

**AMALGAMATION AGREEMENT**

**among**

**MELIOR RESOURCES INC.**

**and**

**RANCHERO GOLD CORP.**

**and**

**MELIOR NEWCO**

**Dated as of February 17, 2021**

## AMALGAMATION AGREEMENT

**THIS AGREEMENT** made the 17th day of February, 2021

AMONG:

**MELIOR RESOURCES INC.**, a corporation existing under the British Columbia *Business Corporations Act*

(“**Melior**”)

AND:

**RANCHERO GOLD CORP.**, a corporation existing under the British Columbia *Business Corporations Act*

(“**Ranchero**”)

AND:

**1274169 B.C. LTD.**, a corporation existing under the British Columbia *Business Corporations Act*

(“**Melior Newco**”)

**WHEREAS:**

- A. Melior is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba and Ontario whose common shares are listed on the TSXV (as hereinafter defined);
- B. Ranchero is a privately-held corporation which has interests in the Property (as hereinafter defined);
- C. Melior Newco is a wholly-owned subsidiary of Melior;
- D. Melior desires to acquire all of the issued and outstanding common shares of Ranchero by means of a three-cornered amalgamation among Melior, Ranchero and Melior Newco on the terms and conditions described in this Agreement; and
- E. Melior proposes to issue Melior Post-Consolidation Shares (as defined herein) to the Ranchero Shareholders (as defined herein) on the terms and conditions described in this Agreement.

**NOW THEREFORE** in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

## ARTICLE 1 DEFINITIONS, INTERPRETATION AND SCHEDULES

### 1.1 Definitions

In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) **“Accredited Investor”** means a person that is an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act;
- (b) **“Accredited Investor Certificate”** means the certificate in the form approved by Melior, acting reasonably, to be delivered to each Ranchero Shareholder who is a U.S. Person, pursuant to which such Ranchero Shareholder certifies to Melior whether it is an Accredited Investor;
- (c) **“Affiliate”** shall have the meaning ascribed to such term under the BCBCA;
- (d) **“Agreement”** means this amalgamation agreement, together with the schedules attached hereto, as amended, amended and restated or supplemented from time to time;
- (e) **“Amalco Shares”** means the common shares in the capital of Amalco;
- (f) **“Amalco”** means the company resulting from the amalgamation of Ranchero and Melior Newco pursuant to the Amalgamation;
- (g) **“Amalgamation Application”** means the amalgamation application that will be filed with the Registrar under subsection 275(1)(a) of the BCBCA in order to give effect to the Amalgamation, substantially in the form attached hereto as Schedule C;
- (h) **“Amalgamation”** means the amalgamation of Ranchero and Melior Newco pursuant to section 269 of the BCBCA on the terms and conditions set forth in this Agreement, subject to any amendment thereto in accordance herewith;
- (i) **“Applicable Laws”** means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Entity, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, including all applicable corporate and securities laws, regulations and rules, all policies thereunder and rules of applicable stock exchanges;
- (j) **“Articles of Amalco”** means the articles of Amalco in the form to be mutually agreed to by the Parties, substantially in the form attached hereto as Schedule D;
- (k) **“Australian Subsidiaries”** means Goondicum Resources Pty. Ltd and Melior Australia Pty. Ltd., the wholly-owned subsidiaries of Melior;
- (l) **“BCBCA”** means the British Columbia *Business Corporations Act*, as amended;

- (m) **“Bear Mountain Agreement”** means the Mineral Property Option & Joint Venture Agreement dated November 20, 2019 between Melior and Bear Mountain Gold Mines Ltd., as amended;
- (n) **“Business Day”** means a day, other than a Saturday or Sunday, on which the principal commercial banks located in the City of Vancouver, British Columbia and the City of Toronto, Ontario are open for business;
- (o) **“Completion Deadline”** means the latest date by which the transactions contemplated by this Agreement are to be completed, which date shall be April 14, 2021 or such later date as the Parties may mutually agree in writing;
- (p) **“Concurrent Financing”** means the issuance by Ranchero, prior to the completion of the Amalgamation, on a private placement basis, of Subscription Receipts at a price of \$0.55 per Subscription Receipt for aggregate gross proceeds of not less than \$5,000,000;
- (q) **“Contract”** means any note, bond, debenture, instrument, obligation, mortgage, indenture, non-governmental permit or license, franchise, lease or other contract, agreement, commitment or arrangement binding upon Ranchero or Melior, as the case may be;
- (r) **“Directed Selling Efforts”** means directed selling efforts as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Agreement, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Melior Common Shares and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Melior Common Shares;
- (s) **“Dissent Rights”** means the rights of dissent of Ranchero Shareholders in respect of the Ranchero Resolution under section 272 of the BCBCA;
- (t) **“Dissenting Shareholder”** means a Ranchero Shareholder who, in connection with the Ranchero Resolution which approves and adopts this Agreement, has sent to Ranchero a written objection and a demand for payment within the time limits and in the manner prescribed by section 238 of the BCBCA with respect to such Ranchero Shareholder’s Ranchero Common Shares;
- (u) **“Effective Date”** means the date shown on the certificate of amalgamation issued by the Registrar in respect of the Amalgamation in accordance with section 281 of the BCBCA;
- (v) **“Effective Time”** means 12:01 a.m. (Vancouver Time) on the Effective Date or such other time on the Effective Date as the Parties hereto may agree in writing;
- (w) **“Encumbrance”** means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, right of first refusal or right of first offer, other third person interest or encumbrance of any kind, whether contingent or absolute, and any

agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

- (x) **“Environmental Approvals”** means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Laws;
- (y) **“Environmental Laws”** means all Applicable Laws, including applicable common law, relating to the protection of the environment and employee and public health and safety, and includes Environmental Approvals;
- (z) **“Exchange Ratio”** means one Melior Post-Consolidation Share for each Ranchero Common Share;
- (aa) **“Filing Statement”** means the filing statement, and any amendments thereof, of Melior in connection with the Amalgamation to be prepared in accordance with TSXV Form 3D2 - *“Information Required in a Filing Statement for a Reverse Take-Over or Change of Business”* and submitted to the TSXV and filed on SEDAR;
- (bb) **“Governmental Entity”** means any applicable:
  - (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;
  - (ii) subdivision, agent, commission, board or authority of any of the foregoing;
  - (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or
  - (iv) stock exchange, including the TSXV;
- (cc) **“IFRS”** means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, as amended from time to time;
- (dd) **“Letter Agreement”** means the letter of intent dated October 31, 2020 between Melior and Ranchero;
- (ee) **“Material Adverse Change”** means any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or would reasonably be expected to have, a Material Adverse Effect on the applicable Party and its subsidiary or subsidiaries on a consolidated basis;
- (ff) **“Material Adverse Effect”** means any change, effect, event, occurrence or state of facts that, individually or in the aggregate, with other such changes, effects, events, occurrences or states of facts, is or would reasonably be expected to be material and adverse to the business, properties, operations, results of operations or financial condition of the applicable Party and its subsidiary or subsidiaries on a consolidated

basis, except any change, effect, event, occurrence or state of facts resulting from or relating to:

- (i) the announcement of the execution of this Agreement or the transactions contemplated hereby or the performance of any obligation hereunder or communication by the applicable Party of its plans or intentions with respect to the other Party;
- (ii) changes in the Canadian or international economies in general or the Canadian or international capital or currency markets in general;
- (iii) changes in metals or mineral prices;
- (iv) the threat, commencement, occurrence or continuation of any war, armed hostilities, acts of environmental groups, civil strife, or acts of terrorism;
- (v) any change in Applicable Laws or in the interpretation thereof by any Governmental Entity;
- (vi) any change in IFRS;
- (vii) any natural disaster;
- (viii) any epidemic or pandemic, including the COVID-19 pandemic; or
- (ix) any change relating to foreign currency exchange rates;

provided that, in the case of any changes referred to in clauses (ii) to (ix) above, inclusive, such changes do not have a materially disproportionate effect on the applicable Party relative to comparable companies;

- (gg) **“Material Contracts”** means all Contracts or other obligations or rights (and all amendments, modifications and supplements thereto and all side letters to which Ranchero or Melior, as the case may be, is a party affecting the obligations of any party thereunder) to which Ranchero or Melior, as the case may be, is a party or by which any of their respective properties or assets are bound that are material to the business, properties or assets of Ranchero or Melior, as the case may be, taken as a whole, including to the extent any of the following are material to the business, properties or assets of Ranchero or Melior, as the case may be, taken as a whole, all:
  - (i) employment, severance, personal services, consulting, non-competition or indemnification contracts (including any Contract to which Ranchero or Melior, as the case may be, is a party involving employees);
  - (ii) Contracts granting a right of first refusal or first negotiation;
  - (iii) partnership or joint venture agreements;
  - (iv) Contracts for the acquisition, sale or lease of material properties or assets of Ranchero or Melior, as the case may be, (by purchase or sale of assets or stock or otherwise);

