based and Option-Based Awards to Directors

The following table sets out, for each director who is not also a Named Executive Officer, the awards outstanding as at August 31, 2020:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Michael Clemann, ⁽¹⁾ Former President, Corporate Secretary, CEO, CFO and Director	60,775	0.50	February 26, 2023	Nil	N/A	N/A	N/A
John Williamson ⁽²⁾ President, CEO and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Justin Bourassa ⁽²⁾ CFO & Corporate Secretary	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) As at August 31, 2020, Michael Clemann held 300,000 stock options exercisable at \$0.10/share that expired on August 5, 2025 (60,755 stock options exercisable at \$0.494/share following the 4.9362-to-1 share consolidation which occurred on February 25, 2021), but these stock options were replaced upon completion of the Company's listing on the TSX Venture Exchange on February 26, 2021 with the stock options listed in the table above.

(2) As of February 26, 2021

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each director who is not also a Named Executive Officer, the value of all incentive plan awards issued during the year ended August 31, 2020:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michael Clemann, Former President, Corporate Secretary, CEO, CFO and Director	Nil	N/A	N/A

John Williamson ⁽¹⁾ President, CEO and Director	N/A	N/A	N/A
Justin Bourassa ⁽¹⁾ CFO & Corporate Secretary	N/A	N/A	N/A

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

We have one equity compensation plan, being our stock option plan, which was approved by the Board of Directors and adopted March 31, 2000 and amended to TSXV standards in 2003 (the “**Existing Plan**”). We established the Existing Plan to attract and retain highly qualified directors, executive officers, employees, consultants and management company employees, and to closely align the personal interests of those people with those of shareholders. The Board of Directors administers the Existing Plan. The Existing Plan provides that we may grant options, under option agreements and in accordance with the policies of the TSXV, to the following persons in consideration of their services to the Corporation:

- (a) directors, executive officers, and employees of the Corporation or a subsidiary;
- (b) employees of a company providing management services to the Corporation; or
- (c) consultants providing consulting services to the Corporation or a subsidiary.

The Board of Directors determined the number of shares subject to each option within the guidelines established by the TSXV. The options enable the holders to purchase our shares at a price fixed in accordance with the rules of the TSXV.

The Existing Plan provides that the total number of shares reserved for issuance under the Existing Plan will not exceed 5% of our issued common shares on the date the Board of Directors grants an option the Existing Plan.

The Board of Directors may grant options to purchase not more than a total 5% of the issued common shares to any one participant in any 12 month period, unless we become a Tier 1 Issuer within the meaning of the policies of the TSXV and we have obtained the approval of disinterested shareholders.

The total number of options granted to either:

- (a) any one consultant; or
 - (b) all employees and consultants conducting investor relations activities (within the meaning of the TSXV’s policies),
- cannot exceed 2% of our issued common shares within any 12 month period.

The total number of common shares reserved for issuance to insiders under options granted under the Existing Plan must not exceed 5% of our issued common shares.

We are prohibited under the Existing Plan from granting to insiders, within any 12 month period, a number of options that exceeds 5% of our issued common shares.

Under the Existing Plan, the Board of Directors must set the option price at not less than the last closing price of our shares on the TSXV on the trading day immediately before the date of grant, less the discount permitted under the TSXV’s policies. The maximum term of any option is ten years from the date of grant. We do not intend to provide financial assistance to holders of stock options to help them purchase our shares under the Existing Plan. Any amendment to the Plan is subject to the approval of the TSXV and may also require shareholder approval.

The following table sets out equity compensation plan information as at the end of the financial year ended August 31, 2020:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	91,163	\$0.50	Nil
Equity compensation plans not approved by securityholders	N/A	N/A	Nil
Total	91,163	\$0.50	Nil

(1) As at August 31, 2020, there were 450,000 stock options outstanding exercisable at \$0.10/share with an expiry on August 5, 2025 (91,163 stock options exercisable at \$0.494/share following the 4.9362-to-1 share consolidation which occurred on February 25, 2021), but these stock options were replaced upon completion of the Company's listing on the TSX Venture Exchange on February 26, 2021 with the stock options listed in the table above pursuant to the company's current stock option plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to us or to our subsidiaries at any time since the beginning of the most recently completed financial year and no indebtedness remains outstanding as at the date of this Management Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, no proposed nominee for election as a director of the Corporation, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect us or any of our subsidiaries, other than as disclosed under the headings "Executive Compensation" and "Particulars of Matters to be Acted On".

An "informed person" means:

- (a) a director or executive officer of the Corporation;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation;
- (c) any person or company who beneficially owns, directly or indirectly, our voting securities or who exercises control or direction over our voting securities or a combination of both carrying more than 10 percent of the voting rights attached to all our outstanding voting securities other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Corporation if we have purchased, redeemed or otherwise acquired any of our securities, so long as we hold any of our securities.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee Charter, the text of which is attached as Schedule “A” to this Management Information Circular, was adopted by our Audit Committee and the Board of Directors.

Composition of the Audit Committee

As of March 29, 2021, our Audit Committee is composed of the following members:

Name	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
John Williamson	No	Yes
Roy Bonnell	Yes	Yes
Nicholas Stajduhar	Yes	Yes

(1) As such term is defined in NI 52-110.

Relevant Education and Experience

The educational background or experience of the Audit Committee members has enabled each to perform his responsibilities as an Audit Committee member and has provided the member with an understanding of the accounting principles we use to prepare our financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by our financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting.

See “Election of Directors” in this Management Information Circular for details of the relevant education and experience of the Audit Committee members.

Each member of the Audit Committee has a general understanding of the accounting principles we use to prepare our financial statements and will seek clarification from our auditor, where required. Each of the members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies and experience in supervising one or more individuals engaged in the accounting for estimates, accruals and reserves and experience in preparing, auditing, analyzing or evaluating financial statements similar to our financial statements.

Audit Committee Oversight

At no time since August 31, 2020 has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of our most recently completed financial year have we 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 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for engaging of non-audit services as described in the Audit Committee Charter set out in Schedule “A” to this Management Information Circular.

External Auditor Service Fees (By Category)

The Audit Committee has, to ensure auditor independence, reviewed the nature and amount of the non-audited services provided to us by Brunet Roy Dube, Chartered Professional Accountants, S.E.N.C.R.L. (“BRD”). The aggregate fees incurred by Corporation for audit and non-audit services in the last two financial years are set out in the following table:

Nature of Services	Fees Paid to or Accrued to BRD in Year Ended August 31, 2019 (\$)	Fees Paid to or Accrued to BRD in Year Ended August 31, 2020 (\$)
Audit Fees ⁽¹⁾	\$14,000	\$14,500
Audit-Related Fees ⁽²⁾	nil	nil
Tax Fees ⁽³⁾	nil	\$750
All Other Fees ⁽⁴⁾	nil	nil
Total	\$14,000	\$15,250

Notes:

(1) “**Audit Fees**” include fees necessary to perform the annual audit and quarterly reviews of the Corporation’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “**Audit-Related Fees**” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “**Tax Fees**” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) “**All Other Fees**” include all other non-audit services.

Exemption

We are relying upon the exemption in section 6.1 of NI 52-110, which exempts issuers whose shares are listed only on the TSXV from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*).

APPOINTMENT OF AUDITOR

At the Meeting, DMCL Chartered Professional Accountants, located as 1500 – 1140 West Pender Street, Vancouver, BC V6E 4G1 will be recommended by management and the Board of Directors for appointment as auditor of the Corporation at a remuneration to be fixed by the Directors.

The Corporation's management recommends that the shareholders vote in favour of the appointment of DMCL, Chartered Professional Accountants, as the Corporation's auditor for the ensuing year and grant the Board of Directors the authority to determine the remuneration to be paid to the auditor.

Unless otherwise directed, the management proxyholders intend to vote FOR the the appointment of DCML, Chartered Professional Accountants, as the Corporation's auditor for the ensuing year and to authorize the Board of Directors to fix the remuneration to be paid to the auditor.

CORPORATE GOVERNANCE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers to disclose their governance practices in accordance with the instrument. The Corporation is a “venture issuer” within the meaning of NI 58-101. A discussion of the Corporation’s governance practices within the context of NI 58-101 is set out below.

1. Board of Directors

The Board of Directors facilitates its independent supervision over management through regular meetings of the Board, both with and without members of our management (including members of management who are also directors) being in attendance.

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of our Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The independent members of the Board of Directors are Roy Bonnell, Nicholas Stajduhar and Kevin Vienneau.

The non-independent director is John Williamson, the Corporation’s President and CEO and Director.

The mandate of the Board is to manage or supervise management of our business and affairs and to act with a view to the best interests of the Corporation. In doing so, the Board oversees the management of our affairs directly and through the sub-committees of the Board.

2. Directorships

Certain of our directors are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Other Reporting Issuer (or equivalent in a foreign jurisdiction)	Name of Exchange or Market (if applicable)
John Williamson	Benchmark Metals Inc.	TSXV
	Altiplano Metals Inc.	TSXV
	Duro Metals Inc.	TSXV
	Scottie Resources Corp.	TSXV
Roy Bonnell	Thesis Gold Inc.	TSXV
Nick Stajduhar	Thesis Gold Inc.	TSXV

3. Orientation and Continuing Education

The Board of Directors is responsible for providing orientation for all new recruits to the Board. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of our business will be necessary and

relevant to each new director. We provide continuing education for our directors as the need arises and encourage open discussion at all meetings, which format encourages learning by our directors.

4. Ethical Business Conduct

The Board of Directors relies on the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law to ensure the Board operates independently of management and in the best interests of the Corporation. The Board of Directors has found that these, combined with the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest, have been sufficient.

5. Nomination of Directors

The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board of Directors does not have a nominating committee. The Board of Directors is responsible for recruiting new members to the Board and planning for the succession of Board members.

If passed, the process for nominating directors for election as directors of the Corporation will be revised in accordance with the Advance Notice Provisions.

6. Compensation

Members of the Board are not compensated for acting as directors, save for being granted incentive stock options pursuant to the policies of TSXV and the Corporation's stock option plan. The Compensation and Corporate Governance Committee advises the Board, and the Board as a whole determines the stock option grants for each director. The Compensation and Corporate Governance Committee reviews on an ongoing basis the compensation of the senior officers to ensure that it is competitive.

7. Other Board Committee

The Board has appointed an Audit Committee, the members of which are John Williamson, Roy Bonnell, and Nicholas Stajduhar, with Mr. Bonnell being the chair. A description of the function of the Audit Committee can be found in this Management Information Circular under "Audit Committee".

8. Assessments

The Board annually reviews its own performance and effectiveness as well as reviews the Audit Committee Charter and recommends revisions as necessary. Neither the Corporation nor the Board has adopted formal procedures to regularly assess the Board, the Audit Committee or the individual directors as to their effectiveness and contribution. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board of Directors monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Corporation, given our size and operations. Our corporate governance practices allow us to operate efficiently with

checks and balances that control and monitor management and corporate functions without excessive administrative burden.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

No director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as may be set out herein.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, proposed nominee for election as a director of the Corporation, or associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the beginning of our last financial year or in any proposed transaction, which has materially affected or will materially affect the Corporation, other than as disclosed under the heading “Particulars of Matters to be Acted On”.

An “informed person” means:

- (a) a director or executive officer of the Corporation;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Corporation if it has purchased, redeemed or otherwise acquired any of its securities, so long as it holds any of its securities.

PARTICULARS OF MATTERS TO BE ACTED UPON

Incentive Stock Option Plan

The only equity compensation plan which the Corporation currently has in place is the 2000 share option plan (the “**Existing Plan**”) which was previously approved by shareholders on March 31, 2000 and amended to TSXV standards in 2003. The Existing Plan was established to provide incentive to attract and retain highly qualified directors, officers, employees and consultants.

The TSXV policies respecting the granting of stock options requires that all companies listed on the TSXV adopt a stock option plan and that any stock option plans that reserve a maximum of 10% of the issued and outstanding share capital of the Corporation at the time of grant (a “**Rolling Plan**”), must be approved and ratified by shareholders on an annual basis. The Existing Plan was a 5% Rolling Plan and Management now seeks shareholder approval for the Corporation’s new 2021 Plan (the “**2021 Plan**”) in accordance with and subject to the rules and policies of the TSXV, a 10% Rolling Plan, a copy of the 2021 Plan is attached as Schedule "B". The intention of management in proposing the 2021 Plan is to increase the proprietary

interest of such persons in the Corporation and thereby aid the Corporation in attracting, retaining and encouraging the continued involvement of such persons with the Corporation.

It is proposed that under the 2021 Plan, which will be subject to approval by the TSXV, the total number of common shares allotted and reserved for future issuance will be equivalent to 10% of the issued and outstanding share capital of the Corporation from time to time. The Corporation is presently classified as a Tier 2 Issuer by the TSXV.

A full copy of the 2021 Plan will also be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the 2021 Plan from the Corporation upon request in writing sent to the Corporation's head office, or by telephone or fax at (780) 437-6624.

The following is a summary of the material terms of 2021 Plan:

Material Terms of the 2021 Plan

- (a) persons who are Service Providers to the Corporation or its affiliates, or who are providing services to the Corporation or its affiliates, are eligible to receive grants of options under the 2021 Plan;
- (b) options granted under the 2021 Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;
- (c) for options granted to Service Providers, the Corporation must ensure that the proposed Optionee is a bona fide Service Provider of the Corporation or its affiliates;
- (d) an Option granted to any Service Provider will expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Corporation, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Corporation;
- (e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the 2021 Plan);
- (h) vesting of options shall be at the discretion of the Board, and will generally be subject to:
 - (i) the Service Provider remaining employed by or continuing to provide services to the Corporation or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Corporation or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Corporation or its affiliates during the vesting period; and
- (i) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the 2021 Plan with respect to all 2021 Plan shares in respect of options which have not yet been granted under the 2021 Plan. The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary

to clarify when amendments to the 2021 Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the 2021 Plan also provide the following:

That the Board may, without shareholder approval:

- (i) amend the 2021 Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the 2021 Plan, subject to prior written approval of the TSXV, if applicable;
- (iii) change the termination provision of an option granted under the 2021 Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the 2021 Plan as are necessary or desirable to reflect changes to securities laws applicable to the Corporation;
- (v) make such amendments as may otherwise be permitted by TSXV Policies;
- (vi) if the Corporation becomes listed or quoted on a stock exchange or stock market senior to the TSXV, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vii) amend the 2021 Plan to reduce the benefits that may be granted to Service Providers.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and vote on the ordinary resolution to approve the 2021 Plan, with or without variation, as follows:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (1) the 10% rolling stock option plan dated for reference March 29, 2021 (the “**2021 Plan**”) as approved by the Corporation’s Board of Directors effective March 29, 2021 be and is hereby ratified and approved;
- (2) the form of the 2021 Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities, or at the discretion of the Board acting in the best interests of the Company without requiring further approval of the shareholders of the Company; and
- (3) any one or more of the directors and officers of the Corporation be authorized to perform all such acts, deeds and things and execute, under seal of the Corporation or otherwise, all such documents as may be required to give effect to this resolution.”

The Board of Directors recommends that the shareholders vote FOR approving the continuation of the Company’s 10% “rolling” Stock Option Plan by ordinary resolution of Shareholders.

An “ordinary resolution” is a resolution passed by the shareholders of the Corporation at a general meeting by a simple majority of the votes cast in person or by proxy.

In order to be effective, the foregoing ordinary resolution must be approved by a simple majority of the votes cast by those shareholders of the Corporation who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolution.

It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such Proxies FOR the ordinary resolution to approve the 2021 Plan.