- (v) Contracts with any Governmental Entity;
- (vi) loan or credit agreements mortgages, indentures or other Contracts or instruments evidencing indebtedness for borrowed money by Ranchero or Melior, as the case may be, or any such agreement pursuant to which indebtedness for borrowed money may be incurred;
- (vii) Contracts that purport to limit, curtail or restrict the ability of Ranchero or Melior, as the case may be, to compete in any geographic area or line of business;
- (viii) commitments and agreements to enter into any of the foregoing; and
- (ix) all Contracts that provide for annual payments to or from Ranchero or Melior, as the case may be, in excess of \$25,000 per annum;
- (hh) **“Mazon Shareholders”** means the following Ranchero Shareholders: Inmopitic, S.A. de C.V., Golden Calf Mining S.A. de C.V., GC Grupo Cimarron, S.A. de C.V., Inmuebles del Norte de Sonora, S.A. de C.V. and Grupo Minero Tom Hast S.A. de C.V.;
- (ii) **“Melior”** shall have the meaning ascribed thereto on the first page of this Agreement;
- (jj) **“Melior Board”** means the board of directors of Melior;
- (kk) **“Melior Common Shares”** means the common shares in the capital of Melior as presently constituted;
- (ll) **“Melior Consolidation”** means the consolidation of the Melior Common Shares on the basis one Melior Post-Consolidation Share for such number of Melior Common Shares that immediately following the Effective Time the Pre-Amalgamation Melior Shareholders, as a group, will hold not more than 7,875,000 Melior Post-Consolidation Shares;
- (mm) **“Melior Financial Statements”** shall have the meaning ascribed thereto in Section 3.2(k);
- (nn) **“Melior Information”** means the information prepared by Melior included in the Filing Statement describing Melior, Melior Newco and their respective businesses, operations and affairs, and includes any Melior Public Documents incorporated by reference in the Filing Statement;
- (oo) **“Melior Newco”** shall have the meaning ascribed thereto on the first page of this Agreement;
- (pp) **“Melior Newco Resolution”** means the special resolution of Melior Newco, to be authorized by Melior in its capacity as the sole holder of the Melior Newco Shares approving the Amalgamation and this Agreement substantially in the form attached hereto to Schedule B;
- (qq) **“Melior Newco Shares”** means common shares in the capital of Melior Newco;

- (rr) **“Melior Post-Consolidation Shares”** means the Melior Common Shares after giving effect to the Melior Consolidation;
- (ss) **“Melior Preferred Shares”** means the authorized preferred shares in the capital of Melior;
- (tt) **“Melior Public Documents”** means the public documents filed by Melior and available on SEDAR under Melior’s SEDAR profile;
- (uu) **“Melior Replacement Options”** means the compensation options of Melior issued in exchange for Ranchero Compensation Options at the Effective Time;
- (vv) **“Melior Shareholders”** means, at any time, the holders of outstanding Melior Common Shares;
- (ww) **“Misrepresentation”** means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated, or an omission to state a material fact that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made;
- (xx) **“Name Change”** means the change of name of Melior to “Ranchero Gold Corp.” or such other name as Ranchero may direct in writing;
- (yy) **“Paika”** means Minera y Metalurgia Paika SA de CV, the 99.9%-owned subsidiary of Ranchero, which owns the Property;
- (zz) **“Pala”** means Pala Investments Limited;
- (aaa) **“Pala Advisory Services Agreement”** means the advisory services agreement dated June 10, 2013 between Melior and Pala, as amended;
- (bbb) **“Pala Debt”** means the aggregate outstanding debt of Melior owing to Pala, including, without limitation, the debt owing pursuant to, (a) the amended and restated loan agreement between Melior and Pala in the principal amount of up to US\$22,900,662; and (b) the amended and restated demand promissory note between Melior and Pala in the principal amount of US\$155,550;
- (ccc) **“Party”** shall mean, as the context requires, either Melior, Ranchero or Melior Newco and **“Parties”** shall mean all of them;
- (ddd) **“Person”** means any individual, firm, partnership, joint venture, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;
- (eee) **“Pre-Amalgamation Melior Shareholders”** means the holders of Melior Common Shares immediately prior to the Effective Time;
- (fff) **“Pre-Amalgamation Ranchero Shareholders”** means the holders of Ranchero Common Shares immediately prior to the Effective Time;



- (ggg) **“Property”** means the 22,367-hectare gold exploration property located in the Sierra Madre Occidental gold-belt in eastern Sonora, Mexico, known as the Santa Daniela property, as more particularly described in the Share Purchase Agreement;
- (hhh) **“Ranchero”** shall have the meaning ascribed thereto on the first page of this Agreement;
- (iii) **“Ranchero Board”** means the board of directors of Ranchero;
- (jjj) **“Ranchero Common Shares”** means the common shares in the capital of Ranchero, as presently constituted;
- (kkk) **“Ranchero Compensation Options”** means those compensation options of Ranchero to be issued to any applicable agents and finders in connection with the Concurrent Financing, each of which will entitle the holder thereof to acquire one Ranchero Common Share at an exercise price of \$0.55 for a period of 24 months;
- (lll) **“Ranchero Consulting Agreement”** means the consulting agreement dated April 22, 2020 between Ranchero and William Pincus pursuant to which Ranchero engaged William Pincus to act as the Chief Executive Officer pursuant to which a portion of Mr. Pincus’ salary will be paid in Ranchero Common Shares;
- (mmm) **“Ranchero Financial Statements”** shall have the meaning ascribed thereto in Section 3.1(k) of this Agreement;
- (nnn) **“Ranchero Information”** means the information provided by Ranchero for inclusion in the Filing Statement describing Ranchero and its business, operations and affairs;
- (ooo) **“Ranchero Resolution”** means the resolution of the Ranchero Shareholders approving the Amalgamation and this Agreement substantially in the form attached hereto as Schedule A;
- (ppp) **“Ranchero Shareholder Approval”** means the approval of the Ranchero Shareholders in respect of the Ranchero Resolution;
- (qqq) **“Ranchero Shareholders”** means, at any time, the holders of outstanding Ranchero Common Shares;
- (rrr) **“Registrar”** means the registrar appointed under section 400 of the BCBCA;
- (sss) **“Regulation D”** means Regulation D adopted by the SEC under the 1933 Act;
- (ttt) **“Regulation S”** means Regulation S adopted by the SEC under the 1933 Act;
- (uuu) **“SEC”** means the United States Securities and Exchange Commission;
- (vvv) **“Securities Authorities”** means the securities commissions and/or other securities regulatory authorities in the provinces and territories of Canada;
- (www) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval;

- (xxx) **“Share Purchase Agreement”** means the share purchase agreement dated June 5, 2020 between Ranchero and the previous shareholders of Paika pursuant to which Ranchero acquired 99.9% of the outstanding shares of Paika;
- (yyy) **“Subscription Receipts”** means the subscription receipts of Ranchero issued pursuant to the Concurrent Financing, including the subscription receipts granted to any agent, each of which will be automatically be converted into one Ranchero Common Share prior to the Effective Time and then immediately exchanged for Melior Post-Consolidation Shares at the Effective Time pursuant to Section 2.1 hereof;
- (zzz) **“Substantial U.S. Market Interest”** means substantial U.S. market interest as that term is defined in Regulation S;
- (aaaa) **“Tax Act”** means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended;
- (bbbb) **“Tax Returns”** means all returns, schedules, elections, declarations, reports, information returns, notices, forms, statements and other documents made, prepared or filed with any taxing authority or required to be made, prepared or filed with any taxing authority relating to Taxes;
- (cccc) **“Tax”** and **“Taxes”** means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan contributions, excise, severance, social security, workers’ compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;
- (dddd) **“Technical Report”** means the “CSA NI 43-101 Technical Report on the Santa Daniela Gold Project, Municipios of Sahuaripa and Yecora, Sonora, Mexico” prepared for Ranchero and Melior by Matthew D. Gray of Resource Geosciences Incorporated;
- (eeee) **“TSXV”** means the TSX Venture Exchange;
- (ffff) **“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

(gggg) “**U.S. Person**” means a person that is an “U.S. Person” as defined in Rule 902(o) of Regulation S under the 1933 Act;

(hhhh) “**1933 Act**” means the United States *Securities Act of 1933*, as amended; and

(iiii) “**1940 Act**” means the United States *Investment Company Act of 1940*, as amended.

In addition, words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

## **1.2 Interpretation Not Affected by Headings**

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

## **1.3 Number and Gender**

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter.

## **1.4 Date for any Action**

If the date on which any action is required to be taken hereunder by any Party hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

## **1.5 Statutory References**

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

## **1.6 Currency**

Unless otherwise stated, all references in this Agreement to dollar amounts are expressed in Canadian currency.

## **1.7 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by Applicable Laws, the Parties hereto waive any provision of Applicable Law that renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect. The Parties hereto will engage in good faith negotiations to replace any provision hereof or any part thereof that is declared invalid or unenforceable with a valid and enforceable provision or part thereof, the economic effect of which approximates as much as possible the invalid or unenforceable provision or part thereof that it replaces.

## **1.8 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under, and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS.

## **1.9 Knowledge**

Where the phrases “to the knowledge of Melior” or “to the knowledge of Ranchero” are used in respect of Melior or Ranchero, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon:

- (a) in the case of Melior, the actual knowledge of management of Melior after appropriate inquiries and investigations; and
- (b) in the case of Ranchero, the actual knowledge of management of Ranchero after appropriate inquiries and investigations.

## **1.10 Schedules**

The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

- Schedule A – Form of Ranchero Resolution
- Schedule B – Form of Melior Newco Resolution
- Schedule C – Form of Amalgamation Application
- Schedule D – Form of Articles of Amalco

## **ARTICLE 2 THE AMALGAMATION**

### **2.1 Terms of Amalgamation**

Ranchero, Melior Newco and Melior hereby covenant and agree to implement the Amalgamation in accordance with the terms and subject to the conditions of this Agreement, as follows:

- (a) as soon as reasonably practicable following the execution of this Agreement, and in any event prior to the Effective Time:
  - (i) Ranchero will either obtain Ranchero Shareholder Approval to the Ranchero Resolution by unanimous consent resolution in writing of the Ranchero Shareholders or lawfully convene and hold a meeting of the Ranchero Shareholders to approve the Ranchero Resolution; and
  - (ii) Melior will sign, as the sole shareholder of the Melior Newco Shares, the Melior Newco Resolution;
- (b) immediately prior to the Effective Time, Melior will complete the Melior Consolidation and the Name Change;

- (c) at the Effective Time, Melior Newco and Ranchero shall amalgamate and continue as one company, being Amalco, pursuant to the provisions of Section 269 of the BCBCA;
- (d) at the Effective Time:
  - (i) all of the Ranchero Common Shares outstanding immediately prior to the Effective Time shall be cancelled, and holders of Ranchero Common Shares outstanding immediately prior to the Effective Time, other than Melior and Melior Newco and the Dissenting Shareholders, shall receive, subject to subsection 2.1(f) hereof, in exchange for their Ranchero Common Shares so cancelled fully paid and non-assessable Melior Post-Consolidation Shares at the Exchange Ratio. Neither Melior nor Melior Newco shall receive any repayment of capital in respect of any Ranchero Common Shares held by them that are cancelled pursuant to this subsection 2.1(d)(i);
  - (ii) Melior shall receive one fully paid and non-assessable Amalco Share for each one Melior Newco Share held by Melior, following which all such Melior Newco Shares shall be cancelled;
  - (iii) Melior shall add an amount to the paid-up capital maintained in respect of the Melior Post-Consolidation Shares equal to the aggregate paid-up capital for income tax purposes of the Ranchero Common Shares immediately prior to the Effective Time (less the paid-up capital of any Ranchero Common Shares held by Dissenting Shareholders who do not exchange their Ranchero Common Shares for Melior Post-Consolidation Shares pursuant to the Amalgamation);
  - (iv) Amalco shall add an amount to the paid-up capital maintained in respect of the Amalco Shares such that the paid-up capital of the Amalco Shares shall be equal to the aggregate paid-up capital for income tax purposes of the Melior Newco Shares and the Ranchero Common Shares immediately prior to the Effective Time; and
  - (v) each Ranchero Compensation Option outstanding immediately prior to the Effective Time will be exchanged for a Melior Replacement Option to acquire Melior Post-Consolidation Shares at the Exchange Ratio;
- (e) as a result of the foregoing:
  - (i) in accordance with section 282 of the BCBCA, among other things, the property, rights and interests of each of Ranchero and Melior Newco will continue to be the property, rights and interests of Amalco, and Amalco will continue to be liable for the obligations of each of Ranchero and Melior Newco; and
  - (ii) Amalco will be a wholly-owned subsidiary of Melior;
- (f) no fractional Melior Post-Consolidation Shares will be issued under the Amalgamation. Where the aggregate number of Melior Post-Consolidation Shares to be issued to any Pre-Amalgamation Ranchero Shareholders under the Amalgamation would result in a fraction of a Melior Post-Consolidation Share being issuable, the number of Melior Post-Consolidation Shares to be issued to such holder shall be rounded down to the next whole number (and, in calculating such fractional interests, all Melior Post-Consolidation Shares

registered in the name of or beneficially held by such Former Ranchero Shareholder or their nominee shall be aggregated), and no cash or other consideration shall be paid or payable in lieu of such fraction of a Melior Post-Consolidation Share;

- (g) each Ranchero Shareholder may exercise Dissent Rights in connection with the Amalgamation pursuant to and in the manner set forth in section 238 of the BCBCA. Ranchero shall give Melior (i) prompt notice of any written notices of exercise of Dissent Rights, withdrawals of such notices, and any other instruments served pursuant to the BCBCA and received by Ranchero; and (ii) the opportunity to participate in all negotiations and proceedings with respect to such rights. Without the prior written consent of Melior, except as required by the BCBCA, Ranchero shall not make any payment with respect to any such rights or offer to settle or settle any such rights; and
- (h) Ranchero Common Shares which are held by a Dissenting Shareholder shall not be converted as prescribed by subsection 2.1(d)(i). However, if a Dissenting Shareholder fails to perfect or effectively withdraw its claim under section 238 of the BCBCA or forfeits its right to make a claim under section 238 of the BCBCA or if its rights as a Ranchero Shareholder are otherwise reinstated, such Ranchero Shareholder's Ranchero Common Shares shall thereupon be deemed to have been converted as of the Effective Date as prescribed by subsection 2.1(d)(i).

## **2.2 Effective Date**

The Amalgamation shall be completed on the Effective Date and shall be effective at the Effective Time.

## **2.3 Amalgamation Application**

Subject to the rights of termination contained in Article 6 hereof, upon obtaining the Ranchero Shareholder Approval and upon Melior signing the Melior Newco Resolution as the sole holder of Melior Newco Shares and the other conditions contained in Article 5 hereof being satisfied or waived, Ranchero and Melior Newco shall jointly file the Amalgamation Application, which shall be substantially in the form attached hereto as Schedule C, together with such other documents as may be required under the BCBCA, with the Registrar in accordance with the BCBCA in order to effect the Amalgamation. To the extent appropriate, the Amalgamation Application may be filed with the Registrar on a date agreed upon (in writing) by Ranchero and Melior in advance of the Effective Date, subject to the right of any Party to withdraw the Amalgamation Application by filing with the registrar a notice of withdrawal pursuant to section 280 of BCBCA.

## **2.4 Name**

The name of Amalco shall be "Ranchero BC Holding Corp.", or such other name as determined by Ranchero.

## **2.5 Registered Office of Amalco**

The address of the registered and records office of Amalco shall be Suite 910 – 800 West Pender Street, Vancouver, BC V6C 2V6.

## **2.6 Authorized Capital of Amalco**

Amalco shall be authorized to issue an unlimited number of common shares (being the Amalco Shares).

## **2.7 Initial Director of Amalco**

The initial director of Amalco shall be William Pincus and the prescribed address for the initial director shall be [REDACTED].

## **2.8 Articles of Amalco**

The Articles of Amalco, which shall be substantially in the form attached as Schedule D, shall be signed by the director of Amalco referred to in Section 2.7 hereof.

## **2.9 Restrictions on Business**

There will be no restrictions on the business which Amalco may carry on.