Approval of Restricted Share Unit Plan

The Board of Directors adopted a restricted share unit plan (the “**RSU Plan**”) dated for reference March 29, 2021 providing for the issuance of restricted share units (“**RSUs**”) to directors, officers, employees and consultants (“**Eligible Persons**”). In accordance with the policies of the TSXV the RSU Plan must receive disinterested shareholder approval being approved by a majority of the votes cast by shareholders present or represented by proxy at the Meeting other than those owned by insiders who are Eligible Persons under the RSU Plan. A Copy of the RSU Plan is attached hereto as Schedule “C” and will be available at the Meeting or on request from the Company.

Material Terms of the RSU Plan

The following is a summary of the material terms of the RSU Plan:

- (a) Persons who are Eligible Persons other than persons providing Investor Relations Activities are eligible to receive RSUs;
- (b) The RSU Plan is effective March 29, 2021, subject to ratification by the shareholders of the Corporation at the ensuing Meeting;
- (c) **2,621,700** Common Shares are available for issuance under the RSU Plan, being is 10% of the issued and outstanding number of Common Shares of the Corporation as at March 29, 2021;
- (d) The maximum number of Common Shares issuable under RSUs that may be the subject of a grant to any one Eligible Person within a 12 month period shall not exceed **1,310,850** being 5% of the issued and outstanding number of Common Shares of the Corporation as at March 29, 2021;
- (e) The maximum number of Common Shares issuable under RSUs that may be the subject of a grant to any one Eligible Person within a 12 month period shall not exceed **524,340**, being 2% of the issued and outstanding number of Common Shares of the Corporation as at March 29, 2021;
- (f) the Board may at the time of grant of an RSU provide for performance conditions to be met prior to vesting;
- (g) Vested RSUs entitle the holder to receive 1 share for every RSU held or the cash equivalent thereof based on the fair market value of the shares of the Corporation calculated in accordance with the terms of the RSU Plan;
- (h) Amendments to the RSU Plan are subject to the acceptance of the TSXV; Except as provided in the RSU Plan, RSUs shall vest on the later of the Trigger Date and the date all performance or vesting provisions have been satisfied;
- (i) The Trigger Date is the date set by the Board at the time of grant and, if not set, is **December 31** of the third year following the date of grant, subject to acceleration by the Board;
- (j) Unvested RSUs terminate upon the holder being terminated for cause or voluntarily resigning unless the Board otherwise determines;

- (k) Unvested RSUs vest automatically upon death, total disability or eligible retirement of the holder, or termination of the holder without cause;
- (l) Unvested RSUs shall vest on a Change of Control and the holder shall receive a cash payment within 30 days of the Change of Control equal to the number of RSUs multiplied by the fair market value of the Corporation's shares as at the date of the Change of Control; and
- (m) RSUs do not give the holder any of the rights of a shareholder of the Corporation.

Capitalized terms used in this section which are not otherwise defined shall have the meaning given to them in the RSU Plan.

Shareholder Approval

In accordance with the policies of the TSXV, the RSU Plan must receive disinterested Shareholder approval being approved by ordinary resolution of the votes cast by shareholders present or represented by proxy at the Meeting other than those owned by insiders who are Eligible Persons under the RSU Plan. A copy of the RSU Plan is attached hereto as Schedule "C" and will be available at the Meeting or on Request from the Company.

At the Meeting, the disinterested Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution approving the RSU Plan and all unallocated RSU's under the RSU Plan

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. all unallocated restricted share units (including common shares to be reserved for issuance pursuant to grants of such restricted share units) under the Company's Restricted Share Unit Plan are hereby approved;
2. the Company shall have the ability to continue granting restricted share units under the Company's Restricted Share Unit Plan until all issuances under the Restricted Share Plan have been reduced to nil;
3. the Company's Restricted Share Unit Plan, as attached as Schedule "C" to the Information Circular of the Company dated March 29, 2021, is hereby approved;
4. any one director or officer of the Company be and is hereby authorized and directed to do all such further acts and things and to execute such further agreements and other documents for and on behalf of the Company as such director or officer may consider necessary, desirable, or useful having regard to this resolution;
5. the form of the Restricted Share Unit Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities, or at the discretion of the Board acting in the best interests of the Company without requiring further approval of the shareholders of the Company; and
6. notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

In order for the foregoing resolution to be passed, it must be approved by ordinary resolution with a simple majority of the votes cast by disinterested Shareholders present in person or by proxy at the Meeting. **The Board recommends that you vote FOR the foregoing resolution. It is the intention of management proxyholders to vote proxies FOR approval of the above ordinary resolution unless otherwise directed.**

The Board recommends shareholders vote in favour of approving the RSU Plan.

An “ordinary resolution” is a resolution passed by the shareholders of the Corporation at a general meeting by a simple majority of the votes cast in person or by proxy.

In order to be effective, the foregoing ordinary resolution must be approved by a simple majority of the votes cast by those shareholders of the Corporation who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolution. **It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such Proxies FOR the ordinary resolution to approve the RSU Plan]**

Approval of Continuation to British Columbia

The Corporation is currently incorporated under the *Canada Business Corporations Act* (the "**CBCA**"). Management of the Corporation is of the view that the *Business Corporations Act* (British Columbia) ("**BCBCA**") is consistent with corporate legislation in most other Canadian jurisdictions and will approve the Corporation's shareholders with substantially the same rights that are available to the shareholders under the CBCA

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution, in the form set out below, the continuance resolution the text of which is set out below, approving the continuation of the Corporation to the Province of British Columbia (the "**Continuation**"). Upon the completion the Continuation from the federal jurisdiction of Canada under the CBCA and to continue the Corporation into the provincial Jurisdiction of British Columbia, the CBCA will cease to apply to the Corporation and the Corporation will become subject to the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), as if it had been originally incorporated under the BCBCA. The articles and the by-laws of the Corporation will be replaced by notice of articles and articles, the proposed form of articles (the "**Proposed Articles**") are attached as Schedule "D". The registration of the Continuation does not create new legal entity, nor does it prejudice or affect the continuity of the Corporation; however, the Continuation of the Corporation under the BCBCA will affect certain rights of Shareholders as they currently exist under the CBCA. Set out below under the heading "*The Continuation - Comparison of CBCA and BCBCA*" is a summary of some of the key differences in corporate law between the CBCA and the BCBCA. A description of the key differences between the current articles and by-laws of the Corporation and the Proposed Articles can be found under "*The Continuation - Comparison of the Corporation's Articles and By-Laws and Proposed Articles*".

To be effective, the Continuation Resolution must be approved by special resolution. To pass, a special resolution requires a majority of not less than two-thirds of the votes cast by Shareholders who vote in person or by Proxy at the Meeting. If Shareholder approval for the Continuation is not obtained, the Corporation will remain a federal corporation, subject to the requirements of the CBCA. The Continuation Resolution is approved at the Meeting, the Continuation is expected to be affected as soon as possible after the Meeting. The Corporation may nonetheless elect not to complete the Continuation. Registered Shareholders have certain rights of dissent in respect of the Continuation. Dissent Rights in the manner provided in Section 190 of the CBCA, which is reprinted in its entirety in Schedule "E".

The Continuation

For corporate and administrative reasons, the Board is of the view that it would be appropriate to continue the Corporation as a British Columbia company. The Corporation's head office is located in Edmonton, Alberta. The Corporation believes the BCBCA is a more modern corporate statute that provides additional flexibility to the Corporation in a number of areas. In British Columbia, the Corporation will have greater flexibility to attract the most qualified and experienced directors from a global talent pool, who have the expertise and skills required by the Corporation's business. The BCBCA also provides increased flexibility with respect to capital management, resulting from more flexible rules relating to dividends, share purchases, redemption, consolidations and accounting for capital. In addition, the harmonization of the BCBCA with applicable securities laws has reduced the regulatory burden as compared to other Canadian jurisdictions.

The Continuation Resolution confers discretionary authority on the Board to revoke the Continuation Resolution before the Continuation occurs. The Board may exercise its discretion and elect not to proceed with the Continuation, notwithstanding Shareholder approval, for any number of reasons, including, for example, the number of Registered Shareholders that dissent in respect of the Continuation Resolution.

Procedure for Continuation

In order to affect the Continuance:

- (a) The Corporation must obtain the approval of its Shareholders to the Continuance by way of the Continuance Resolution, being a special resolution to be passed by not less than two-thirds of the votes cast at the Meeting in person or by proxy;
- (b) the Corporation must make a written application to the Director (the "**Director**") under the CBCA for consent to continue under the BCBCA, such written application to establish to the satisfaction of the Director that the proposed Continuance will not adversely affect the Corporation's creditors or shareholders;
- (c) once the Continuance Resolution is passed and the Corporation has obtained the consent of the Director under the CBCA, in order to obtain a certificate of continuation (the "**Certificate of Continuance**") under the BCBCA, the Corporation must file with the Registrar of Companies under the BCBCA (the "**Registrar**") a continuation application along with the consent of the Director under the CBCA, and certain prescribed documents under the BCBCA, including the articles that the Corporation will have once it is continued into British Columbia;
- (d) on the date shown on the Certificate of Continuance, the Corporation will become a company registered under the BCBCA as if it had been incorporated under the BCBCA; and
- (e) the Corporation must then file a copy of the Certificate of Continuance with the Director and receive a certificate of discontinuance under the CBCA (the "**Certificate of Discontinuance**").

Effect of Continuation

Upon receipt of the Certificate of Continuance, the Corporation will become subject to the BCBCA as if it had been incorporated under the BCBCA, and upon receipt of the Certificate of Discontinuance, the CBCA will cease to apply to the Corporation, thereby completing the

Continuance. The Continuance will not create a new legal entity, affect the continuity of the Corporation or result in a change in its business. However, the Continuance will affect certain rights of Shareholders as they currently exist under the CBCA and the Corporation's existing articles and by-laws. Set out below under "*Comparison of CBCA and BCBCA*" is a summary of some of the key differences in corporate law between the CBCA and BCBCA. A brief description of the material differences between the Corporation's current articles and by-laws and the Proposed Articles, is set out under "*Comparison of the Corporation's Articles and By-Laws and Proposed Articles*" below.

The BCBCA provides that when a foreign corporation continues under such legislation:

- (a) the property, rights and interests of the foreign corporation continue to be the property, rights and interests of the company;
- (b) the company continues to be liable for the obligations of the foreign corporation;
- (c) an existing cause of action, claim or liability to prosecution is unaffected;
- (d) a legal proceeding being prosecuted or pending by or against the foreign corporation may be prosecuted or its prosecution may be continued, as the case may be, by or against the company; and
- (e) a conviction against, or a ruling, order or judgment in favour of or against, the foreign corporation may be enforced by or against the company.

The Continuance will not affect the Corporation's status as a listed company on the TSXV, as a reporting issuer under the securities legislation of any jurisdiction in Canada, and the Corporation will remain subject to the requirements of such legislation.

As of the effective date of the Continuance, the Corporation's current constating documents - its articles and by-laws under the CBCA - will be replaced with a notice of articles and the Proposed Articles under the BCBCA, the legal domicile of the Corporation will be the Province of British Columbia and the Corporation will no longer be subject to the provisions of the CBCA.

Comparison of CBCA and BCBCA

Upon the completion of the Continuance, the Corporation will be governed by the BCBCA. Although the rights and privileges of shareholders under the CBCA are in many instances comparable to those under the BCBCA, there are several notable differences and shareholders are advised to review the information contained in this Circular and to consult with their professional advisors.

In general terms, the BCBCA provides to Shareholders substantively the same rights as are available to Shareholders under the CBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions. There are, however, important differences concerning the qualifications of directors, location of shareholder meetings, certain shareholder remedies and other matters. **The following is a summary comparison of certain provisions of the BCBCA and the CBCA. This summary is not intended to be exhaustive and is qualified in its entirety by the full provisions of the CBCA and BCBCA, as applicable.**

Charter Documents

The form of the charter documents for a BCBCA company is quite different from the form for a CBCA corporation.

Under the CBCA, the charter documents consist of: (i) "articles", which set forth, among other things, the name of the corporation, the province in which the corporation's registered office is to be located, the authorized share capital including any rights, privileges, restrictions and conditions thereon, whether there are any restrictions on the transfer of shares of the corporation, the number of directors (or the minimum and maximum number of directors), and any restrictions on the business that the corporation may carry on, and (ii) "by-laws", which govern the management of the corporation's affairs. The articles are filed with the Director under the CBCA and the by-laws are filed at the corporation's registered office.

Under the BCBCA, the charter documents consist of (i) a "notice of articles", which sets forth, among other things, the name of the company, the company's registered and records office, the names and addresses of the directors of the company and the amount and type of authorized capital and whether special rights or restrictions are attached to each class or series thereof, and (ii) "articles" which govern the management of the company's affairs and set out any special rights or restrictions attached to each authorized class or series of shares. The notice of articles is filed with the Registrar and the articles are filed only at the company's registered and records office.

A copy of the Proposed Articles under the BCBCA are attached to this Circular as Schedule "D". A brief description of the material differences between the Corporation's current articles by-laws and the Proposed Articles is set out under "*Comparison of the Corporation's Articles and By-Laws and Proposed Articles*" below.

Sale of Business or Assets

Under the CBCA a sale, lease or exchange of all or substantially all the property of a corporation other than in the ordinary course of business requires a special resolution passed by two-thirds of votes cast by shareholders at a meeting called to approve such transaction. If such a transaction would affect a particular class or series of shares of the corporation in a manner different from the shares of another class or series of the corporation entitled to vote on such transaction, the holders of such first mentioned class or series of shares, whether or not they are otherwise entitled to vote, are entitled to vote separately as a class or series.

The BCBCA requires the sale, lease or other disposition of all or substantially all of a corporation's undertaking, other than in the ordinary course of its business, to be authorized by special resolution, being a resolution passed by shareholders where the majority of the votes cast by shareholders entitled to vote on the resolution constitutes a special majority (i.e., two-thirds of the votes cast, unless a greater majority of up to three-quarters is required by the articles). The BCBCA contains a number of exceptions that are not included in the CBCA, such as with respect to dispositions by way of security interests, certain kinds of leases and dispositions to related corporations or entities.

Amendments to the Charter Documents

Any substantive change to the articles of a corporation under the CBCA, such as an alteration of the restrictions, if any, on the business that may be carried on by the corporation, a change in the name of the corporation or an increase or reduction of the authorized capital of the corporation requires a special resolution passed by not less than two-thirds of the votes cast by shareholders at a meeting called to approve such change. Other fundamental changes such as an alteration of special rights and restrictions attached to the issued shares or a proposed amalgamation or continuation of

a corporation out of the jurisdiction also require a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class entitled to vote at a general meeting of the corporation. The holders of shares of a class or of a series are, in certain situations and unless the articles provide otherwise, entitled to vote separately as a class or series upon a proposal to amend the articles. Under the CBCA, changes to by-laws require shareholder approval by ordinary resolution passed by a simple majority of the votes cast by shareholders at a meeting called to approve such change. The board of directors of a CBCA corporation may amend the by-laws of the corporation with immediate effect, subject to the amendment ceasing to have effect if it is not approved by shareholders by ordinary resolution at the next shareholder meeting.

The BCBCA requires that changes made to constating documents be made by the type of resolution specified in the BCBCA; if the BCBCA does not specify the type of resolution, by the type of resolution specified in the company's articles; or if neither the BCBCA nor the company's articles specify the type of resolution, by special resolution. Accordingly, certain alterations to a BCBCA company, such as a name change or certain changes in its authorized share structure, can be approved by a different type of resolution (including by directors' resolution), in certain cases, such as the change of the company's name or a subdivision or consolidation of a class or series of the company's shares, where specified in the articles, subject always to the requirement that a right or special right attached to issued shares must not be prejudiced or interfered with under the BCBCA or under the notice of articles or articles unless the shareholders holding shares of the class or series of shares to which such right or special right is attached consent by a special separate resolution of those shareholders. In order to provide greater flexibility to the Corporation and reduce the administrative costs associated with certain categories of non-substantive amendments to the Corporation's constating documents going forward, the Proposed Articles specify that certain alterations to the constating documents may be made by directors' resolution or by ordinary resolution. The BCBCA is slightly less flexible than the CBCA with respect to the timing for adopting changes to the constating documents. Changes to the articles of a BCBCA company require approval by shareholders in order to become effective. If the changes to the articles of a BCBCA company would render the information in the notice of articles incorrect or alter special rights or restrictions attached to the shares of the company, the changes are not effective until a notice of alteration has been filed with the Registrar under the BCBCA.

Rights of Dissent and Appraisal

The BCBCA provides that shareholders who dissent to certain actions being taken by a company may exercise a right of dissent and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is available to shareholders, whether or not their shares carry the right to vote, where the company proposes:

- (a) to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- (b) to adopt an amalgamation agreement;
- (c) to approve an amalgamation into a foreign jurisdiction;
- (d) to approve an arrangement, the terms of which arrangement permit dissent or where the right of dissent is given pursuant to a court order;
- (e) to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

- (f) to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) to approve any other resolution, if dissent is authorized by the resolution; or
- (h) a matter to which dissent rights are permitted by court order.

The CBCA contains a similar dissent remedy. However, the procedure for exercising this remedy under the CBCA is different than that contained in the BCBCA. The dissent provisions of the CBCA are provided in Section 190 thereof which is set forth in Schedule "E" to this Circular. Under the CBCA and BCBCA, the dissenting shareholder must generally send notice of dissent prior to the resolution being passed.

Oppression Remedies

Under the BCBCA, a shareholder of a company has the right to apply to court on the grounds that:

- (a) the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or
- (b) some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application under the BCBCA, the court can grant a variety of remedies, ranging from an order restraining the conduct complained of to an order requiring the company to repurchase the shareholder's shares or an order liquidating the company. Unlike under the CBCA, the remedy under the BCBCA is not expressly available for "unfairly disregarding the interests" of a shareholder.

The CBCA includes an oppression remedy, which is very similar to that provided under the BCBCA. However, the CBCA will only allow a court to grant relief if the oppressive or prejudicial effect actually exists, while the BCBCA will allow a court to grant relief where a prejudicial effect to the shareholder is merely threatened. In addition, under the BCBCA non-shareholders require the leave of a court in order to bring an oppression claim while any security holder, director or officer (or former director or officer) may bring an oppression claim pursuant to the CBCA. This is due to the fact that the oppression remedy under the BCBCA relates only to acts that are oppressive or unfairly prejudicial to shareholders of a company, whereas the oppression remedy under the CBCA relates to acts that are oppressive or unfairly prejudicial to any security holder, creditor, director or officer of a corporation.

Shareholder Proposals

Under the BCBCA, a registered shareholder, beneficial shareholder or director of a company may, with judicial leave, bring an action in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such right, duty or obligation. There is a similar right of a shareholder or director, with judicial leave, and in the name and on behalf of the company, to defend an action brought against the company.

The CBCA extends the right to a broader group of complainants as it affords the right to a registered shareholder, former registered shareholder, beneficial shareholder, former beneficial shareholder, director, former director, officer and a former officer of a corporation or any of its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. In addition, the CBCA permits derivative actions to be commenced in the name and on behalf of not only the corporation, but also any of its subsidiaries.

Place of Meetings

Subject to certain exceptions, the CBCA provides that meetings of shareholders shall be held at the place within Canada provided in the by-laws or, in the absence of such provision, at the place within Canada that the directors determine. A meeting may be held outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place. Under the BCBCA, general meetings of shareholders are to be held in British Columbia, or may be held at a location outside of British Columbia if: (i) the location is provided for in the articles, (ii) the articles do not restrict the company from approving a location outside of British Columbia and the location is approved by the resolution required by the articles for that purpose, or if no resolution is required for that purpose by the articles, is approved by ordinary resolution, or (iii) the location is approved in writing by the Registrar before the meeting is held. In the case of a fully virtual meeting of the shareholders, this means that the Corporation may first require an order of the court under the BCBCA, unlike under the CBCA where fully virtual meetings are specifically permitted. Hybrid shareholder meetings, which comprise both an in-person and virtual element, are permitted under the BCBCA. The Corporation may hold hybrid shareholder meetings following the Continuance in order to provide a safe forum in light of the ongoing public health concerns posed by COVID-19 and to allow for greater shareholder participation in such meetings.

Removal of Directors

Under the CBCA, directors may be removed by an ordinary resolution passed by a majority of the votes cast by the shareholders, in person or by proxy. The CBCA further provides that where the holders of any class or series of shares of a corporation have an exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series.

The BCBCA provides that the shareholders of a company may remove one or more directors by a special resolution or, if the articles provide that a director may be removed by a resolution of the shareholders entitled to vote at general meetings passed by less than a special majority or may be removed by some other method, or by the resolution or method specified in the articles. Similar to the CBCA, the BCBCA further provides that if holders of a class or series of shares have the exclusive right to elect or appoint one or more directors, a director so elected or appointed may only be removed by a special separate resolution of the shareholders of that class or series or, if the articles provide that such a director may be removed by a separate resolution of those shareholders passed by a majority of votes that is less than the majority of votes required to pass a special separate resolution or may be removed by some other method, or by the resolution or method specified in the articles.

Directors' Residency Requirements

The BCBCA provides that a reporting issuer must have a minimum of three directors but does not have any residency requirements for directors.

Under the CBCA, at least one-quarter of the directors must be resident Canadians, unless the corporation has less than four directors, in which case at least one director must be a resident Canadian. Subject to certain exceptions, an individual has to be a Canadian citizen or permanent resident ordinarily resident in Canada to be considered a resident Canadian under the CBCA.

Constitutional Jurisdiction

Other significant differences in the statutes arise from the differences in the constitutional jurisdiction of the federal and provincial governments. For example, a CBCA corporation has the capacity to carry on business throughout Canada as a right. A BCBCA company is only allowed to carry on business in another province where that other province allows it to register to do so. A CBCA corporation is subject to provincial laws of general application, but a province cannot pass laws directed specifically at restricting a CBCA corporation's ability to carry on business in that province. If another province so chooses, however, it can restrict a BCBCA company's ability to carry on business within that province. Also, a CBCA corporation will not have to change its name if it wants to do business in a province where there is already a corporation with a similar name, whereas a BCBCA company may not be allowed to use its name in that other province if that name, or a similar one, is already in use. Under the BCBCA, the registered office must be situated in British Columbia, whereas under the CBCA, the registered office of a corporation must be situated in the province specified in its articles.

Reduction of Capital

Under the CBCA, capital may be reduced by special resolution, but not if there are reasonable grounds for believing that, after the reduction, (i) the corporation would be unable to pay its liabilities as they become due; or (ii) the realizable value of the corporation's assets would be less than the aggregate of its liabilities.

Under the BCBCA, capital may be reduced by special resolution or court order. A court order is required if the realizable value of the company's assets would, after the reduction of capital, be less than the aggregate of its liabilities.

Compulsory Acquisition

The CBCA provides a right of compulsory acquisition for an offeror that acquires 90% of the target securities pursuant to a take-over bid or issuer bid, other than securities held at the date of the bid by or on behalf of the offeror. The CBCA also provides that where an offeror acquires 90% or more of the target securities, a security holder who did not accept the original offer may require the corporation to acquire the security holder's securities in accordance with the procedure set out in the CBCA.

The BCBCA provides a substantively similar right, although the BCBCA is limited in its application to the acquisition of shares and there are differences in the procedures and process. The BCBCA provides that where an offeror does not use the compulsory acquisition right when entitled to do so, a shareholder who did not accept the original offer may require the offeror to acquire the shareholder's shares on the same terms contained in the original offer.

Comparison of the Corporation's Articles and By-Laws and Proposed Articles

The articles of the Corporation proposed to be adopted in connection with the Continuation are substantially similar to the current articles and by-laws of the Corporation. The Proposed Articles have been prepared with a view to corporate governance best practices under the BCBCA, the articles of certain large British Columbia incorporated public corporations and continuity of rights

resolution only. The creation, variation or elimination of special rights or restrictions attached to issued and outstanding shares will nevertheless continue to require shareholder approval by ordinary resolution. In addition, various fundamental transactional matters, such as amalgamations, arrangements and a sale of substantially all of the undertaking of the Corporation will continue to require approval by special resolution pursuant to the BCBCA.

Quorum

Subject to the special rights or 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 or more persons present and being, or representing by proxy, two or more shareholders entitled to attend and vote at the meeting.

Record Date

Under the Corporation's existing by-laws, the Board may fix a record date for the determination of the persons entitled to receive payment of dividends or to exercise the right to subscribe for such securities by not more than 60 days of the date for the such payment or exercise. The record date under the Proposed Articles must now not precede the date on which the dividend is to be paid by more than two months.

Unclaimed Dividends

The Proposed Articles provide that unclaimed dividends revert to the Corporation after three years, as opposed to six years under the existing by-laws.

Removal of Directors

Under the CBCA, directors may be removed by shareholders by ordinary resolution (simple majority) passed at an annual or special meeting of shareholders. A company may remove a director before the expiration of the director's term of office under the BCBCA by special resolution, or if the articles of the company permit, either by less than a special majority (two-thirds) or by some other method or resolution specified. The Proposed Articles stipulate that Shareholders may remove any Director before the expiration of his or her term of office by special resolution. The Proposed Articles also stipulate that 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 the Corporation in accordance with the BCBCA and does not promptly resign.

Shareholder Approval

Shareholders will be asked at the Meeting to vote on the Continuation Resolution, the text of which is set out below, approving the Continuation. To be effective, the Continuation Resolution must be approved by special resolution. To pass, a special resolution requires a majority of not less than two-thirds of the votes cast by Shareholders who vote in person or by Proxy at the Meeting. If Shareholder approval for the Continuation is not obtained, the Corporation will remain a federal corporation, subject to the requirements of the CBCA. If the Continuation Resolution is approved at the Meeting, the Continuation is expected to be affected as soon as possible after the Meeting.

Notwithstanding the above, the Continuation Resolution confers discretionary authority on the Board to revoke the Continuation Resolution before the Continuation occurs. The Board may exercise its discretion and elect not to proceed with the Continuation, notwithstanding Shareholder

approval, for any number of reasons, including, for example, the number of Registered Shareholders that dissent in respect of the Continuation Resolution.

Shareholders will be asked at the Meeting to pass a special resolution (the "**Continuation Resolution**"), the text of which will be substantially the form as follows:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- (a) the Corporation is hereby authorized to apply to the Director under the CBCA for authorization pursuant to Section 188 of the CBCA to discontinue the Corporation from the CBCA and to apply to the Registrar of Companies under the BCBCA for a Certificate of Continuation continuing the Corporation as if it had been incorporated under the BCBCA;
- (b) any one of the director or officer of the Corporation is hereby authorized to do, sign and execute all such further things, deeds, documents or writings necessary or desirable in connection with the application by the Corporation for the authorization by the Director, or any other matter relating to Section 188 of the CBCA and Section 302 of the BCBCA;
- (c) subject to and conditional upon the authorization of the Director pursuant to Section 188 of the CBCA:
 - (i) any one director or officer of the Corporation is hereby authorized and directed to make application to the Registrar of Companies of British Columbia for a Certificate of Continuation of the Corporation pursuant to Section 302 of the BCBCA;
 - (ii) the Corporation adopts and confirms the Continuation Application, Notice of Articles and Articles in substitution, substantially in the form attached Schedule "D" to the Information Circular, for the existing Articles of Incorporation and By-Laws of the Corporation, to be effective upon the issuance of a Certificate of Continuation by the Registrar appointed under the BCBCA, and all amendments reflected therein, are approved and adopted;
 - (iii) legal counsel licensed to practice in the Province of British Columbia, as selected by any director or officer or the Corporation, be appointed as the Corporation's agent to electronically file the Continuation Application with the BC Registrar and to apply to Industry Canada for authorization permitting the continuation and to request a Certificate of Discontinuation under the CBCA; and
 - (iv) any one director or officer of the Corporation is hereby authorized to take all such actions and execute and deliver all such documents in connection with the application to the British Columbia Registrar of Companies for a Certificate of Continuation under the BCBCA including, without limitation, the Continuation Application, Notice of Articles and Articles in the forms prescribed by the BCBCA or approved by the directors, and certifying that the Corporation is in good standing and that the continuation will not adversely affect the shareholders' or creditors' rights;
 - (v) Notwithstanding the foregoing, the directors of the Corporation are hereby authorized, without further approval of or notice to the shareholders of the Corporation, to determine the time to effect each of the matters approved by these resolutions or to abandon the application to continue if, in the directors' discretion, the directors deem such

abandonment to be advisable."

The Board recommends shareholders vote in favour of approving the Continuation

An "special resolution" is a resolution passed by the shareholders of the Corporation at a general meeting by a simple majority of the votes cast in person or by proxy.

In order to be effective, the foregoing ordinary resolution must be approved by a simple majority of the votes cast by those shareholders of the Corporation who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolution.

It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such Proxies FOR the special resolution to approve the Continuation.

ADDITIONAL INFORMATION

Additional information about us is located under our profile on SEDAR at www.sedar.com. Shareholders may request copies of our financial statements and Management's Discussion and Analysis ("MD&A") by writing to the Corporation's CFO, Justin Bourassa. The audited financial statements and MD&A are also available on SEDAR.

Financial information is provided in our comparative audited consolidated financial statements and MD&A for the financial year ended August 31, 2020.

DIRECTORS' APPROVAL

The Corporation's Board of Directors has approved the contents of this Management Information Circular and sending it to the shareholders.

BY ORDER OF THE BOARD OF DIRECTORS

"John Williamson"

John Williamson, President, CEO and Director

SCHEDULE “A”**AUDIT COMMITTEE CHARTER****of the Board of Directors of FOUNDERS METALS INC. (formerly, Avalon Works Corp.)
(the “Corporation”)**

The audit committee of the Corporation (the “**Committee**”) is a committee of the board of directors of the Corporation (the “**Board**”). The role of the Committee is to:

- provide oversight of the Corporation’s financial management and of the design and implementation of an effective system of internal financial controls as well as to review and report to the Board on the integrity of the financial statements of the Corporation, its subsidiaries and associated companies;
- helping directors meet their responsibilities, facilitating better communication between directors and the external auditor;
- enhancing the independence of the external auditor;
- increasing the credibility and objectivity of financial reports and strengthening the role of the directors by facilitating in-depth discussion among directors, management and the external auditor;

Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them. The Corporation’s external auditor is ultimately accountable to the Board and the Committee as representatives of the Corporation’s shareholders.

I. DUTIES AND RESPONSIBILITIES**External Auditor**

1. To recommend to the Board, for shareholder approval, an external auditor to examine the Corporation’s accounts, controls and financial statements on the basis that the external auditor is accountable to the Board and the Committee as representatives of the shareholders of the Corporation.
2. To oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. To evaluate the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.
4. To pre-approve any non-audit services to be provided to the Corporation by the external auditor and the fees for those services.
5. To obtain and review, at least annually, a written report by the external auditor setting out the auditor’s internal quality-control procedures, any material issues raised by the auditor’s internal quality-control reviews and the steps taken to resolve those issues.
6. To review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation. The Committee has adopted the following guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Corporation on any aspect of its certification of the Corporation’s financial statements:

- (a) no member of the audit team that is auditing a business of the Corporation can be hired into that business or into a position to which that business reports for a period of three years after the audit;
 - (b) no former partner or employee of the external auditor may be made an officer of the Corporation or any of its subsidiaries for three years following the end of the individual's association with the external auditor;
 - (c) the Chief Financial Officer of the Corporation (the "CFO") must approve all office hires from the external auditor; and
 - (d) the CFO must report annually to the Committee on any hires within these guidelines during the preceding year.
7. To ensure that the head audit partner assigned by the external auditor to the Corporation, as well as the audit partner charged with reviewing the audit of the Corporation, are changed at least every five years.
8. To review, at least annually, the relationships between the Corporation and the external auditor in order to establish the independence of the external auditor.