## **2.10 Consultation**

Melior and Ranchero will consult with each other in issuing any press release or otherwise making any public statement with respect to this Agreement or the Amalgamation and in making any filing with any Governmental Entity, Securities Authority or stock exchange with respect thereto. Each of Melior and Ranchero shall use its commercially reasonable efforts to enable the other of them to review and comment on all such press releases and filings prior to the release or filing, respectively, thereof, provided, however, that the obligations herein will not prevent a Party from making, after consultation with the other Party, such disclosure as is required by Applicable Laws or the rules and policies of any applicable stock exchange.

## **2.11 Filing Statement**

As promptly as practical following the execution of this Agreement, and in compliance with all Applicable Laws, and the policies of the TSXV:

- (a) Melior and Ranchero shall cooperate in the preparation of the Filing Statement and the filing of such Filing Statement with the applicable regulatory authorities as promptly as practicable after the date of this Agreement, together with any other documents required under Applicable Laws in connection with the Amalgamation;
- (b) Melior and Ranchero each shall use commercially reasonable efforts to expeditiously and in a timely manner furnish the information required by each Party to be included in the Filing Statement and each of Melior and Ranchero shall have had the reasonable opportunity to review and comment on all such information. The information to be provided by each of Melior and Ranchero for use in the Filing Statement shall not contain any Misrepresentation;
- (c) if, at any time before the Effective Date, any Party becomes aware that the Filing Statement contains a Misrepresentation or otherwise requires an amendment or supplement, such Party shall notify the other Parties and the Parties shall co-operate in the preparation and filing of any amendment or supplement to the Filing Statement as required or as appropriate;
- (d) Ranchero shall indemnify and save harmless Melior and the directors, officers and agents of Melior from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Melior, or any director, officer or agent thereof, may be subject or which Melior, or any director, officer or agent thereof, may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence

of any Misrepresentation in the Filing Statement based on the Ranchero Information or arising as a result of the willful misconduct or negligence of Ranchero; and

- (e) Melior shall indemnify and save harmless Ranchero and the directors, officers and agents of Ranchero from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Ranchero, or any director, officer or agent thereof, may be subject or which Ranchero, or any director, officer or agent thereof, may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of any Misrepresentation in the Filing Statement based on the Melior Information or arising as a result of the willful misconduct or negligence of Melior.

## **2.12 Treatment of Restricted Securities under the U.S. Securities Act**

The Melior Post-Consolidation Shares issued to the Pre-Amalgamation Ranchero Shareholders resident in or subject to the laws of the United States in connection with the Amalgamation will be “restricted securities” within the meaning of Rule 144 under the 1933 Act. Each certificate or electronic statement representing the Melior Post-Consolidation Shares issued to holders resident in or subject to the laws of the United States will bear a legend in substantially the form that follows:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF MELIOR RESOURCES INC. (THE “COMPANY”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY: (I) RULE 144; OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS, AND THE HOLDER HAS, PRIOR TO ANY TRANSFER OR SALE CONTEMPLATED IN (C)(I) OR (D) ABOVE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY AND THE TRANSFER AGENT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA OR ELSEWHERE.”

## **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

### **3.1 Representations and Warranties of Ranchero**

Ranchero hereby represents and warrants to Melior and hereby acknowledges that Melior is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Amalgamation, as follows:

- (a) Organization. Ranchero has been incorporated and, validly exists under the laws of the jurisdiction of its incorporation and is in good standing under applicable corporate laws and has full corporate and legal power and authority to own its property and



assets and to conduct its business as currently owned and conducted. Ranchero is registered, licensed or otherwise qualified as a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Ranchero.

- (b) Subsidiary. Ranchero is the registered and beneficial owner of 99.9% of the issued and outstanding shares of Paika with good and marketable title thereto, free and clear of all Encumbrances. The remaining 0.1% of the issued and outstanding shares of Paika are owned by Golden Calf Mining S.A. de C.V and no other rights to acquire Paika shares exist. Except for Paika, Ranchero does not beneficially own, or exercise control or direction over, 10% or more of the outstanding voting securities of any company and does not own any securities or, have any interest in, any joint venture entity or other Person. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Ranchero to sell or transfer any shares of Paika, obligating Paika to issue or sell any shares of Paika or any securities or obligations of any kind convertible into or exchangeable for any shares of Paika.
- (c) Capitalization. Ranchero is authorized to issue an unlimited number of Ranchero Common Shares. As of the date of this Agreement, there are 47,445,098 Ranchero Common Shares outstanding and Ranchero has no other shares outstanding. Except for pursuant to the Concurrent Financing, the Ranchero Consulting Agreement and this Agreement and the transactions contemplated hereby, as of the date hereof, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Ranchero to issue or sell any shares of Ranchero or any securities or obligations of any kind convertible into or exchangeable for any shares of Ranchero. All outstanding Ranchero Common Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Ranchero. There are no outstanding contractual obligations of Ranchero to repurchase, redeem or otherwise acquire any outstanding Ranchero Common Shares or with respect to the voting or disposition of any outstanding Ranchero Common Shares.
- (d) Authority. Ranchero has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Ranchero as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Ranchero and the completion by Ranchero of the transactions contemplated by this Agreement have been authorized by the Ranchero Board and, subject to obtaining the Ranchero Shareholder Approval in the manner contemplated herein, no other corporate proceedings on the part of Ranchero are necessary to authorize this Agreement or the completion by Ranchero of the transactions contemplated hereby other than the filing of the Amalgamation Application with the Registrar. This Agreement has been executed and delivered by Ranchero and constitutes a legal, valid and binding obligation of Ranchero, enforceable against Ranchero in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Applicable

Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Ranchero of this Agreement and the performance by Ranchero of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (i) result in a violation, contravention or breach or constitute a default under, or entitle any Party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
  - (A) the articles or notice of articles of Ranchero;
  - (B) any Applicable Laws, or
  - (C) any credit arrangement, note, bond, mortgage, indenture, deed of trust, lease, franchise, concession, easement, contract, agreement, licence, permit or other instrument to which Ranchero is bound or is subject to or of which Ranchero is the beneficiary,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Ranchero;

- (ii) cause any indebtedness owing by Ranchero to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Ranchero;
- (iii) result in the imposition of any Encumbrance upon any of the property or assets of Ranchero or give any Person the right to acquire any of Ranchero's assets, or restrict, hinder, impair or limit the ability of Ranchero to conduct the business of Ranchero as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Ranchero;
- (iv) result in or accelerate the time for payment or vesting of, or increase the amount of any severance, unemployment compensation, "golden parachute", change of control provision, bonus, termination payments, retention bonus or otherwise, becoming due to any director or officer of Ranchero or increase any benefits otherwise payable under any pension or benefits plan of Ranchero or result in the acceleration of the time of payment or vesting of any such benefits; or
- (v) result in the revocation, suspension, cancellation, variation or non-renewal of any concessions, licenses, leases or other instruments, conferring mineral rights in respect of the Property.

No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by Ranchero in connection with the execution and delivery of this Agreement or the consummation by Ranchero of the transactions contemplated hereby other than:

- (i) Ranchero Shareholder Approval;
  - (ii) filings required under the BCBCA;
  - (iii) filings with and approvals by the Securities Authorities; and
  - (iv) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Ranchero.
- (e) Directors' Approvals. The Ranchero Board has unanimously:
- (i) determined that the Amalgamation is in the best interests of Ranchero; and
  - (ii) authorized the entering into of this Agreement, and the performance of Ranchero's obligations hereunder.
- (f) Contracts. Each of the Material Contracts to which Ranchero is a party constitutes a valid and legally binding obligation of Ranchero, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles).
- (g) Waivers, Consents. There are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of Ranchero.
- (h) No Defaults. Ranchero is not in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Ranchero under any credit arrangement, note, bond, mortgage, indenture, deed of trust, lease, franchise, concession, easement, Contract of Ranchero, agreement, licence, permit or other instrument that is material to the conduct of the business of Ranchero to which it is a party or by which it is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on Ranchero. No party to any Contract of Ranchero has given written notice to Ranchero of or made a claim against Ranchero with respect to any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on Ranchero.
- (i) Absence of Changes. Except as disclosed to Melior in writing prior to the date hereof, since June 30, 2020:
- (i) Ranchero has conducted its business only in the ordinary and regular course of business consistent with past practice;
  - (ii) Ranchero has not incurred or suffered a Material Adverse Change;
  - (iii) there has not been any acquisition or sale by Ranchero of any material property or assets thereof;