Financial Information and Reporting

9. To review the Corporation's annual audited financial statements with the Chief Executive Officer of the Corporation (the "CEO") and CFO and then with the full Board. The Committee will review the interim financial statements with the CEO and CFO.
10. To review and discuss with management and the external auditor, as appropriate:
- (a) the annual audited financial statements and the interim financial statements, including the accompanying management discussion and analysis; and
 - (b) earnings guidance and other releases containing information taken from the Corporation's financial statements prior to their release.
11. To review the quality and not just the acceptability of the Corporation's financial reporting and accounting standards and principle and any proposed material changes to them or their application.
12. To review with the CFO any earnings guidance to be issued by the Corporation and any news release containing financial information taken from the Corporation's financial statements prior to the release of the financial statements to the public. In addition, the CFO must review with the Committee the substance of any presentations to analysts or rating agencies that contain a change in strategy or outlook.

Oversight

13. To review the internal audit staff functions, including:
- (a) the purpose, authority and organizational reporting lines;
 - (b) the annual audit plan, budget and staffing; and
 - (c) the appointment and compensation of the controller, if any.
14. To review, with the CFO and others, as appropriate, the Corporation's internal system of audit controls and the results of internal audits.
15. To review and monitor the Corporation's major financial risks and risk management policies and the steps taken by management to mitigate those risks.

16. To meet at least annually with management (including the CFO), the internal audit staff, and the external auditor in separate executive session and review issues and matters of concern respecting audits and financial reporting.
17. In connection with its review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and CFO certifications (if required by law or regulation) with respect to the financial statements and the Corporation's disclosure and internal controls, including any material deficiencies or changes in those controls.

II. MEMBERSHIP

The Committee shall consist of three or more members of the Board, the majority of which have been determined to be independent as required under applicable securities rules or applicable stock exchange rules.

Any member may be removed from office or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Corporation or until the member ceases to be a director, resigns or is replaced, whichever first occurs.

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

All members of the Committee must be "**financially literate**" (i.e., have the ability to read and understand a set of financial statements such as balance sheet, an income statement and a cash flow statement).

III. PROCEDURES

1. The Board shall appoint one of the directors elected to the Committee as the Chairperson of the Committee (the "**Chairperson**"). In the absence of the appointed Chairperson from any meeting of the Committee, the members shall elect a Chairperson from those in attendance to act as Chairperson of the meeting.
2. The Chairperson will appoint a secretary (the "**Secretary**") who will keep minutes of all meetings. The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chairperson.
3. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one-half of the number of members plus one shall constitute a quorum.
4. The Committee will meet as many times as is necessary to carry out its responsibilities. Any member of the Committee or the external auditor may call meetings.
5. The time and place of the meetings of the Committee, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the Articles of the Corporation or otherwise determined by resolution of the Board.
6. The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms (including termination) of special counsel, advisors or other experts or consultants as it deems appropriate.
7. The Committee has the authority to communicate directly with the internal and external auditors.

IV. REPORTS

The Committee shall produce the following reports and provide them to the Board:

1. an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chairperson or any other member of the Committee designated by the Committee to make this report; and
2. a summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

SCHEDULE "B"**FOUNDERS METALS INC. STOCK OPTION PLAN**

PART 1**INTERPRETATION**

- 1.01 **Definitions.** In this Plan the following words and phrases have the following meanings, namely:
- (a) “Administration” The 10% Rolling Plan is to be administered by the Board of Directors of the Company or by a committee to which such authority is delegated by the Board from time to time;
 - (b) “Administrator” means the person(s) responsible for administering this Plan, determined in accordance with section 3.01;
 - (c) “Affiliate” means, a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company.
 - (d) “Associate” means, where used to indicate a relationship with any person:
 - (i) a partner, other than a limited partner, of that person;
 - (ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity;
 - (iii) a company in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company; or
 - (iv) in the case of a person who is an individual, that person’s spouse or child, or any relative of that person or of his spouse, where the relative has the same residence as that person;and for the purpose of this definition, “spouse” includes an individual who is living with another individual in a marriage-like relationship.
 - (e) “Board” means the Board of Directors of the Company or, if applicable, the Committee.
 - (f) “Committee” means a committee of the Board, if any, appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.
 - (g) “Company” means **Founders Metals Inc.**
 - (h) “Consultant” means, in relation to the Company, an individual or Consultant Company, other than an Employee or a Director of the Company, that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and

(iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

(i) “Consultant Company” means an individual consultant, a company or a partnership of which the individual is an employee, shareholder or partner.

(j) “Director” means any director of the Company or of any of its subsidiaries as may be elected from time to time.

(k) “Discounted Market Price” means the Market Price less the discount set forth below, subject to a minimum price of \$0.10:

<u>Closing Price</u>	<u>Discount</u>
up to \$0.50	25%
\$0.51 to \$2.00	20%
above \$2.00	15%

(l) “Disinterested Shareholder Approval” means that the proposal must be approved by a majority of the votes cast at the shareholders’ meeting other than votes attaching to securities beneficially owned by Insiders to whom shares may be issued pursuant to this Plan, and their Associates and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires Disinterested Shareholder Approval.

(m) “Distribution” has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury.

(n) “Employee” means:

(i) an individual who is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);

(ii) an individual who works full-time for a Company or any of its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Company or any of its subsidiaries over the details and methods of work as an employee of the Company or any of its subsidiaries, but for whom income tax deductions are not made at source; or

(iii) an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any of its subsidiaries over the details and methods of work as an employee of the Company or any of its subsidiaries, but for whom income tax deductions are not made at source.

(o) “Exchange” means the TSX Venture Exchange.

(p) “Insider” means:

(i) a director or senior officer of the Company;

(ii) a director or senior officer of a person that is itself an insider or subsidiary of the Company; or

(iii) a person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; or

(iv) the Company itself if it holds any of its own securities.

- (q) “Investor Relations Activities” means any activities, by or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, subject to the exclusions noted in the policies of the Exchange.
 - (r) “Management Company Employee” means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in Investor Relations Activities.
 - (s) “Market Price” means, subject to the exceptions prescribed by the Exchange from time to time, the last closing price of the Company’s shares before the issuance of the required news release disclosing the grant of Options (but, if the policies of the Exchange provide an exception to such news release, then the last closing price of the Company’s shares before the grant of Options).
 - (t) “NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions*.
 - (u) “Officer” means any senior officer of the Company or of any of its subsidiaries as defined in the *Securities Act* (British Columbia) and any executive officer of the Company as defined in NI 45-106.
 - (v) “Option” means the right to purchase Shares granted under this Plan.
 - (w) “Optionee” means the recipient of an Option under this Plan.
 - (x) “Plan” means this stock option plan as amended from time to time.
 - (y) “Securities Act” means the *Securities Act*, R.S.B.C. 1996, c. 418, or any successor legislation.
 - (z) “Shares” means common shares without par value in the capital of the Company.
- 1.02 Gender. Throughout this Plan, words importing the masculine gender are interpreted as including the female gender.

PART 2

PURPOSE OF PLAN

- 2.01 Purpose. The purpose of this Plan is to attract and retain Employees, Officers, Directors, Consultants and Management Company Employees to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through Options granted under this Plan to purchase Shares. The Plan is expected to benefit the Company’s shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering to them an opportunity to share in any increase in the value of the Shares to which they have contributed.

PART 3

GRANTING OF OPTIONS

- 3.01 Administration. This Plan will be administered by the Board or, if the Board so elects, by a Committee (consisting of not less than 2 of its members) appointed by the Board. Any Committee will administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee will continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and either appoint new members in their place or decrease the size of the Committee, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. A majority of the members of the Committee will constitute a quorum,

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

- 3.02 Committee's Recommendations. The Board may accept all or any part of the recommendations of the Committee or may refer all or any part thereof back to the Committee for further consideration and recommendation. Such recommendations may include, but not be limited to, the following:
- (a) resolution of questions arising in respect of the administration, interpretation and application of the Plan;
 - (b) reconciliation of any inconsistency or defect in the Plan in such manner and to such extent as will reasonably be deemed necessary or advisable to carry out the purpose of the Plan;
 - (c) determination of the Employees, Officers and Directors (or their wholly-owned corporations) to whom, and when, Options should be granted, as well as the number of Shares subject to each Option;
 - (d) determination of the terms and conditions of the Option agreement to be entered into with any Optionee, consistent with this Plan; and
 - (e) determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan.
- 3.03 Grant by Resolution. The Board, on its own initiative or upon the recommendation of a Committee (if so appointed), will by resolution designate those Employees, Officers, Directors and Consultants to whom Options should be granted.
- 3.04 Terms of Options. The resolution of the Board, or the Committee if applicable, will specify the number of Shares that should be placed under option to each Optionee, the price per Share to be paid upon exercise of the Options, and the period during which such Options may be exercised.
- 3.05 Written Agreements. Every Option granted under this Plan must be evidenced by a written option agreement between the Company and the Optionee and, where not expressly set out in the agreement, the provisions of such agreement will conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan will govern.
- 3.06 Regulatory Approvals. The Board will obtain all necessary regulatory approvals, which may be required under applicable securities laws or the rules or policies of the Exchange. The Board will also take reasonable steps to ensure that no Options granted under the Plan, or the exercise thereof, violate the securities laws of the jurisdiction in which any Optionee resides.
- 3.07 Options granted under the Plan. For all Options granted to Directors, Officers, Employees, Consultants or Management Company Employees of the Company, the Company represents that the Optionee is a bona fide Director, Officer, Employee, Consultant or Management Company Employee, as the case may be.
- 3.08 Limitations, Restrictions and Conditions Subject to the provisions of this Plan, the Board shall have the authority to determine any applicable limitations, restrictions and conditions to an Option, including without limitation:
- (a) the nature and duration of the restrictions, if any, to be imposed upon exercise of the Option or the sale or other disposition of Shares issued upon exercise of the Option; and
 - (b) the nature of the events, if any, and the duration of the period in which any Optionee's rights in respect of Shares issued upon exercise of the Option may be forfeited, within the Board's discretion,

and to modify or rescind such restrictions in the event of certain corporate developments such as takeover bids, reorganizations, mergers, changes in capital or amalgamations.

PART 4

CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

- 4.01 Exercise Price. The exercise price of an Option granted under this Plan must not be less than the Discounted Market Price, provided that:
- (a) if Options are granted within 90 days of a distribution by a prospectus, the minimum exercise price of those Options will be the greater of the Discounted Market Price and the per share price paid by the public investors for Shares acquired under the distribution; and
 - (b) the 90 day period begins on the date a final receipt is issued for the prospectus or in the case of a prospectus that qualifies special warrants, on the closing date of the special warrant private placement.
- 4.02 Expiry Date. Each Option will, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 7 years from the date the Option is granted.
- 4.03 Different Exercise Periods, Expiry Period on Termination, Prices and Number. The Board may, in its absolute discretion, upon granting Options under this Plan, specify different time periods during which an Option is exercisable, subject to section 4.02 of the Plan, different time periods within which an Option will terminate 90 days following an Optionee ceasing to be a Director, Officer, Employee, or Consultant of the Company, and subject to the provisions of this Plan, designate different exercise prices and vesting provisions with respect to an Option.
- 4.04 Number of Shares. The number of Shares reserved for issuance to any one Optionee pursuant to Options granted under this Plan, together with any Shares reserved for issuance pursuant to Options granted to that Optionee during the previous 12 months must not exceed 5% of the issued and outstanding Shares at the time of granting of the Options, provided that the aggregate number of Options granted to each of the following categories of Optionee:
- (a) each individual Consultant; and
 - (b) persons performing Investor Relations Activities on behalf of the Company;
- must not exceed 2% of the outstanding Shares at the time of grant unless the Exchange permits otherwise.
- 4.05 Death of Optionee. If an Optionee dies prior to the expiry of his Option, his heirs, administrators or legal representatives may, by the earlier of:
- (a) six months year from the date of the Optionee's death (or such lesser period as may be specified by the Board at the time of granting the Option); and
 - (b) the expiry date of the Option; and
 - (c) exercise any portion of such Option.

- 4.06 Expiry on Termination or Cessation. If an Optionee ceases to be a Director, Officer, Employee or Consultant for any reason other than death, then despite any other provision contained in this Plan, such Optionee's Option will terminate within a reasonable period to be determined by the Administrator (the "**Exercise Period**") commencing on the effective date the Optionee ceases to be employed by or provide services to the Company (but only to the extent that such Option has vested on or before the date the Optionee ceased to be so employed or provide services to the Company) as provided for in the written option agreement between the Company and the Optionee, and all rights to purchase Shares under such Option will expire as of the last day of such Exercise Period, provided however that the maximum Exercise Period shall be six (6) months, unless the Optionee has entered into a valid employment or consulting agreement that provides for a longer Exercise Period, but in no case shall the Exercise Period be greater than one (1) year unless prior Exchange approval has been given.
- 4.07 Leave of Absence. Employment will be deemed to continue intact during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's reemployment is not so guaranteed, then his employment will be deemed to have terminated on the ninety-first day of such leave.
- 4.08 Assignment. No Option granted under this Plan is transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an Optionee will have the right to assign any Option granted to him under this Plan to a trust or similar legal entity established by such Optionee.
- 4.09 Notice. An Option must be exercised only in accordance with the terms and conditions of the written option agreement under which it is granted and will be exercisable only by notice in writing to the Company at its principal place of business.
- 4.10 Payment. Subject to any vesting requirements described in each individual Option agreement, Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Optionee on exercise of an Option must be paid for in full at the time of purchase (i.e. concurrently with the giving of the requisite notice) by either cash or certified cheque in favour of the Company.
- 4.11 Share Certificate. As soon as practicable after due exercise of an Option, the Company will issue a share certificate evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such share certificate, no right to vote or receive dividends or any other rights as a shareholder will exist with respect to the Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is before the date the share certificate is issued, except as provided in Part 6 hereof.
- 4.12 Vesting. Subject to the discretion of the Board to apply vesting to the grant of any Option, the Options granted to an Optionee under this Plan will fully vest on the date of grant of such Options. In accordance with the policies of the Exchange, and subject to their approval to the contrary, Options granted to Consultants performing Investor Relations Activities must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than $\frac{1}{4}$ of the Options vesting in any 3 month period.
- 4.13 Hold Period. In addition to any resale restrictions under the Securities Act or other applicable legislation, all Options granted under this Plan where the exercise price is based on the Discounted Market Price and all Shares issued on the exercise of such Options (before the expiry of the hold period) will be subject to a four-month Exchange hold period from the date the Options are granted, and the Option agreements and the certificates representing such Shares will bear the following legend:

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

The four month Exchange hold period may also apply in certain circumstances where the Options are granted at greater than the Discounted Market Price and such Options will be subject to a four month Exchange hold period from the date the Options are granted, and the Option agreements and the certificates representing such Shares will bear the same legend as set out above.

- 4.14 Individuals. Options may be granted only to an individual or to a company that is wholly-owned by an individual who is eligible for an Option grant. Only individuals who are Directors, Officers, Consultants or Employees may be granted Options. If the Optionee is a company, it must agree not to effect or permit any transfer of ownership or option of shares of the Company nor to issue further shares of any class in the company to any other individual or entity as long as the incentive Option remains outstanding, except with the written consent of the Exchange.

PART 5

RESERVE OF SHARES FOR OPTIONS

- 5.01 Maximum Number of Shares Reserved Under Plan. The maximum aggregate number of common shares that may be reserved for issuance under the Plan at any point in time is 10% of the issued and outstanding Shares at the time Shares are reserved for issuance as a result of the grant of an Option, less any Shares reserved for issuance under stock options granted under share compensation arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the Exchange Policies, and, if applicable, the NEX Policies.
- 5.02 Sufficient Authorized Shares to be Reserved. Whenever the Notice of Articles of the Company limit the number of authorized Shares, a sufficient number of Shares will be reserved by the Board to satisfy the exercise of Options granted under this Plan or otherwise. Shares that were the subject of Options that have lapsed or terminated will thereupon no longer be in reserve and may once again be subject to an Option granted under this Plan.
- 5.03 Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances will this Plan, together with all of the Company’s other previously established and outstanding stock option plans or grants, result at any time in:
- (a) the number of Shares reserved for issuance under Options granted to Insiders exceeding 10% of the outstanding Shares at the time of granting the Options;
 - (b) the grant to Insiders, within a 12 month period, of a number of Options exceeding 10% of the outstanding Shares at the time of granting the Options;
 - (c) the issuance to any one Optionee, within a 12 month period, of a number of Shares exceeding 5% of the outstanding Shares at the time of granting the Options; or
 - (d) any reduction in the exercise price of Options granted to any person who is an Insider at the time of the proposed reduction.

PART 6

CHANGES IN SHARES

- 6.01 Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option will be adjusted accordingly.
- 6.02 Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend on such Shares, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.
- 6.03 Reorganization. Subject to any required action by its shareholders, if the Company is a party to a reorganization, merger, dissolution or its Shares are exchanged or reclassified in any way (collectively, the “Event”), whether or not the Company is the surviving entity, an Option will be adjusted by the Board in accordance with the Event and in a manner the Board deems appropriate.
- 6.04 Rights Offering. If at any time the Company grants to the holders of its Shares rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there will be no adjustments made to the number of Shares or other securities subject to the Option in consequence thereof and the Options of the Optionee will remain unaffected.

PART 7

EXCHANGE'S RULES AND POLICIES APPLY

- 7.01 Exchange's Rules and Policies Apply. This Plan and the granting and exercise of any Options under this Plan are also subject to such other terms and conditions as are set out from time to time in the rules and policies on incentive Options of the Exchange and any securities commission having jurisdiction and such rules and policies will be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of the rules and policies of the Exchange and securities commissions will govern.

PART 8

AMENDMENT OF PLAN

- 8.01 Board May Amend. Subject to Part 5 the Board may, by resolution, amend or terminate this Plan, but no such amendment or termination will, except with the written consent of the Optionees concerned, affect the terms and conditions of Options previously granted under this Plan which have not then been exercised or terminated.
- 8.02 Exchange Approval. Any amendment to this Plan or Options granted pursuant to this Plan will not become effective until accepted for filing by the Exchange.
- 8.03 Continuing Effect. If this Plan is terminated, the provisions of this Plan and any administration guidelines, rules and regulations adopted by the Board and in force prior to the termination of this Plan, shall continue in effect during such time as the Options or rights previously granted to Participants remain outstanding.

PART 9
WITHHOLDING TAX

- 9.01 Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Shares, pay to the Company amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Company for such requirements. In order to implement this provision, the Company or any related corporation will have the right to retain and withhold from any payment of cash or Shares under this Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such payment. At its discretion, the Company may require an Optionee receiving Shares to reimburse the Company for any such taxes required to be withheld by the Company and withhold any distribution to the Optionee in whole or in part until the Company is so reimbursed. In lieu thereof, the Company will have the right to withhold from any cash amount due or to become due from the Company to the Optionee an amount equal to such taxes. The Company may also retain and withhold or the Optionee may elect, subject to approval by the Company at its sole discretion, to have the Company retain and withhold a number of Shares having a market value not less than the amount of such taxes required to be withheld by the Company to reimburse the Company for any such taxes and cancel (in whole or in part) any such Shares so withheld.

PART 10

MISCELLANEOUS PROVISIONS

- 10.01 Other Plans Not Affected. This Plan will not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Employees, Consultants and Management Company Employees.
- 10.02 Effective Date of Plan. This Plan will become effective upon the later of the date of acceptance for filing of this Plan by the Exchange and the approval of this Plan by the shareholders of the Company (i.e. by the holders of a majority of the Company's securities present or represented, and entitled to vote at a meeting of shareholders duly held) including, if applicable, Disinterested Shareholder Approval. However, Options may be granted under this Plan prior to the receipt of approval of the Exchange or the shareholders, provided that any Option granted before Exchange or shareholder approval is obtained, may not be exercised until the required approvals are obtained.
- 10.03 Use of Proceeds. Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan will constitute general funds of the Company and may be used for general corporate purposes.
- 10.04 Headings. The headings used in this Plan are for convenience of reference only and will not in any way affect or be used in interpreting any of the provisions of this Plan.
- 10.05 No Obligation to Exercise. Optionees are under no obligation to exercise Options granted under this Plan.
- 10.06 Termination of Plan. This Plan will only terminate pursuant to a resolution of the Board or the Company's shareholders.
- 10.07 No Fettering of Discretion. The granting of an Option to an Optionee is a matter to be determined solely in the discretion of the Board. This Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the granting of Options and the allotment, reservation or issuance of Shares thereunder or of any other securities in the capital of the Company or of any of its subsidiaries, if applicable, other than as specifically provided for in this Plan.

SCHEDULE "C"

RESTRICTED SHARE UNIT PLAN

1. Purpose

- (a) **Background.** The Issuer currently has in place the Stock Option Plan pursuant to which Options may be granted to purchase Shares of the Issuer. Subject to section 14 hereof, the Issuer now also adopts this RSU Plan on the terms and conditions herein set forth (as may be amended from time to time) in order to provide the Issuer with flexibility in designing various equity-based compensation arrangements for the Directors, Employees, Consultants and other Persons engaged to provide ongoing services to the Issuer and its Affiliates, other than Persons involved in Investor Relations Activities relating to the Issuer. The Issuer represents that Employees, Consultants or Management Company Employees who are granted Awards under this RSU Plan will be bona fide Employees, Consultants or Management Company Employees at the time of grant. Section 14 hereof sets forth the provisions concerning the effective date of the RSU Plan, its termination and application to Awards under the existing and continuing Stock Option Plan.
- (b) **Purpose.** The purpose of this RSU Plan is to advance the interests of the Issuer by encouraging Directors, Employees and Consultants to receive equity-based compensation and incentives, thereby (i) increasing the proprietary interests of such Persons in the Issuer, (ii) aligning the interests of such Persons with the interests of the Issuer's shareholders generally, (iii) encouraging such Persons to remain associated with the Issuer, and (iv) furnishing such Persons with additional incentive in their efforts on behalf of the Issuer. The Board also contemplates that through the RSU Plan, the Issuer will be better able to compete for and retain the services of the individuals needed for the continued growth and success of the Issuer.

Restricted Share Units granted pursuant to this RSU Plan will be used to compensate Participants for their individual performance-based achievements and are intended to supplement stock option awards in this specific respect. The goal of such grants is to more closely tie Awards to individual performance based on established Performance Criteria.

2. Definitions

For purposes of this RSU Plan, the following terms shall have the meaning set forth below:

- (a) "**Act**" means the *Business Corporations Act* (British Columbia), or its successor, as amended, from time to time.
- (b) "**Affiliate**" has the meaning ascribed to that term in section 2 of Policy 1.1 of the TSXV.
- (c) "**Associate**" has the meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (d) "**Awards**" means the Restricted Share Units.
- (e) "**Board**" means the board of directors of the Issuer.
- (f) "**Change of Control**" has the meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (g) "**Committee**" means the Board, or if the Board so determine in connection with section 3 hereof, the committee of the Board authorized to administer the RSU Plan.
- (h) "**Company**" means a company, incorporated association, or organization, body corporate, partnership, trust, association or other entity other than an individual.
- (i) "**Consultant**" means an individual (other than an Employee or a Director) or Company, that:
- (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other

- services to the Issuer or to an Affiliate of the Issuer, other than services provided in relation to a Distribution;
- (ii) provides the services under a written contract between the Issuer or an Affiliate of the Issuer and the individual or the Company, as the case may be;
 - (iii) in the reasonable opinion of the Issuer, spends or will spend a significant amount of time and attention on the affairs and business of the Issuer or an Affiliate of the Issuer; and
 - (iv) has a relationship with the Issuer or an Affiliate of the Issuer that enables the individual to be knowledgeable about the business and affairs of the Issuer.
- (j) **"Control"** means, with respect to any Person, the possession, directly or indirectly, severally or jointly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.
 - (k) **"Director"** means a director, senior officer or Management Company Employee of the Issuer, or a director, senior officer or Management Company Employees of the Issuer's subsidiaries.
 - (l) **"Disability"** means a physical injury or mental incapacity of a nature which the Committee determines prevents or would prevent the Grantee from satisfactorily performing the substantial and material duties of his or her position with the Issuer.
 - (m) **"Disinterested Shareholder Approval"** means that the proposal must be approved by a majority of the votes cast at the shareholders' meeting other than votes attaching to securities beneficially owned by Insiders and their Associates to whom Shares may be issued pursuant to this RSU Plan.
 - (n) **"Effective Date"** means the date as of which an Award shall take effect, provided that the Effective Date shall not be a date prior to the date the Granting Authority determines an Award shall be made and, unless otherwise specified by the Granting Authority, the Effective Date will be the date the Granting Authority determines an Award shall be made.
 - (o) **"Eligible Person"** means, from time to time, any Director or Employee of the Issuer or an Affiliate of the Issuer, any Consultant and any Permitted Assign, other than Persons involved in Investor Relations Activities relating to the Issuer.
 - (p) **"Eligible Retirement"** means, if determined by the Granting Authority in its sole discretion, termination of service, under circumstances as shall constitute retirement for age as determined by the Granting Authority or in accordance with the written policies established by the Granting Authority as they may be amended or revised from time to time.
 - (q) **Employees"** means:
 - (i) an individual who is considered an employee under the ITA (such as an individual for whom income tax, employment insurance and Canadian Pension Plan deductions must be made at the source) of the Issuer or any Affiliate;
 - (ii) an individual who works full-time for the Issuer or any Affiliate thereof providing services normally provided by an employee and who is subject to the same control and direction by the Issuer or any Affiliate thereof over the details and methods of work as an employee of the Issuer or any Affiliate thereof, but for whom income tax deductions are not made at the source; or
 - (iii) an individual who works for the Issuer or any Affiliate thereof on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Issuer or any Affiliate thereof over the details and methods of work as an employee of the Issuer or any Affiliate thereof, but for whom income tax deductions are not made at the source.
 - (r) **"Exchange"** means the TSXV or such other stock exchange where the Shares are listed for trading as at the

relevant time.

- (s) **"Grant Date"** means the date on which an Award is granted to a Participant.
- (t) **"Granting Authority"** means the Board, the Committee or other committee, as applicable, that is charged with exercising the powers and responsibility as to a specific matter in question affecting this RSU Plan or an Award.
- (u) **"Insiders"** has the same meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (v) **"Issuer"** means Founders Metals Inc. (formerly, Avalon Works Corp.), a Company existing under the Act, and includes any successor Company thereof.
- (w) **"Investor Relations Activities"** has the same meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (x) **"ITA"** means the *Income Tax Act* (Canada) and any regulations thereunder as amended from time to time.
- (y) **"Management Company Employee"** means an individual employed by a Person providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a Person involved in Investor Relations Activities relating to the Issuer.
- (z) **"Market Value"** of a Share as of a relevant date shall mean the fair market value as determined by the Granting Authority:
 - (i) in accordance with the rules of the TSXV if the Shares are then listed on such Exchange; or
 - (ii) if the Shares are not publicly traded at the time a determination of its fair market value is required to be made hereunder, the determination of fair market value shall be made in good faith by the Granting Authority using any fair and reasonable means selected in the Granting Authority's discretion.
- (aa) **"Option"** means an option granted in accordance with the terms of the Stock Option Plan to purchase a Share.
- (bb) **"Participants"** or **"Grantees"** means those individuals to whom Awards have been granted from time to time under the RSU Plan.
- (cc) **"Performance Criteria"** means such financial, personal and/or other performance criteria as may be determined by the Granting Authority with respect to Awards of Restricted Share Units and, for greater certainty, the Committee may take into consideration the present and potential contributions of and the services rendered by the particular Participant to the success of the Issuer and any other factors which the Granting Authority deems appropriate and relevant.
- (dd) **"Permitted Assign"** means for a person that is an Employee, Director or Consultant of the Issuer or any of its Affiliates, a holding entity (as defined in National Instrument 45-106) of the person or an RRSP or RRIF of the Person.
- (ee) **"Person"** means a Company or an individual.
- (ff) **"Restricted Period"** means the period established by the Granting Authority with respect to an Award during which the Award either remains subject to forfeiture or is not exercisable by the Participant.
- (gg) **"Restricted Share Unit"** means a right, granted in accordance with section 6 hereof, to receive a Share.
- (hh) **"RSU Plan"** means this Restricted Share Unit Plan, as amended and restated from time to time.
- (ii) **"Shareholder Approval Date"** means the date on which this RSU Plan is approved by the shareholders of the Issuer.
- (jj) **"Shares"** means the common shares of the Issuer, as adjusted in accordance with the provisions of section 9

hereof.

- (kk) **"Stock Option Plan"** means the Issuer's stock option incentive plan as it exists on the date hereof and as may be amended from time to time.
- (ll) **"Termination"** means: (i) in the case of an Employee, the termination of the employment of the Employee with or without cause by the Issuer or an Affiliate or the cessation of employment of the Employee with the Issuer or an Affiliate, other than the Eligible Retirement, of the Employee; and (ii) in the case of a Consultant, the termination of the services of the Consultant by the Issuer or any Affiliate.
- (mm) **"TSXV"** means the TSX Venture Exchange.
- (nn) **"TSXV Hold Period"** means the day that is four months and one day after the date of granting of the Award.
- (oo) **"Vested" or "Vesting"** means, with respect to an Award, that the applicable conditions established by the Granting Authority or this RSU Plan have been satisfied or, to the extent permitted under the RSU Plan, waived, whether or not the Participant's rights with respect to such Award may be conditioned upon prior or subsequent compliance with any confidentiality, non-competition or non-solicitation obligations.

3. Administration

- (a) **Powers of the Board and the Committee.** Subject to and consistent with the terms of the RSU Plan, applicable law and applicable rules of the Exchange, and subject to the provisions of any charter adopted by the Board with respect to the powers, authority and operation of the Committee (as amended from time to time), the Board will have the general power to administer the RSU Plan in accordance with its terms (including all powers specified in clause 3(a)(ii) hereof and make all determinations required or permitted to be made, provided, however, that the Board may delegate all or any portion of such powers to the Committee or to other committees and provided, further, that with respect to Awards of the Issuer's executive officers, the Committee shall have such powers as are set forth in clause 3(a)(i) hereof.
 - (i) **Specific Provisions Concerning Delegation of Authority to the Committee.** In addition to any authority of the Committee specified under any other terms of the RSU Plan, and notwithstanding any other provision herein to the contrary, insofar as Awards under the RSU Plan are to be made to executive officers, the Committee will make recommendations to the Board with respect to Awards.

The foregoing shall not limit the Board in delegating any other powers to the Committee or in delegating any or all determinations or other powers with respect to certain types of Awards, including the full power to make Awards and to exercise the other powers set forth in clause 3(a)(ii) hereof and the other powers granted herein to the Granting Authority.