- (iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Ranchero of any debt for borrowed money, any creation or assumption by Ranchero of any Encumbrance, any making by Ranchero of any loan, advance or capital contribution to or investment in any other Person or any entering into, amendment of, relinquishment, termination or non-renewal by Ranchero of any contract, agreement, licence, lease transaction, commitment or other right or obligation that would, individually or in the aggregate, have a Material Adverse Effect on Ranchero;
  - (v) Ranchero has not declared or paid any dividends or made any other distribution in respect of any of the Ranchero Common Shares;
  - (vi) Ranchero has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Ranchero Common Shares;
  - (vii) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable by Ranchero to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement made to, for or with any of such directors, officers, employees or consultants;
  - (viii) Ranchero has not effected any material change in its accounting methods, principles or practices; and
  - (ix) Ranchero has not adopted any, or amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan or shareholder rights plan.
- (j) Employment Agreements. Other than as disclosed to Melior in writing prior to the date hereof, Ranchero:
- (i) is not a party to any written or oral policy, agreement, obligation or understanding providing for retention bonuses, severance or termination payments to, or any employment or consulting agreement with, any director or officer of Ranchero that would be triggered by Ranchero's entering into this Agreement or the completion of the Amalgamation;
  - (ii) does not have any employee or consultant whose employment or contract with Ranchero that cannot be terminated by Ranchero in accordance with the provisions of such employment or consultant contract following the completion of the Amalgamation; and
  - (iii)
    - (A) is not a party to any collective bargaining agreement;
    - (B) is not, to the knowledge of Ranchero, subject to any application for certification or threatened or apparent union-organizing

campaigns for employees not covered under a collective bargaining agreement; or

- (C) is not subject to any current, or, to the knowledge of Ranchero, pending or threatened strike or lockout.
- (k) Financial Matters. The audited consolidated financial statements of Ranchero for the period from incorporation on February 12, 2020 to June 30, 2020 and the notes thereto (collectively, the “**Ranchero Financial Statements**”) will be prepared in accordance with IFRS consistently applied, and will fairly present in all material respects the financial condition of Ranchero at the date indicated and the results of operations of Ranchero for the period covered. Except as disclosed in the Ranchero Financial Statements, as of the date hereof, Ranchero does not have any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, or any related party transactions or off-balance sheet transactions not reflected in the Ranchero Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business (including the business of operating, developing and exploring Ranchero’s projects) since June 30, 2020, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on Ranchero.
- (l) Books and Records. The corporate records and minute books of Ranchero have been maintained in accordance with all Applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on Ranchero. Financial books and records and accounts of Ranchero in all material respects:
  - (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
  - (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of Ranchero; and
  - (iii) accurately and fairly reflect the basis for the Ranchero Financial Statements.
- (m) Litigation. There is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Ranchero, threatened against or relating to Ranchero, or affecting its properties or assets before any Governmental Entity which individually or in the aggregate has, or could reasonably be expected to have, a Material Adverse Effect on Ranchero, and Ranchero is not aware of any existing ground on which any such claim, action, proceeding or investigation might be commenced with any reasonable likelihood of success. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Ranchero, threatened against or relating to Ranchero before any Governmental Entity. Neither Ranchero nor any of its properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of Ranchero to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by

this Agreement, except to the extent any such matter would not, individually or in the aggregate, have a Material Adverse Effect on Ranchero.

- (n) Title to Properties and Operational Matters. Paika is the sole and exclusive legal and beneficial owner of the Property. All agreements by which Paika and Ranchero hold an interest in the Property are in good standing according to their respective terms. To the knowledge of Ranchero, except as disclosed by Ranchero to Melior in writing, the Property is in good standing under Applicable Laws, and all filings and work commitments required by Ranchero or Paika, as the case may be, to maintain the Property in good standing have been properly recorded and filed in a timely manner with the appropriate Governmental Entity. To the knowledge of Ranchero, there are no material Encumbrances or any other material interests in or on such Property, except as disclosed in the Technical Report or otherwise disclosed to Melior in writing prior to the date hereof. To Ranchero's knowledge, there are no material adverse claims against or challenges to the title or ownership of the Property. Ranchero and Paika are and have been conducting their respective businesses in material compliance with all Applicable Laws, including all Applicable Laws and all Governmental Entity authorizations and instructions, whether in writing or oral, relating to the Property. Neither Ranchero nor Paika has received any notice of the revocation or cancellation of, or any intention to revoke or cancel, any of the concessions, licenses, leases or other instruments conferring working interests, net revenue interests and other rights in respect of the Property that would, individually or in the aggregate, result in a Material Adverse Effect on Ranchero. Without limiting the generality of the foregoing, Ranchero and Paika have obtained all material licences and permits necessary for the operation of their respective businesses as presently conducted, and neither Ranchero nor Paika has taken any action which would impair their ability to obtain necessary licences or permits in the future for the continued operation of such business, in accordance with Applicable Laws and requirements of all Governmental Entities.
- (o) Assets. Ranchero has good and marketable title to its assets free and clear of any security interests, liens, charges, mortgages, pledges, Encumbrances, adverse claims and demands of any nature or kind whatsoever recorded or unrecorded, except as otherwise disclosed to Melior in writing prior to the date hereof.
- (p) Environmental. To the knowledge of Ranchero:
  - (i) Ranchero and Paika are in compliance in all material respects with Environmental Laws;
  - (ii) Ranchero and Paika have operated their respective businesses at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
  - (iii) there is no material claim or judicial or administrative proceeding which may affect either Ranchero or Paika or any of the properties or assets of Ranchero or Paika relating to or alleging any violation of Environmental Laws; and
  - (iv) Ranchero and Paika hold all licences, permits and approvals required under any Environmental Laws in connection with the operation of their respective businesses as presently conducted and the ownership and use of their respective

assets, other than those which the failure to hold would not reasonably be expected to have a Material Adverse Effect on Ranchero or Paika, and neither Ranchero nor Paika nor any of their respective assets is the subject of any investigation, evaluation, audit or review not in the ordinary and regular course of business by any Governmental Entity to determine whether any violation of Environmental Laws has occurred or is occurring, and neither Ranchero nor Paika is subject to any known environmental liabilities.

- (q) Tax Matters. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Ranchero:
- (i) Ranchero has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Entity and has, in all material respects, completely and correctly reported all income and all other amounts or information required to be reported thereon;
  - (ii) Ranchero has:
    - (A) duly and timely paid all Taxes due and payable by it;
    - (B) duly and timely withheld all Taxes and other amounts required by Applicable Laws to be withheld by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Applicable Laws to be remitted by it; and
    - (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by Applicable Laws to be remitted by it;
  - (iii) the charges, accruals and reserves for Taxes reflected on the Ranchero Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are, in the opinion of Ranchero, adequate under IFRS to cover Taxes with respect to Ranchero accruing through the date hereof;
  - (iv) there are no proceedings, investigations, audits, assessments, reassessments or claims now pending or, to the knowledge of Ranchero, threatened against Ranchero that propose to assess Taxes in addition to those reported in the Tax Returns; and
  - (v) no waiver of any statutory limitation period with respect to Taxes has been given or requested with respect to Ranchero.
- (r) Pension and Employee Benefits. Ranchero has complied, in all material respects, with all of the terms of the pension and other employee compensation and benefit obligations of Ranchero, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or

relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Ranchero, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Ranchero.

- (s) Compliance with Laws. Ranchero has complied with and are not in violation of any Applicable Laws other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Ranchero.
- (t) No Option on Assets. No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Ranchero of any of the material assets of Ranchero.
- (u) Certain Contracts. Ranchero is not a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree that purports to:
  - (i) limit the manner or the localities in which all or any material portion of the business of Ranchero is conducted;
  - (ii) limit any business practice of Ranchero in any material respect; or
  - (iii) restrict any acquisition or disposition of any property by Ranchero in any material respect.
- (v) No Broker's Commission. Other than in respect of the Concurrent Financing, Ranchero has not entered into any agreement that would entitle any Person to any valid claim against them for a broker's commission, finder's fee or any like payment in respect of the Amalgamation or any other matter contemplated by this Agreement.
- (w) U.S. Securities Law Matters. None of Ranchero, any of its Affiliates or any person acting on its or their behalf has made or will make any Directed Selling Efforts in the United States with respect to the Melior Common Shares or has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D), including advertisements, articles, notices or other communications published in any newspaper, magazine, or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising in connection with the offer or exchange of the Melior Common Shares in the United States. To the extent Ranchero might be considered a "covered person" under Rule 506(d) of the 1933 Act in relation to the offer and sale of Melior Post-Consolidation Shares under the terms and conditions of this Agreement, none of Ranchero, any of its predecessors, any affiliated entity of Ranchero, any director or executive officer of Ranchero, any other officer of Ranchero participating in the offering of the Melior Post-Consolidation Shares hereunder, any general partner or managing member of Ranchero, any beneficial owner of 20% or more of Ranchero's outstanding voting equity securities, calculated on the basis of voting power, or any promoter connected with Ranchero in any capacity at the time of sale of the Melior Post-Consolidation Shares hereunder is subject to any of the "Bad Actor" disqualifications provisions described in Rule 506(d) under the 1933 Act. Ranchero has not paid and will not pay, nor is it aware of



any other person that has paid or will pay, directly or indirectly, any remuneration to any person for solicitation of votes or written consents in favor of the Ranchero Shareholder Resolution.