- (ii) **Specific Powers of the Granting Authority.** Without limiting the lead-in paragraph of subsection 3(a) hereof, the powers of the Granting Authority shall include the powers to, subject to subsection 10(c) hereof:
 - (1) interpret the RSU Plan and instruments of grant evidencing the Awards;
 - (2) prescribe, amend and rescind such procedures and policies, and make all determinations it deems necessary or desirable for the administration and interpretation of the RSU Plan and instruments of grant evidencing Awards;
 - (3) determine those Persons who are eligible to be Participants, grant one or more Awards to such Persons and approve or authorize the applicable form and terms of the related instrument of grant;
 - (4) determine the terms and conditions of Awards granted to any Participant, including, without limitation, and subject always to the RSU Plan (1) subject to subsection 4(b) and 4(c), the type, and number of Shares subject to an Award, (2) the conditions to the Vesting of an Award or any portion thereof, including terms relating to lump sum or instalment Vesting,

the period for achievement of any applicable Performance Criteria as a condition to Vesting and the conditions, if any, upon which Vesting of any Award or portion thereof will be waived or accelerated without any further action by the Granting Authority, (3) the circumstances upon which an Award or any portion thereof shall be forfeited, cancelled or expire, (4) the consequences of a Termination with respect to an Award, (5) the manner of exercise or settlement of the Vested portion of an Award, including whether an Award shall be settled on a current or deferred basis, and (6) whether and the terms upon which any Shares delivered upon exercise or settlement of an Award must continue to be held by a Participant for any specified period;

- (5) set forms of consideration, if any, to be paid with respect to the settlement of an Award (except to the extent certain forms of consideration must be paid to satisfy the requirements of applicable law);
- (6) determine whether and the extent to which any Performance Criteria or other conditions applicable to Vesting of an Award have been satisfied or shall be waived or modified;
- (7) amend the terms of any instrument of grant or other documents evidencing Awards; provided, however, that subject to subsection 5(d) hereof, no amendment of an Award may, without the consent of the holder of the Award, adversely affect such Person's rights with respect to such Award in any material respect;
- (8) accelerate or waive any condition to the Vesting of any Award, all Awards, any class of Awards or Awards held by any group of Participants; and
- (9) determine whether and the extent to which adjustments shall be made pursuant to section 9 hereof and the terms of any such adjustments.

However, the Granting Authority shall not have any discretion under this subsection 3(a) or any other provisions of the RSU Plan that would modify the terms or conditions of any Award that is intended to be exempt from the definition of "salary deferral arrangement" in the ITA if the exercise of such discretion would cause the Award to not be or cease to be exempt. The Granting Authority will also exercise its discretion in good faith in accordance with the Issuer's intention that the terms of the Awards and the modifications or waivers permitted hereby are in compliance with applicable law and the rules of the Exchange.

- (b) **Effects of Granting Authority's Decision.** Any action taken, interpretation or determination made, or any rule or regulation adopted by the Granting Authority pursuant to this RSU Plan shall be made in its sole discretion and shall be final, binding and conclusive on all affected Persons, including, without limitation, the Issuer, any of its Affiliates, any Grantee, holder or beneficiary of an Award, any shareholder and any Eligible Person.
- (c) **Liability Limitation and Indemnification.** No member of the Granting Authority or the Board generally shall be liable for any action or determination made in good faith pursuant to the RSU Plan or any instrument of grant evidencing any Award granted under the RSU Plan. To the fullest extent permitted by law, the Issuer shall indemnify and save harmless, and shall advance and reimburse the expenses of, each Person made, or threatened to be made, a party to any action or proceeding in respect of the RSU Plan by reason of the fact that such Person is or was a member of the Granting Authority or is or was a member of the Board in respect of any claim, loss, damage or expense (including legal fees) arising therefrom.
- (d) **Delegation and Administration.** The Granting Authority may, in its discretion, delegate such of its powers, rights and duties under the RSU Plan, in whole or in part, to such committee, Person or Persons as it may determine, from time to time, on terms and conditions as it may determine, except the Granting Authority shall not, and shall not be permitted to, delegate any such powers, rights or duties: (i) with respect to the grant, amendment, administration or settlement of any Award of a Participant, (ii) with respect to the establishment or determination of the achievement of the Performance Criteria, or (iii) with respect to any matter that would be in violation of applicable law or the rules of any Exchange. The Granting Authority may also appoint or engage a trustee, custodian or administrator to administer and implement the RSU Plan or any aspect of it, subject to the exception of the immediately preceding sentence hereof.

4. Shares Subject to the Plan

- (a) **Aggregate Plan Limits.** Subject to adjustment pursuant to section 9 hereof, the maximum aggregate number of Shares that may be reserved for issue at any given time in connection with the Awards granted under this RSU Plan shall not exceed **2,991,833 Shares** (being 10% of the issued and outstanding Shares as at the date on which the Board approved this RSU Plan) unless Disinterested Shareholder Approval for an additional listing of Shares under this RSU Plan has been obtained. Notwithstanding the foregoing, at no time shall the number of Shares that may be reserved for issue under this RSU Plan exceed 10% of the total number of issued and outstanding Shares (calculated on a non-diluted basis) on the Grant Date.
- (b) **Certain Additional Limits.** Notwithstanding anything to the contrary in this RSU Plan, as long as the Shares are listed on the TSXV,
- (i) the number of Shares which may be reserved for issue pursuant to this RSU Plan to all Insiders shall not exceed **2,621,700 Shares** (being 10% of the number of Shares issued and outstanding on a non-diluted basis when the Issuer has received Disinterested Shareholder Approval);
 - (ii) the number of Shares which may be reserved for issue pursuant to this RSU Plan to any one Person within a 12 month period shall not exceed **1,310,850 Shares** (being 5% of the number of Shares issued and outstanding on a non-diluted basis when the Issuer has received Disinterested Shareholder Approval); and
 - (iii) the number of Shares which may be reserved for issue pursuant to this RSU Plan to any one Consultant in any 12 month period shall not exceed **524,340 Shares** (being 2% of the number of Shares issued and outstanding on a non-diluted basis when the Issuer has received Disinterested Shareholder Approval).
- (c) **Source of Shares.** Except as expressly provided in the RSU Plan, Shares delivered to Participants in connection with the exercise or settlement of Awards may be authorized but unissued Shares, Shares purchased in the open-market or in private transactions. The Board shall take such action as may be necessary to authorize and reserve for issue from unissued Shares such number of Shares as may be necessary to permit the Issuer to meet its obligations under the RSU Plan, provided, however, that the Issuer may satisfy its obligations from treasury shares or Shares purchased in the open market or private transactions.
- (d) **Legends.** In addition to any resale restrictions required under applicable securities laws or the policies of the TSXV, all Awards issued to Insiders and any Shares issued upon the Vesting of the Awards prior to the expiry of the TSXV Hold Period, must be legended as prescribed under the policies of the TSXV with the TSXV Hold Period commencing on the date the Awards were granted.

5. General Provisions Relating to Awards

- (a) **Eligibility.** Awards will be granted only to those Persons who are, at the time of the grant, Eligible Persons. If any Participant is (pursuant to the terms of his or her employment or otherwise) subject to a requirement that he or she not benefit personally from an Award, the Granting Authority may grant any Award to which such Person would otherwise be entitled to the Person's employer or to any other entity designated by them that directly or indirectly imposes such requirement on the Person. The Granting Authority shall have the power to determine other eligibility requirements with respect to Awards or types of Awards.
- (b) **Terms of Grant.** Subject to the other express terms of this RSU Plan, grants of Awards under the RSU Plan shall contain such terms and conditions as the Granting Authority may specify. Without limiting the foregoing,
- (i) Each Award granted under the RSU Plan shall be evidenced by an instrument of grant, in such form or forms as the Granting Authority shall approve from time to time, which shall set forth such terms and conditions consistent with the terms of the RSU Plan as the Granting Authority may determine. Each instrument of grant shall set forth, at a minimum, the type and Effective Date of the Award evidenced thereby, the number of Shares subject to such Awards and the applicable Vesting conditions. Reference in the RSU Plan to an instrument of grant shall include any supplements or

amendments thereto.

- (ii) The term or Restricted Period of each Award that is a Restricted Share Unit shall be for such period as may be determined by the Granting Authority, provided, however, that in no event shall the term of any Restricted Share Unit exceed a period of 10 years (or such other shorter term as may be required in respect of an Award so that such Award does not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA), subject to extension of such term where such term expires during the Restricted Period, provided that such extension may not be longer than 10 business days after the expiry of the Restricted Period.
 - (iii) The terms, conditions and/or restrictions contained in an Award may differ from terms, conditions and restrictions contained in any other Awards.
 - (iv) The Granting Authority may specify such other terms and conditions, consistent with the terms of the RSU Plan, as the Granting Authority shall determine or as shall be required under any other provisions of the RSU Plan. Such terms may include, without limitation, provisions requiring forfeiture of Awards in the event of termination of employment by the Participant and provisions permitting a Participant to make elections relating to his or her Award.
- (c) **Vesting Conditions.** Subject to terms of the RSU Plan, the Granting Authority shall determine any and all conditions to the Vesting of all and/or any portion of Awards and shall specify the material terms thereof in the applicable instrument of grant on, or as soon as reasonably practicable following, the Effective Date of the Award. Vesting of an Award, or portion thereof, may be conditioned upon passage of time, continued employment, satisfaction of Performance Criteria, or any combination of the foregoing, as determined by the Granting Authority.
- (d) **Change of Control.** Any Restricted Share Units that are not yet Vested shall, upon the date of a Change of Control, become fully Vested and the holder shall receive a cash payment within 30 days of the date of Change of Control equal to the number of the holder's Restricted Share Units multiplied by the fair market value of the Company's Shares as at the date of the Change of Control.
- (e) **Fractional Shares.** No fractional Shares shall be issued under the RSU Plan and there shall be no entitlement or payment for any fractional Shares and no payment shall be made in lieu of a fractional Share.
- (f) **Compliance with the ITA.** The terms and conditions applicable to any Award (or portion thereof) granted to a Participant who is subject to taxation under the ITA are intended to comply with the ITA. Without limiting the foregoing,
- (i) the terms of any such Award (or portion thereof) permitting the deferral of payment or other settlement thereof shall be subject to such requirements and shall be administered in such manner as the Committee may determine to be necessary or appropriate to comply with the applicable provisions of the ITA as in effect from time to time; and
 - (ii) any elections allowed to be exercised by a Participant shall be deemed to be void or shall be deemed amended or altered so as not to cause the Award to be considered a "salary deferral arrangement" under the ITA, as defined in subsection 248(1) or create adverse tax consequences under the ITA.

6. Restricted Share Units

- (a) **Grants.** The Granting Authority may from time to time grant one or more Awards of Restricted Share Units to Eligible Persons on such terms and conditions, consistent with the RSU Plan, as the Granting Authority shall determine and which terms shall be contained in a grant agreement substantially in the form annexed hereto as Schedule A in respect of Restricted Share Units.

- (b) **Vesting Terms.** Restricted Share Units shall become Vested at such times, in such instalments and subject to such terms and conditions consistent with subsection 5(c) hereof as may be determined by the Granting Authority and set forth in the applicable instrument of grant, provided that the conditions to Vesting of Restricted Share Units may be based on the Participant's continued employment and having regard to the satisfaction of any Performance Criteria established by the Granting Authority, provided however that Restricted Share Units shall become Vested and be paid out no later than December 31 of the third calendar year following the calendar year in which the Grantee rendered the services in respect of which the Award is being made (the "**Trigger Date**").
- (c) **Settlement.** Unless otherwise determined by the Granting Authority (including by the terms of the Award of the RSU Plan) and subject to the immediately preceding sentence and to subsection 6(b) hereof, Restricted Share Units shall be settled upon or as soon as reasonably practicable following the Vesting thereof subject to payment or other satisfaction of all related withholding obligations in accordance with the provisions of this RSU Plan.

Notwithstanding the foregoing, Restricted Share Units shall also Vest in accordance with the following terms:

- (i) upon the death of the Participant, all unvested Restricted Share Units credited to the Participant will Vest on the date the Issuer is duly notified of the Participant's death. The Shares represented by the Restricted Share Units held by the Participant shall be issued, as determined by the Granting Authority, to the Participant's estate forthwith;
- (ii) in the case of Eligible Retirement of the Participant, all unvested Restricted Share Units credited to the Participant will Vest on the date of Eligible Retirement, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith;
- (iii) in the case of total Disability of the Participant, all unvested Restricted Share Units credited to the Participant will Vest within 60 days following the date on which the Participant is determined to be totally disabled, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith; and
- (iv) in the case of termination without cause by the Issuer of a Participant (other than Eligible Retirement), all unvested Restricted Share Units credited to the Participant shall Vest on the date of such termination, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith. For clarity, where a Participant is terminated for cause or where the Participant has voluntarily terminated his/her employment or service with the Issuer, all unvested Restricted Share Units as at the date of such termination or cessation of service shall be immediately cancelled without liability or compensation therefor and be of no further force and effect.

Settlement of Restricted Share Units in Shares shall be made by delivery of one Share for each such Restricted Share Unit then being settled, unless at the sole discretion of the Granting Authority, settlement is made by payment of the cash value of the market price (as defined under the policies of the TSXV) for the Shares as at the date of Vesting in lieu of delivery of one Share for each such Restricted Share Unit for any or all such Restricted Share Units.

Upon payment of any amount pursuant to settlement of Restricted Share Units granted under this section 6 in Shares, the particular Restricted Share Units in respect of which such payment was made shall be cancelled and no further payments (whether in Shares or otherwise) shall be made in relation to such Restricted Share Units.

If any Restricted Share Unit is cancelled in accordance with the terms of the RSU Plan or the agreements evidencing the grant, the Shares reserved for issue pursuant to such Award shall, upon cancellation of such Restricted Share Unit, revert to the RSU Plan and shall be available for other Awards.

- (a) **Dividend Equivalents.** Neither the Participant nor his or her legal personal representative shall have any rights or privileges of a shareholder in respect of any of the Shares issuable upon exercise of the Award granted to him or her (including any right to receive dividends or other distributions therefrom or thereon) unless and until certificates representing such Shares have been issued and delivered.

(b) No Other Benefit.

- (i) No amount will be paid to, or in respect of, a Participant (or a Person with whom the Participant does not deal at arm's length within the meaning of the ITA) under the RSU Plan to compensate for a downward fluctuation in the price of a Share or the value of any Award granted, nor will any other form of benefit be conferred upon, or in respect of, a Participant (or a person with whom the Participant does not deal at arm's length within the meaning of the ITA), for such purpose.
- (ii) The Issuer makes no representations or warranties to Participants with respect to the RSU Plan or any Restricted Share Units whatsoever. Participants are expressly advised that the value of any Restricted Share Units in the RSU Plan will fluctuate as the trading price of the Shares fluctuates.
- (iii) In seeking the benefits of participation in the RSU Plan, a Participant agrees to exclusively accept all risks associated with a decline in the trading price of the Shares and all other risks associated with the holding of Restricted Share Units.

7. Consequences of Termination**(a) General Provisions.** Unless otherwise determined by the Granting Authority (including by the terms of the Award or the RSU Plan).

- (i) If a Grantee is terminated for any reason whatsoever other than death, total Disability, Eligible Retirement, termination without cause by the Issuer, subject to subsection 6(c) hereof, any non-vested Award granted pursuant to the RSU Plan outstanding at the time of such termination and all rights thereunder shall wholly and completely terminate and no further Vesting shall occur.
- (ii) If employment of a Grantee is terminated for cause or retirement which is not Eligible Retirement or is otherwise voluntarily terminated by the Grantee, any non-Vested Award granted pursuant to the RSU Plan outstanding at the time of such termination and all rights thereunder shall wholly and completely terminate and no further Vesting shall occur.

(b) Discretion of the Granting Authority. Notwithstanding any other provision hereof and without limiting the discretion of the Granting Authority, the Granting Authority may (whether by terms of the Award or by its election notwithstanding the terms of an Award):

- (i) allow non-Vested Awards to be treated as Vested upon termination of employment or service of a Participant, as to any or all of termination, death or total Disability;
- (ii) provide that the Awards with respect to certain classes, types or groups of Participants will have different acceleration, forfeiture, termination, continuation or other terms than other classes, types or groups of Participants;
- (iii) provide for the continuation of any Award for such period which is not longer than 12 months and upon such terms and conditions as are determined by the Granting Authority in the event that a Participant ceases to be an Eligible Person;
- (iv) subject to the applicable rules of the Exchange, provide that Vested Awards may be exercised for periods longer or different from those set forth in subsection 7(a) hereof; or
- (v) set any other terms for the exercise or termination of Awards upon termination of employment or service.

Notwithstanding the foregoing, all Awards granted to Participants who are subject to the ITA shall be on terms that will be designed to prevent them from being considered a "salary deferral arrangement" as defined in subsection 248(1) of the ITA.

- (c) **Leave of Absence.** If an Employee is on sick leave or other bona fide leave of absence, such Person shall be considered an "Employee" for purposes of an outstanding Award during the period of such leave, provided that it does not exceed 90 days (or such longer period as may be determined by the Granting Authority in its sole discretion), or, if longer, so long as the Person's right to reemployment is guaranteed either by statute or by contract. If the period of leave exceeds 90 days (or such longer period as may be determined by the Granting Authority in its sole discretion), the employment relationship shall be deemed to have been terminated on the 91st day (or the first day immediately following any period of leave in excess of 90 days as approved by the Granting Authority) of such leave, unless the Person's right to reemployment is guaranteed by statute or contract.

8. **Transferability**

- (a) **Transfer Restrictions.** Unless otherwise provided in the instrument of grant evidencing an Award, no Award, and no rights or interests therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Participant other than by testamentary disposition by the Participant or the laws of intestate succession. No such interest shall be subject to execution, attachment or similar legal process including without limitation seizure for payment of the Participant's debts, judgments, alimony or separate maintenance.
- (b) **Transfer upon Death of Participant.** In the case where transfer is made following the death of a Participant to the Participant's legal personal representative, such legal personal representative may only receive the entitlement under the Award provided that it is exercised (if exercisable) at any time up to and including, but not after, 5:00 p.m. (Toronto time) on the date which is one year following the date of death of the Participant or up to 5:00 p.m. (Toronto time) on the date on which the Award granted to such participant expires, whichever is the earlier; such entitlement shall only occur in cases where the Award has Vested in accordance with the provisions of the RSU Plan and where it is found that the Participant is legally entitled to the Award.

9. **Adjustments**

- (a) **No Restriction on Action.** The existence of the RSU Plan and/or the Awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Issuer to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the capital structure or business of the Issuer, (ii) any merger, consolidation, amalgamation or change in ownership of the Issuer, (iii) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the capital Share of the Issuer or the rights thereof, (iv) any dissolution or liquidation of the Issuer, (v) any sale or transfer of all or any part of the assets or business of the Issuer, or (vi) any other corporate act or proceeding with respect to the Issuer. No Participant or any other Person shall have any claim against any member of the Board or the Granting Authority, or the Issuer or any employees, officers or agents of the Issuer as a result of any such action.
- (b) **Recapitalization Adjustment**
- (i) In the event that (A) a dividend shall be declared upon the Shares or other securities of the Issuer payable in Shares or other securities of the Issuer, (B) the outstanding Shares shall be changed into or exchanged for a different number or kind of shares or securities of the Issuer or of another Company or entity, whether through an arrangement, plan of arrangement, amalgamation, or other similar statutory procedure or a share recapitalization, subdivision, consolidation or otherwise, (C) there shall be any change, other than those specified in (A) or (B) above, in the number or kind of outstanding Shares or of any securities into which such Shares shall have been changed or for which they shall have been exchanged, or (D) there shall be a distribution of assets or shares to shareholders of the Issuer out of the ordinary course of business then, the Granting Authority shall determine whether an adjustment in the number or kind of Shares theretofore authorized but not yet covered by Awards, in the number or kind of Shares theretofore subject to outstanding Awards, in the number or kind of Shares generally available for Awards or available in any calendar year under the RSU Plan and/or such other adjustment as may be appropriate should be made, in order to ensure that, after any such event, the Shares subject to the RSU Plan and each Participant's proportionate interest shall be maintained substantially as before the occurrence of the event, and if the Granting Authority determines that an adjustment should be made, such adjustment shall be made and be effective and binding for all purposes.

- (ii) Any adjustment to any Award granted to a Participant which has been designed to fall within a specific exemption to the definition of "salary deferral arrangement" in subsection 248(1) of the ITA shall be such as to ensure the continued availability of such exemption.

10. Amendment and Termination

- (a) **General.** Subject to the provisions of subsection 10(c) hereof, the Board may amend, suspend or terminate this RSU Plan, or any portion thereof, at any time, subject to those provisions of applicable law and the rules of the Exchange, if any, that require the approval of shareholders or any governmental regulatory body.
- (b) **Amendments Specifically Permitted.** Without limiting the generality of the foregoing, the Board may make the following types of amendments to the RSU Plan without seeking shareholder approval (unless and to the extent prohibited by applicable law or rule of an Exchange):
 - (i) amendments of a technical, clerical or "housekeeping" nature including, without limiting the generality of the foregoing, any amendments for the purpose of curing any ambiguity, error or omission in the RSU Plan or to correct or supplement any provision of the RSU Plan that is inconsistent with any other provision of the RSU Plan;
 - (ii) amendments necessary to comply with the provisions of applicable law and the applicable rules of the Exchange;
 - (iii) amendments necessary in order for Awards to qualify for favourable treatment under the ITA or under the United States Internal Revenue Code;
 - (iv) amendments respecting administration of the RSU Plan;
 - (v) any amendments to the vesting provision of the RSU Plan or any Award;
 - (vi) any amendments to the early termination provisions of the RSU Plan or any Award, whether or not such Award is held by an Insider, provided such amendment does not entail an extension of an Award beyond the original expiry date;
 - (vii) any amendments in the termination provision of the RSU Plan or any Award, other than an Award held by an Insider in the case of an amendment extending the term of an Award, provided any such amendment does not entail an extension of the expiry date of such Award beyond its original expiry date;
 - (viii) adjustments to outstanding Awards in the event of a Change of Control or similar transaction entered into by the Issuer;
 - (ix) amendments necessary to suspend or terminate the RSU Plan; and
 - (x) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules of the Exchange.
- (c) **Shareholder Approval.** To the extent required by applicable law or by the rules of the Exchange, shareholder approval will be required for the following types of amendments:
 - (i) any amendment extending the term of an Award beyond its original expiry date except as otherwise permitted by the RSU Plan;
 - (ii) any amendment extending eligibility to participate in the RSU Plan to persons other than Eligible Persons;

- (iii) any amendment permitting the transfer of Awards, other than for normal estate settlement purposes or to a trust governed by a registered retirement savings plan, registered retirement income fund, tax free savings account, registered education savings plan or similar plan;
- (iv) any amendment increasing the maximum aggregate number of Shares that may be subject to issue at any given time in connection with Awards granted under the RSU Plan;
- (v) any amendment to these amendment provisions;
- (vi) the adoption of any option exchange involving an Award; and
- (vii) any other amendment required to be approved by shareholder under applicable law or rules of an Exchange.

To the extent of any conflict between subsection 10(b) and subsection 10(c) hereof, subsection 10(c) shall prevail.

11. Regulatory Approval

Notwithstanding anything herein to the contrary, the Issuer shall not be obligated to cause to be issued any Shares or cause to be issued and delivered any certificates evidencing Shares pursuant to the RSU Plan, unless and until the Issuer is advised by its legal counsel that the issue and delivery of the Shares and such Share certificates is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities in Canada, the United States and any other applicable jurisdiction, and the requirements of the Exchange. The Issuer shall in no event be obligated to take any action in order to cause the issue or delivery of Shares or such certificates to comply with any such laws, regulations, and delivery of such Shares or certificates and in order to ensure compliance with such laws, regulations, rules, orders and requirements, that the Participant, or any permitted transferee of the Participant under section 7 hereof or, after his or her death, the Participant's estate, as described in section 7 hereof, make such covenants, agreements and representations as the Granting Authority deems necessary or desirable.

12. No Additional Rights

No Person shall have any claim or right to be granted Awards under the RSU Plan, and the grant of any Awards under the RSU Plan shall not be construed as giving a Participant any right to continue in the employment of the Issuer or affect the right of the Issuer to terminate the employment of a Participant. Unless otherwise determined by the Granting Authority, neither any period of notice, if any, nor any payment in lieu thereof, upon Termination shall be considered as extending the period of employment for the purposes of the RSU Plan.

13. Miscellaneous Provisions

- (a) **Shareholder Rights.** A Participant shall not have the right or be entitled to exercise any voting rights, receive any dividends or have or be entitled to any other rights as a shareholder in respect of Shares subject to an Award unless and until such Shares have been paid for in full and issued and certificates therefor have been issued to the Participant. A Participant entitled to Shares as result of the settlement of a Restricted Share Unit shall not be deemed for any purpose to be, or have any such rights as a shareholder of the Issuer by virtue of such exercise or settlement, except to the extent a Share certificate is issued therefor and then only from the date such certificate is issued. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such Share certificate is issued.
- (b) **Withholding.** The Issuer or any Affiliate may withhold from any amount payable to a Participant, either under this RSU Plan or otherwise, such amount as may be necessary so as to ensure that the Issuer or any Affiliate will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or that any other required deductions are paid or otherwise satisfied, at the minimum statutory rate. Subject to the other provisions of the RSU Plan, the Issuer shall also have the right in its discretion to satisfy any such liability for withholding or other required deduction amounts by retaining or acquiring any Shares, or retaining any amount payable, which would otherwise be issued or delivered, provided or paid to a Participant hereunder. The Issuer may require a Participant, as a condition to the settlement of a Restricted Share Unit, to pay or reimburse the Issuer for any such withholding (at the minimum statutory rate)

or other required deduction amounts related to the settlement of Restricted Share Units.

- (c) **Governing Law.** The RSU Plan, all instruments of grant evidencing Awards granted hereunder and any other agreements or other documents relating to the RSU Plan shall be interpreted and construed in accordance with the laws of British Columbia (and the federal laws having application therein), except to the extent the terms of the RSU Plan, any supplement to the RSU Plan, or the Award in question expressly provides for application of the laws of another jurisdiction. The Granting Authority may provide that any dispute as to any Award shall be presented and determined in such forum as the Granting Authority may specify, including through binding arbitration. Any reference in the RSU Plan, in any instruments of grant evidencing Awards granted hereunder or in any other agreement or document relating to the RSU Plan to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.
- (d) **Compliance with Securities Laws.** The obligation of the Issuer to issue and deliver Shares in accordance with the RSU Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Issuer. If Shares cannot be issued to a Participant upon the exercise of an Award for any reason whatsoever, the obligation of the Issuer to issue such Shares shall terminate and any funds paid to the Issuer in connection with the exercise of such Award will be returned to the relevant Participant as soon as practicable.
- (e) **Compliance with Laws of Other Jurisdictions.** Awards may be granted to Participants who are citizens or residents of a jurisdiction other than Canada or the United States on such terms and conditions different from those under the RSU Plan as may be determined by the Granting Authority to be necessary or advisable to achieve the purposes of the RSU Plan while also complying with applicable local laws, customs and tax practices, including any such terms and conditions as may be set forth in any supplement to the RSU Plan intended to govern the terms of any such Award. In no event shall the eligibility, grant, exercise or settlement of an Award constitute a term of employment, or entitlement with respect to employment, of any employee.
- (f) **Funding.** Except as would not result in adverse tax consequences to a Participant, no provision of the RSU Plan shall require or permit the Issuer, for the purpose of satisfying any obligations under the RSU Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Issuer maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the RSU Plan other than as unsecured general creditors of the Issuer, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other Eligible Persons under general law.
- (g) **No Guarantee of Tax Consequences.** Neither the Board, nor the Issuer nor the Granting Authority makes any commitment or guarantee that any specific tax treatment will apply or be available to any Person participating or eligible to participate hereunder.

14. **Effective Date and Term of RSU Plan**

- (a) **Effective Date of the Plan.** The RSU Plan shall initially become effective on the Shareholder Approval Date, and any subsequent amendments to the RSU Plan, shall become effective upon their adoption by the Board, subject to approval by the shareholders of the Issuer at the next annual meeting of shareholders of the Issuer or any adjournment thereof, to the extent required. The effective date of this RSU Plan, as so amended, shall be the date of approval by the shareholders of the Issuer. If the shareholders do not approve the RSU Plan, or any amendments to the RSU Plan requiring shareholder approval, the RSU Plan or such amendments shall not be effective, and any and all actions taken prior thereto under the amendments effected hereby, including the making of any Awards subject to such approval being obtained, shall be null and void or shall, if necessary, be deemed to have been fully rescinded.
- (b) **Effect on Existing Awards.** Subject to subsection 14(a) hereof, all new Awards granted on or after the effective date of the amendments as provided in subsection 14(a) hereof are granted under and subject to the terms of this RSU Plan as amended and restated and shall continue to be governed by the terms of such RSU Plan and to the terms of their individual granting instruments as in effect from time to time including provisions concerning change of control or other related events.

- (c) **Termination.** The Board may suspend or terminate the RSU Plan at any time, provided that such suspension or termination shall not affect any Awards that became effective pursuant to the RSU Plan prior to such termination or suspension.

SCHEDULE "A" TO THE RESTRICTED SHARE UNIT PLAN

RESTRICTED SHARE UNIT AGREEMENT

[All Awards issued to Insiders must include the following legend:

Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and the shares issuable upon the vesting thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert the date that is four months and one day after the Grant Date of the Award].

THIS RESTRICTED SHARE UNIT AGREEMENT (the "**Agreement**") is made as of the ● day of ●, ●.

B E T W E E N :

FOUNDERS METALS INC.

(herein called the "Issuer")

- and -

●

(herein called the "Grantee")

This Agreement is made pursuant to the terms and conditions of the Issuer's Restricted Share Unit Compensation Plan (in effect from time to time, the "**RSU Plan**"), which is incorporated by reference herein. The Grantee accepts the terms and conditions of the RSU Plan and all rules and procedures adopted thereunder, as amended from time to time. In the event of any inconsistency between the terms of this Agreement and the terms of the RSU Plan, the terms of the RSU Plan shall prevail. Certain terms with initial capital letters used in this Agreement have the meanings set out in the RSU Plan.

Each RSU (as defined below) granted to the Grantee hereunder represents a right of the Grantee to receive one common share of the Issuer as presently constituted (each a "**Share**") on the terms set out herein.

The Issuer has granted to the Grantee, as of the Grant Date set out in exhibit 1 attached hereto, that number of restricted share units (the "**RSUs**") equal to the number of RSUs set out in exhibit 1 attached hereto, upon the terms and conditions set out in this Agreement, including the following:

Restricted Share Units. Each RSU granted to the Grantee hereunder represents a right of the Grantee to receive one Share on the date the said RSU vests.

Grantee's Notional Account. The Issuer shall maintain in its books a notional account for the Grantee (the "**Grantee's Account**") recording the number of RSUs granted to the Grantee and the number of RSUs that have Vested. Upon payment in satisfaction of vested RSUs through the issue of Shares from treasury, such Vested RSUs shall be cancelled.