- (x) Ranchero Shareholder Approval. The only approval of the holders of any class or series of securities of Ranchero necessary to approve this Agreement, the Amalgamation and the transactions contemplated hereby or thereby is the Ranchero Shareholder Approval.
- (y) No Shareholdings in Melior. Ranchero does not, legally or beneficially, own, directly or indirectly, any securities of Melior and does not have any right, agreement or obligation to purchase any securities of Melior or any securities or obligations of any kind convertible into or exchangeable for any securities of Melior.
- (z) Restrictions on Business Activities. There is no agreement, judgment, injunction, order or decree binding upon Ranchero that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing: (i) any business practice of Ranchero, (ii) any acquisition of property by Ranchero, or (iii) the conduct of business by Ranchero as currently conducted.
- (aa) Creditors of Ranchero. Ranchero has reasonable grounds for believing that no creditor of Ranchero will be materially prejudiced by the Amalgamation.
- (bb) Escrow. Ranchero acknowledges that a portion of the Melior Post-Consolidation Shares to be issued to the Ranchero Shareholders pursuant to the Amalgamation may be subject to escrow provisions and/or resale restrictions under the rules of the TSXV.
- (cc) Expropriation. No property or asset of Ranchero has been taken or expropriated by any Governmental Entity and no notice or proceeding in respect of any such expropriation has been given or commenced or, to the knowledge of Ranchero, is there any intent or proposal to give any such notice or commence any such proceeding.
- (dd) Right to Use Personal Information. All personal information in the possession of Ranchero has been collected, used and disclosed in compliance with all Applicable Laws in those jurisdictions in which Ranchero, or Ranchero is deemed by operation of law in those jurisdictions, to conduct its business. Ranchero has disclosed to Melior all contracts and facts concerning the collection, use, retention, destruction and disclosure of personal information, and there are no other contracts, or facts which, on completion of the transactions contemplated by this Agreement, would restrict or interfere with the use of any personal information by Melior in the operation of its business as conducted by Ranchero before the Effective Time. There are no claims pending or, to the knowledge of Ranchero, threatened, with respect to Ranchero's collection, use or disclosure of personal information.

### **3.2 Representations and Warranties of Melior**

Melior hereby represents and warrants to Ranchero, and hereby acknowledges that Ranchero is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Amalgamation, as follows:

- (a) Organization. Melior has been incorporated and validly exists under the laws of the jurisdiction of its incorporation or continuation and is in good standing under applicable corporate laws and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted. Melior is registered, licensed or otherwise qualified in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Melior.
- (b) Subsidiaries. Melior is the registered and beneficial owner of all the issued and outstanding shares of Melior Newco. Except for the Australian Subsidiaries and Melior Newco, Melior does not beneficially own, or exercise control or direction over voting securities of any company and does not own any securities or, have any interest in, any joint venture entity or other Person. Melior Newco was formed solely for the purposes of effecting the Amalgamation and has never conducted any business activities.
- (c) Capitalization. Melior is authorized to issue an unlimited number of Melior Common Shares and an unlimited number of Melior Preferred Shares. As of the date of this Agreement, there were 29,901,770 Melior Common Shares outstanding and no Melior Preferred Shares outstanding. Except as disclosed in the Melior Public Documents, the Pala Debt, and pursuant to this Agreement and the transactions contemplated hereby, as of the date hereof, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Melior to issue or sell any shares of Melior or any securities or obligations of any kind convertible into or exchangeable for any shares of Melior. All outstanding Melior Common Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Melior, except for the Pala Debt. There are no outstanding contractual obligations of Melior to repurchase, redeem or otherwise acquire any outstanding Melior Common Shares or with respect to the voting or disposition of any outstanding Melior Common Shares.
- (d) Authority. Melior has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Melior as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement by Melior and the completion by Melior of the transactions contemplated by this Agreement have been authorized by the Melior Board and no other corporate proceedings on the part of Melior are necessary to authorize this Agreement or the completion by Melior of the transactions contemplated hereby, other than the approval to the Melior Newco Resolution, the approval or written consent of Melior Shareholders to the Melior Consolidation, approval by the TSXV to the Filing Statement and the filing of the Amalgamation Application with the Registrar. This Agreement has been executed and delivered by Melior and constitutes a legal, valid and binding obligation of Melior, enforceable against Melior in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Melior

of this Agreement and the performance by it of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (i) result in a violation, contravention or breach or constitute a default under, or entitle any Party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
  - (A) the articles or notice of articles of Melior;
  - (B) any Applicable Laws or rule or policy of the TSXV (except that the approval of the TSXV, which is required for the completion by Melior of the transactions contemplated hereby, will be applied for by Melior but has not been obtained as of the date hereof, and except that the approval to the Melior Newco Resolution and the approval or written consent of Melior Shareholders to the Melior Consolidation, which are required for the completion by Melior of the transactions contemplated hereby, will be sought by Melior but have not been obtained as of the date hereof); or
  - (C) any credit arrangement, note, bond, mortgage, indenture, deed of trust, lease, franchise, concession, easement, contract, agreement, licence, permit or other instrument to which Melior is bound or is subject to or of which Melior is the beneficiary;

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Melior;

- (ii) cause any indebtedness owing by Melior or the Melior Subsidiaries to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Melior;
- (iii) result in the imposition of any Encumbrance upon any of the property or assets of Melior or give any Person the right to acquire any of Melior's assets, or restrict, hinder, impair or limit the ability of Melior to conduct the business of Melior as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Melior; or
- (iv) result in or accelerate the time for payment or vesting of, or increase the amount of any severance, unemployment compensation, "golden parachute", change of control provision, bonus, termination payments, retention bonus or otherwise, becoming due to any director or officer of Melior or increase any benefits otherwise payable under any pension or benefits plan of Melior or result in the acceleration of the time of payment or vesting of any such benefits.

No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by Melior in connection with the execution and delivery of this Agreement or the consummation by Melior of the transactions contemplated hereby other than:

- (i) filings required under the BCBCA;
  - (ii) filings with and approvals required by the Securities Authorities and stock exchanges (including the approval referred to in Section 3.2(d)(i)(B)); and
  - (iii) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Melior.
- (e) Directors' Approvals. The Melior Board has unanimously:
- (i) determined that the Amalgamation is in the best interests of Melior;
  - (ii) authorized Melior to consent to the Melior Newco Resolution; and
  - (iii) authorized the entering into of this Agreement, and the performance of Melior's and Melior Newco's obligations hereunder.
- (f) Contracts. Each of the Material Contracts to which Melior is a party constitutes a valid and legally binding obligation of Melior, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles) and copies of each such Material Contract have been provided to Ranchero.
- (g) Waivers, Consents. Other than a waiver from Pala required pursuant to the terms of the Pala Debt, there are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of Melior.
- (h) No Defaults. Except for part of the Pala Debt, in respect of which Melior and Pala have entered into a standstill agreement valid until April 30, 2021, Melior is not in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Melior, under any credit arrangement, note, bond, mortgage, indenture, deed of trust, lease, franchise, concession, easement, Contract of Melior, agreement, licence, permit or other instrument that is material to the conduct of the business of Melior to which it is a party or by which it is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on Melior. Except for Pala, no party to any Contract of Melior has given written notice to Melior of, or made a claim against Melior, with respect to any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on Melior.
- (i) Absence of Changes. Except as disclosed in the Melior Public Documents, since June 30, 2020:
- (i) Melior has conducted its business only in the ordinary and regular course of business consistent with past practice;
  - (ii) Melior has not incurred or suffered a Material Adverse Change;

- (iii) there has not been any acquisition or sale by Melior of any material property or assets thereof;
  - (iv) there has not been any incurrence, assumption or guarantee by Melior of any debt for borrowed money, any creation or assumption by Melior of any Encumbrance, any making by Melior of any loan, advance or capital contribution to or investment in any other Person or any entering into, amendment of, relinquishment, termination or non-renewal by Melior of any contract, agreement, licence, lease transaction, commitment or other right or obligation that would, individually or in the aggregate, have a Material Adverse Effect on Melior;
  - (v) Melior has not declared or paid any dividends or made any other distribution in respect of any of the Melior Common Shares;
  - (vi) Melior has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Melior Common Shares;
  - (vii) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or modification of the compensation payable by Melior to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement made to, for or with any of such directors, officers, employees or consultants;
  - (viii) Melior has not effected any material change in its accounting methods, principles or practices, other than as disclosed in the Melior Financial Statements; and
  - (ix) Melior has not adopted any, or amended any, collective bargaining agreement, bonus, pension, profit-sharing, stock purchase, stock option or other benefit plan or shareholder rights plan.
- (j) Employment Agreements. Melior:
- (i) is not a party to any written or oral policy, agreement, obligation or understanding providing for retention bonuses, severance or termination payments to, or any employment or consulting agreement with any director or officer of Melior that would be triggered by Melior entering into this Agreement or the completion of the Amalgamation;
  - (ii) does not have any employee or consultant whose employment or contract with Melior that cannot be terminated by Melior in accordance with the provisions of such employment or consultant contract following the completion of the Amalgamation; and
  - (iii) (A) is not a party to any collective bargaining agreement;  
(B) is not, to the knowledge of Melior, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement; or

- (C) is not subject to any current, or to the knowledge of Melior, pending or threatened strike or lockout.
- (k) Financial Matters. Each of the audited financial statements of Melior for the years ended June 30, 2020, 2019 and 2018 the respective notes thereto (collectively, the “**Melior Financial Statements**”) were prepared in accordance with IFRS consistently applied, and fairly present in all material respects the financial condition of Melior at the respective dates indicated and the results of operations of Melior for the periods covered. Except as disclosed in the Melior Financial Statements, as of the date hereof Melior does not have any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, or any related party transactions or off-balance sheet transactions not reflected in the Melior Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business since June 30, 2020, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on Melior.
- (l) Books and Records. The corporate records and minute books of Melior have been maintained in accordance with all Applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on Melior. Financial books and records and accounts of Melior, in all material respects:
- (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
  - (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of Melior; and
  - (iii) accurately and fairly reflect the basis for the Melior Financial Statements.
- (m) Litigation. Except with respect to the Australian Subsidiaries, there is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Melior threatened against or relating to Melior or affecting its properties or assets before any Governmental Entity which individually or in the aggregate has, or could reasonably be expected to have, a Material Adverse Effect on Melior, and Melior is not aware of any existing ground on which any such claim, action, proceeding or investigation might be commenced with any reasonable likelihood of success. Except with respect to the Australian Subsidiaries, there is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Melior, threatened against or relating to Melior before any Governmental Entity. Neither Melior nor any of its properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of Melior or any of the Melior to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Agreement, except to the extent any such matter would not, individually or in the aggregate, have a Material Adverse Effect on Melior.
- (n) Title to Properties and Operational Matters. Melior has no material property or assets, except as set forth in the Melior Financial Statements.

- (o) Expenses and Obligations. Melior has no obligations or commitments to incur any expenses of any sort whatsoever from the date hereof until completion of the Amalgamation, other than general administrative expenses consistent with past practice and expenses related to the completion of the Amalgamation.
- (p) Insurance. Melior maintains policies of insurance in amounts and in respect of such risks as are normal and usual for companies of a similar size and business and such policies are in full force and effect as of the date hereof.
- (q) Tax Matters. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Melior:
  - (i) Melior has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Entity and has, in all material respects, completely and correctly reported all income and all other amounts or information required to be reported thereon;
  - (ii) Melior has:
    - (A) duly and timely paid all Taxes due and payable by it;
    - (B) duly and timely withheld all Taxes and other amounts required by Applicable Laws to be withheld by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Applicable Laws to be remitted by it; and
    - (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by Applicable Laws to be remitted by it;
  - (iii) the charges, accruals and reserves for Taxes reflected on the Melior Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are, in the opinion of Melior, adequate under IFRS, as applicable, to cover Taxes with respect to Melior accruing through the date hereof;
  - (iv) there are no proceedings, investigations, audits, assessments, reassessments or claims now pending or to the knowledge of Melior, threatened against Melior that propose to assess Taxes in addition to those reported in the Tax Returns; and
  - (v) no waiver of any statutory limitation period with respect to Taxes has been given or requested with respect to Melior.
- (r) Pension and Employee Benefits. Melior has complied, in all material respects with all of the terms of the pension and other employee compensation and benefit obligations

of Melior, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Melior, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Melior.

- (s) Reporting Status. Melior is a reporting issuer in good standing in the provinces of British Columbia, Alberta, Manitoba and Ontario. The Melior Common Shares are listed on the TSXV and Melior is in material compliance with the rules and regulations of the TSXV.
- (t) Reports. To the knowledge of Melior, since June 30, 2020, Melior has filed with the Securities Authorities, all applicable self-regulatory authorities and the TSXV, a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it, including the Melior Public Documents. The Melior Public Documents, at the time filed or, if amended, as of the date of such amendment:
  - (i) did not contain any Misrepresentation; and
  - (ii) complied in all material respects with the requirements of Applicable Laws and the rules, policies and instruments of all Securities Authorities or stock exchange or other self-regulatory authority having jurisdiction over Melior except where such non-compliance has not had or would not reasonably be expected to have a Material Adverse Effect on Melior.

Melior has not filed any confidential material change or other report or other document with any Securities Authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential.

- (u) Compliance with Laws. Melior has complied with and is not in violation of any Applicable Laws other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Melior.
- (v) No Cease Trade. Other than the halt on the trading of the Melior Common Shares on the TSXV pursuant to TSXV policies, Melior is not subject to any cease trade or other order of any applicable stock exchange or Securities Authority and, to the knowledge of Melior, no investigation or other proceedings involving Melior that may operate to prevent or restrict trading of any securities of Melior are currently in progress or pending before any applicable stock exchange or Securities Authority.
- (w) Certain Contracts. Melior is not a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree that purports to:
  - (i) limit the manner or the localities in which all or any material portion of the business of Melior is conducted;
  - (ii) limit any business practice of Melior in any material respect; or



- (iii) restrict any acquisition or disposition of any property by Melior in any material respect.
- (x) No Broker's Commission. Except as disclosed in writing to Ranchero, Melior has not entered into any agreement that would entitle any Person to any valid claim against Melior for a broker's commission, finder's fee or any like payment in respect of the Amalgamation or any other matter contemplated by this Agreement.
- (y) Shares. The Melior Post-Consolidation Shares to be issued pursuant to the Amalgamation will, upon issue, be issued as fully paid and non-assessable shares free and clear of all Encumbrances and, subject to the approval of the TSXV and any escrow requirements or resale restrictions imposed thereby, listed for trading on the TSXV.
- (z) U.S. Securities Law Matters.
  - (i) Melior is a "foreign issuer" within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest in the Melior Common Shares.
  - (ii) Melior is not now, and is not registered, or required to be registered, as an "investment company" as defined in the 1940 Act.
  - (iii) Except with respect to offers and sales to Accredited Investors who are in the United States in reliance upon the exemption from the registration requirements of the 1933 Act provided by Rule 506(b) of Regulation D thereunder and Section 4(a)(2) thereof, neither Melior nor any of its Affiliates, nor any person acting on its or their behalf, has made or will make:
    - (A) any offer to sell, or any solicitation of an offer to buy, any Melior Common Shares to any person in the United States; or
    - (B) any sale of Melior Common Shares unless, at the time the buy order was or will have been originated, the purchaser is (i) outside the United States or (ii) Melior, its Affiliates, and any person acting on their behalf reasonably believe that the purchaser is outside the United States.
  - (iv) None of Melior, any of its Affiliates or any person acting on its or their behalf has made or will make any Directed Selling Efforts in the United States with respect to the Melior Common Shares or has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D), including advertisements, articles, notices or other communications published in any newspaper, magazine, or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising in connection with the offer or exchange of the Melior Common Shares in the United States.
  - (v) Except with respect to the offer of the Melior Common Shares contemplated herein, Melior has not, for a period of six months prior to the date hereof, sold, offered for sale or solicited any offer to buy any of its securities in the United States.