Vesting. Subject to the earlier vesting provisions set out herein, the RSUs granted by the Issuer to the Grantee as set out on exhibit 1 attached hereto shall vest in accordance with the vesting provisions set out on exhibit 1 attached hereto (provided that in no event will the Grantee become entitled to acquire a fraction of a Share).

Notwithstanding the vesting provisions above, in the event of a Change of Control while the Grantee is employed by the Issuer or a wholly owned subsidiary of the Issuer or in the event that the Grantee terminates employment with the Issuer and its Subsidiaries by reason of Eligible Retirement, death or total Disability (as determined by the Committee in good faith) (each an "Accelerated Vesting Event"), the non-vested RSUs will:

- (i) in the case of a Change of Control, Eligible Retirement or death being the Accelerated Vesting Event, immediately become 100% vested, or
- (ii) in the case of total Disability being the Accelerated Vesting Event, vest on the 60th day following the Grantee's termination.

If the Grantee terminates employment with the Issuer and its Subsidiaries for any reason other than such Eligible Retirement, total Disability or death or termination without cause, any non-vested RSUs granted hereunder will be immediately cancelled without liability or compensation therefor and be of no further force and effect. For clarity, where the Grantee voluntarily terminates his/her employment with the Issuer or is otherwise terminated by the Issuer for cause, all non-Vested RSUs of the Grantee shall be immediately cancelled without compensation or liability therefor and be of no further force and effect.

In no event will the Grantee become entitled to acquire a fraction of a Share.

Settlement of Vested RSUs. Payment to the Grantee in respect of Vested RSUs will be made in the form of Shares only and will be evidenced by book entry registration or by a certificate registered in the name of the Grantee as soon as practicable following the date on which the RSUs become Vested; provided that the settlement date shall not be later than the third anniversary of the Grant Date and all payments in respect of Vested RSUs in the Grantee's Account shall be paid in full on or before December 31 of the same calendar year.

No Shareholder Rights. The Grantee will have none of the rights of a shareholder of the Issuer with respect to any Shares underlying the RSUs, including the right to vote such shares and receive any dividends that may be paid thereon, until such time, if any, that the Grantee has been determined to be a shareholder of record by the Issuer's transfer agent or one or more certificates of Shares are delivered to the Grantee in settlement thereof. Further, nothing herein will confer upon the Grantee any right to remain in the employ of the Issuer or its Subsidiaries.

RSUs Non-Transferable. RSUs are non-transferable (except to a Grantee's estate as contemplated under this Agreement).

No Other Benefit. No amount will be paid to, or in respect of, the Grantee under the RSU Plan to compensate for a downward fluctuation in the value of the Shares, nor will any other form of benefit be conferred upon, or in respect of, the Grantee for such purpose.

The Issuer makes no representations or warranties to the Grantee with respect to the RSU Plan or the RSUs whatsoever. The Grantee is expressly advised that the value of the RSUs in the RSU Plan will fluctuate as the value of Shares fluctuates.

In seeking the benefits of participation in the RSU Plan, the Grantee agrees to exclusively accept all risks associated with a decline in the value of Shares and all other risks associated with participation in the RSU Plan.

Withholding Tax. As set out in section 13 of the RSU Plan, if the Issuer determines that under the requirements of applicable tax laws the Issuer is obligated to withhold for remittance to any taxing authority any amount, the Issuer may require the Grantee to pay to the Issuer, such amount as the Issuer is obliged to remit in connection with the issue of the Shares as set out in section 13 of the RSU Plan.

Income Taxes: The Grantee acknowledges that he/she will be liable for income tax relating to grants and dispositions of RSUs. The Grantee hereby acknowledges that the Issuer is making no representation to him/her regarding taxes applicable to the Grantee and the Grantee will confirm the tax treatment with his/her own tax advisor.

No Inducement. By executing a copy of this Agreement, the Grantee hereby accepts the grant of RSUs and hereby confirms and acknowledges that his or her participation in the RSU Plan is voluntary and that he or she has not been induced to enter into this Agreement or participate in RSU Plan by expectation of employment or continued employment with the Issuer.

Reorganization. The existence of any RSUs shall not affect in any way the right or power of the Issuer or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Issuer's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Issuer or to create or issue any bonds, debentures, shares or other securities of the Issuer or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Issuer or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

Binding Effect. This Agreement shall enure to the benefit of and be binding upon the Issuer and the Grantee and each of their respective heirs, executors, administrators, successors and Permitted Assigns.

Unfunded and Unsecured RSU Plan. Unless otherwise determined by the Board, this Agreement and the RSU Plan shall be unfunded and the Issuer will not secure its obligations under this Agreement or the RSU Plan. To the extent any Grantee or his or her estate holds any rights by virtue of a grant of RSUs under this Agreement, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Issuer.

Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein, without regard to principles of conflict of laws.

Effective Date. The effective date of this Agreement shall be the Grant Date.

Severability. The invalidity or unenforceability of any provision of the RSU Plan or Agreement shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this Agreement.

FOUNDERS METALS INC.

Name:

Title:

Date:

GRANTEE

Signature of Grantee

Name:

Title:

Date:

**EXHIBIT 1 to SCHEDULE "A" of the
FOUNDERS METALS INC. RESTRICTED SHARE UNIT COMPENSATION PLAN**

NOTICE OF RESTRICTED SHARE UNITS GRANTED

Grantee: _____

Address: _____

You have been granted Restricted Share Units of Founders Metals Inc. (the "**Issuer**"), as follows:

Grant Date: _____

Number of Restricted Share Units: _____

Starting Value of Restricted Share Unit Grant: _____

Vesting Schedule: _____

By your signature and the signature of the Issuer's representative below, you and the Issuer agree that this Restricted Share Unit Grant is granted under and governed by the terms and conditions of the Issuer's Restricted Share Unit Compensation Plan, as amended from time to time.

FOUNDERS METALS INC.

Name:

Title:

Date:

GRANTEE

Signature of Grantee

Name:

Title:

Date:

SCHEDULE "D"

**FOUNDERS METALS INC. (formerly, Avalon Works Corp.)
(the "Company")**

The Company has as its articles the following articles.

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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) “**legal personal representative**” means the personal or other legal representative of a shareholder;
- (4) “**public company**” has the meaning ascribed to it in the *Business Corporations Act*;
- (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 an enactment. 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 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

Each shareholder is entitled, 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 and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders’ duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

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

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

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

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

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

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

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

2.7 Splitting Share Certificates

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

2.8 Certificate Fee

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

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

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

3.2 Commissions and Discounts

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

3.3 Brokerage

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

3.4 Conditions of Issue

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

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

3.5 Share Purchase Warrants and Rights

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

4. SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

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

5. SHARE TRANSFERS

5.1 Registering Transfers

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

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

For the purpose of this Article, delivery or surrender to the agent that 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 share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

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

5.4 Signing of Instrument of Transfer

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

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

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

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

6.2 Rights of Legal Personal Representative

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

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

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

7.2 Purchase When Insolvent

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

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

7.3 Sale and Voting of Purchased Shares

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

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

8. BORROWING POWERS

8.1 Power to Borrow and Issue Debt Obligations

The Company, if authorized by the directors, may:

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

8.2 Features of Debt Obligations

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 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 out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
 - (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:
 - A. decrease the par value of those shares; or
 - B. if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
 - (f) alter the identifying name of any of its shares; or
- (2) by ordinary resolution otherwise alter its shares or authorized share structure.

9.2 Special Rights or 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
- (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.

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.

9.4 Other Alterations

The Company, save as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the directors' powers, control or authority; and

- (2) 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 ordinary resolution 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 the directors.

10.2 Resolution Instead of Annual General Meeting

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

10.3 Calling of Meetings of Shareholders

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

10.4 Place of Meetings of Shareholders

General meetings of shareholders may be held at a location outside of British Columbia to be determined and approved by a directors' resolution.

10.5 Meetings by Telephone or Other Electronic Means

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

10.6 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, 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;
- (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;

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

10.10 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 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:
 - (a) will be available for inspection by shareholders at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice during statutory business hours on any one or more specified days before the day set for the holding of the meeting; and
 - (b) may be available by request from the Company or may be accessible electronically or on a website, as determined by the directors.

10.11 Advance Notice for Nomination of Directors.

- (1) If and for so long as the Company is a public company, subject only to the *Business Corporations Act* and these Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors at any annual meeting of shareholders, or at any special meeting of shareholders called for the purpose of electing directors as set forth in the Company's notice of such special meeting, may be made (i) by or at the direction of the board of directors, including pursuant to a notice of meeting, (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act* or, (iii) by any shareholder of the Company (a "**Nominating Shareholder**") who, at the close of business on the date of the giving of the notice provided for below in this Article 10.11 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting, and who complies with the notice procedures set forth in this Article 10.11.
 - (a) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form to the secretary at the principal executive offices of the Company in accordance with this Article 10.11.

- (b) To be timely, a Nominating Shareholder's notice must be received by the secretary of the Company (i) in the case of an annual meeting, not less than 30 days or more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made (the "**Meeting Notice Date**"), the Nominating Shareholder's notice must be so received not later than the close of business on the 10th day following the Meeting Notice Date; and (ii) in the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which public announcement of the date of the special meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting or special meeting commence a new time period for the giving of a Nominating Shareholder's notice as described in this Article 10.11.
- (c) To be in proper written form, a Nominating Shareholder's notice must set forth: (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of the Company that are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws; and (ii) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the **Business Corporations Act** and Applicable Securities Laws. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee. The Nominating Shareholder's notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.
- (d) No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Article 10.11; provided, however, that nothing in this Article 10.11 shall be deemed to preclude a shareholder from discussing (as distinct from nominating directors) at a meeting of shareholders any matter in respect of which the shareholder would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (e) For purposes of this Article 10.11, (i) "**public announcement**" shall mean disclosure in a press release disseminated by a nationally recognized news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and (ii) "**Applicable Securities Laws**" means the applicable securities legislation in each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (f) Notice given to the secretary of the Company pursuant to this Article 10.11 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address aforesaid) or sent by facsimile transmission (provided the receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of

the Company; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been on the subsequent day that is a business day.

- (g) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 10.11.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

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

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;
 - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
 - (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights or 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 or more persons present and being, or representing by proxy, two or more shareholders entitled to attend and vote at the meeting.

11.4 One Shareholder May Constitute Quorum

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

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and

- (2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

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

11.6 Requirement of Quorum

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

11.7 Lack of Quorum

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

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

11.8 Lack of Quorum at Succeeding Meeting

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

11.9 Chair

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

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the corporate secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

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

11.12 Notice of Adjourned Meeting

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

11.13 Decisions by Show of Hands or Poll

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

11.14 Declaration of Result

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

11.15 Motion Need Not be Seconded

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

11.16 Casting Vote

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

11.17 Manner of Taking Poll

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

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

11.18 Demand for Poll on Adjournment

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

11.19 Chair Must Resolve Dispute

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

11.20 Casting of Votes

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

11.21 Demand for Poll

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

11.22 Demand for Poll Not to Prevent Continuance of Meeting

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

11.23 Retention of Ballots and Proxies

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

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

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

12.2 Votes of Persons in Representative Capacity

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

12.3 Votes by Joint Holders

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

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

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

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

- (1) for that purpose, the instrument appointing a representative must:
 - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

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

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint 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 Proxy Holder Need Not Be Shareholder

- (1) A person who is not a shareholder may be appointed as a proxy holder.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

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

12.11 Validity of Proxy Vote

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

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

12.12 Form of Proxy

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

[Name of Company]
(the “**Company**”)

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

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

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:

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

12.14 Revocation of Proxy Must Be Signed

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

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

12.15 Production of Evidence of Authority to Vote

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

13. DIRECTORS

13.1 Number of Directors

The 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 directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set 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;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

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

13.4 Qualifications of Directors

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

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, 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 who has held any salaried office or place of profit with the Company 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) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

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

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

14.3 Failure to Elect or Appoint Directors

If:

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

14.4 Places of Retiring Directors Not Filled

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

14.5 Directors May Fill Casual Vacancies

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

14.6 Remaining Directors Power to Act

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

14.7 Shareholders May Fill Vacancies

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

14.8 Additional Directors

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

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

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

14.9 Ceasing to be a Director

A director ceases to be a director when:

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

14.10 Removal of Director by Shareholders

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

14.11 Removal of Director by Directors

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

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

15.2 Notice of Meetings

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

15.3 Alternate for More Than One Director Attending Meetings

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

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

- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

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

15.5 Alternate Director Not an Agent

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

15.6 Revocation of Appointment of Alternate Director

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

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

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

15.8 Remuneration and Expenses of Alternate Director

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

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. DISCLOSURE OF INTEREST OF DIRECTORS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

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

17.3 Interested Director Counted in Quorum

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

17.4 Disclosure of Conflict of Interest or Property

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

17.5 Director Holding Other Office in the Company

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

17.6 No Disqualification

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

17.7 Professional Services by Director or Officer

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

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*,

the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

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 have a second or casting vote.

18.3 Chair of Meetings

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

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

18.4 Meetings by Telephone or Other Communications Medium

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

18.5 Calling of Meetings

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

18.6 Notice of Meetings

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

18.7 When Notice Not Required

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

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

18.8 Meeting Valid Despite Failure to Give Notice

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

18.9 Waiver of Notice of Meetings

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

18.10 Quorum

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

18.11 Validity of Acts Where Appointment Defective

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

18.12 Consent Resolutions in Writing

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

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

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

- (1) the power to fill vacancies in the board of directors;

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

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

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

19.3 Obligations of Committees

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

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

19.4 Powers of Board

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

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

19.5 Committee Meetings

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

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

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 Directors and Former Directors

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

21.3 Indemnification of Other Persons

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

21.4 Non-Compliance with *Business Corporations Act*

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

21.5 Company May Purchase Insurance

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

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

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

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

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

22.2 Declaration of Dividends

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

22.3 No Notice Required

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

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months.

If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

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

22.6 Settlement of Difficulties

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

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

22.7 When Dividend Payable

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

22.8 Dividends to be Paid in Accordance with Number of Shares

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

22.9 Receipt by Joint Shareholders

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

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

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

22.12 Payment of Dividends

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

22.13 Capitalization of Surplus

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

23. DOCUMENTS, RECORDS AND REPORTS

23.1 Recording of Financial Affairs

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

23.2 Inspection of Accounting Records

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

23.3 Remuneration of Auditor

The directors may set the remuneration of the auditor of the Company.

24. NOTICES

24.1 Method of Giving Notice

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

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

- (5) physical delivery to the intended recipient.

24.2 Deemed Receipt of Mailing

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

24.3 Certificate of Sending

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

24.4 Notice to Joint Shareholders

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

24.5 Notice to Trustees

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

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

25. GENERAL SIGNING AUTHORITY AND SEAL

25.1 General Signing Authority

Any:

- (1) one or more directors; or
- (2) one or more officers, as may be determined by the directors; or
- (3) one or more persons, as may be determined by the directors;

are authorized for and on behalf of and in the name of the Company, to execute and deliver all such deeds, documents, instruments, agreements and writings and to perform all such other acts and things as such person or persons, in their sole discretion, may consider necessary or desirable for the purpose of giving effect to the obligations of the Company.

25.2 Who May Attest Seal

Except as provided in Articles 25.3 and 25.4, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of any one or more directors or officers or persons as may be determined by the directors.

25.3 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.

25.4 Mechanical Reproduction of Seal

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

26. PROHIBITIONS

26.1 Definitions

In this Article 26:

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

26.2 Application

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

26.3 Consent Required for Transfer of Shares or Designated Securities

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

SCHEDULE "E"

SECTION 190 OF THE CBCA – DISSENT RIGHTS

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

R.S., 1985, c. C-44, s. 190; 1994, c. 24, s. 23; 2001, c. 14, ss. 94, 134(F), 135(E); 2011, c. 21, s. 60(F)