- (vi) With respect to the offer and sale of the Melior Post-Consolidation Shares pursuant to the terms of this Agreement, none of Melior, any of its predecessors, any affiliated entity of Melior, any director or executive officer of Melior, any other officer of Melior participating in the offering of the Melior Post-Consolidation Shares hereunder, any general partner or managing member of Melior, any beneficial owner of 20% or more of Melior's outstanding voting equity securities, calculated on the basis of voting power, or any promoter connected with Melior in any capacity at the time of sale of the Melior Post-Consolidation Shares hereunder is subject to any of the "Bad Actor" disqualifications provisions described in Rule 506(d) under the 1933 Act. Melior has not paid and will not pay, nor is it aware of any other person that has paid or will pay, directly or indirectly, any remuneration to any person for solicitation of votes in favor of the Ranchero Shareholder Resolution.
- (aa) No Shareholdings in Ranchero. Melior does not, legally or beneficially, own, directly or indirectly, any securities of Ranchero and does not have any right, agreement or obligation to purchase any securities of Ranchero or any securities or obligations of any kind convertible into or exchangeable for any securities of Ranchero, except as otherwise set out in this Agreement.
- (bb) Shareholder Approval. The only approval of the holders of any class or series of securities of Melior that may be necessary to approve this Agreement, the Amalgamation and the transactions contemplated hereby or thereby is by Melior Shareholders, if required pursuant to the policies and rules of the TSXV.
- (cc) Restrictions on Business Activities. Except to the extent that Melior must comply with the policies of the TSXV and Applicable Laws and otherwise pursuant to the Pala Debt, Melior is not a party to or bound or affected by any commitment, agreement or document which would prohibit or restrict Melior from entering into and completing the transactions contemplated pursuant to this Agreement.
- (dd) Right to Use Personal Information. All personal information in the possession of Melior has been collected, used and disclosed in compliance with all Applicable Laws in those jurisdictions in which Melior, or Melior is deemed by operation of law in those jurisdictions, to conduct its business. Melior has disclosed to Ranchero all contracts and facts concerning the collection, use, retention, destruction and disclosure of personal information, and there are no other contracts, or facts which, on completion of the transactions contemplated by this Agreement, would restrict or interfere with the use of any personal information by Melior in the operation of its business as conducted by Melior before the Effective Time. There are no claims pending or, to the knowledge of Melior, threatened, with respect to Melior's collection, use or disclosure of personal information.

### **3.3 Survival of Representations and Warranties**

No investigation by or on behalf of any Party prior to the execution of this Agreement will mitigate, diminish or affect the representations and warranties made by the other Parties. The representations and warranties of the Parties contained in this Agreement will not survive the completion of the Amalgamation and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 3.3 will not limit any covenant or agreement of any

of the Parties, which, by its terms, contemplates performance after the Effective Time or the date on which this Agreement is terminated, as the case may be.

## **ARTICLE 4 COVENANTS**

### **4.1 Covenants of Ranchero**

Ranchero hereby covenants and agrees with Melior as follows:

- (a) Ranchero Shareholder Approval. Ranchero shall use commercially reasonable efforts to obtain, in a timely manner prior to the Effective Date, all necessary shareholder approvals required to complete the transactions contemplated hereunder. In connection with obtaining the Ranchero Shareholder Approval, Ranchero shall notify each Ranchero Shareholder resident in or otherwise subject to the laws of the United States of the following:
  - (i) the Melior Post-Consolidation Shares issued in connection with the Amalgamation (A) have not been and will not be registered under the 1933 Act or any applicable securities laws of any state of the United States, (B) are being offered and sold under the Amalgamation by Melior pursuant to exemptions from the registration requirements of the 1933 Act, including Rule 506(b) of Regulation D and Section 4(a)(2) thereof, and in accordance with similar exemptions from all applicable securities laws of any state of the United States, (C) are or will be “restricted securities” as defined in Rule 144 under the 1933 Act, and the certificates or electronic statements representing such Melior Post-Consolidation Shares will bear a restrictive legend restricting the transfer of the securities under applicable United States federal and state securities laws, and (D), and the holders may dispose of the Melior Post-Consolidation Shares only pursuant to an effective registration statement under the 1933 Act or an exemption from the registration requirements of the 1933 Act and, in each case, in accordance with any applicable securities laws of any state of the United States. Melior is not obligated to file and has no present intention of filing with the SEC or with any state securities administrator any registration statement in respect of resales of the Melior Post-Consolidation Shares in the United States. Accordingly, holders of the Melior Post-Consolidation Shares may be required to hold the Melior Post-Consolidation Shares indefinitely; and
  - (ii) Melior:
    - (A) is not obligated to remain a “foreign issuer” within the meaning of Regulation S under the 1933 Act;
    - (B) may not, at the time the Melior Post-Consolidation Shares are resold or otherwise transferred by it or at any other time, be a foreign issuer; and
    - (C) may engage in one or more transactions that could cause Melior not to be a foreign issuer.
- (b) Copy of Documents. Ranchero shall furnish promptly to Melior a copy of any filing under any Applicable Laws and any dealings or communications with any

Governmental Entity or Securities Authority in connection with, or in any way affecting, the transactions contemplated by this Agreement.

- (c) Certain Actions Prohibited. Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement or as otherwise permitted pursuant to this Agreement, Ranchero and Paika shall not, without the prior written consent of Melior, which consent shall not be unreasonably withheld or delayed, directly or indirectly do or permit to occur any of the following prior to the Effective Date:
- (i) issue, issue, sell, grant, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, grant, pledge, lease, dispose of, or encumber or create any Encumbrance on any shares of Ranchero or Paika, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of Ranchero or Paika, other than the issue of securities pursuant to the Concurrent Financing and the Ranchero Consulting Agreement;
  - (ii) incur or commit to incur in any debt, except in the ordinary and regular course of business, or to finance its working capital requirements, or as otherwise contemplated in connection with the transactions contemplated in this Agreement;
  - (iii) declare or pay any dividends or distribute any of its property or assets to shareholders with respect to the Ranchero Common Shares or shares of Paika;
  - (iv) enter into any material contracts, other than in the ordinary and regular course of business, in connection with the Amalgamation or as otherwise contemplated herein;
  - (v) alter or amend its notice of articles or articles, other than as may be required in connection with the transactions contemplated herein;
  - (vi) engage in any business enterprise or other activity different from that carried on or contemplated as of the date hereof;
  - (vii) other than pursuant to the terms of property acquisitions or in the ordinary and regular course of business, sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any of its assets;
  - (viii) redeem, purchase or offer to purchase any of Ranchero Common Shares or shares of Paika; or
  - (ix) acquire, directly or indirectly, any assets, including but not limited to securities of other companies, other than in the ordinary and regular course of business.

- (d) Certain Actions. Ranchero shall:
- (i) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification), inconsistent with the provisions of this Agreement or that would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that could reasonably be expected to render, any representation or warranty made by Ranchero in this Agreement untrue or inaccurate in any material respect at any time on or before the Effective Date if then made or that would or could have a Material Adverse Effect on Ranchero; and
  - (ii) promptly notify Melior of:
    - (A) any Material Adverse Change or Material Adverse Effect, or any change, event, occurrence or state of facts that could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of Ranchero;
    - (B) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated);
    - (C) any breach by Ranchero of any covenant or agreement contained in this Agreement; and
    - (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Ranchero contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect.
- (e) Satisfaction of Conditions. Ranchero shall use commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
- (i) obtain the Ranchero Shareholder Approval in accordance with the provisions of the BCBCA and the requirements of any applicable regulatory authority;
  - (ii) obtain all other consents, approvals and authorizations as are required to be obtained by Ranchero under any Applicable Laws or from any Governmental Entity that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on Ranchero;
  - (iii) obtain all other consents, approvals and authorizations from third parties as are required to be obtained by Ranchero that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on Ranchero;

- (iv) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the transactions contemplated by this Agreement and participate and appear in any proceedings of any Party hereto before any Governmental Entity;
  - (v) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to enjoin or delay, or otherwise adversely affecting the ability of the Parties hereto to consummate, the transactions contemplated hereby, subject to the Ranchero Board determining in good faith after receiving advice from outside legal counsel (which may include written opinions or advice) that taking such action would be inconsistent with the fiduciary duties of such directors under Applicable Laws, and provided that, immediately upon receipt of such advice, Ranchero advises Melior in writing that it has received such advice and provides written details thereof to Melior;
  - (vi) fulfill all conditions and satisfy all provisions of this Agreement and the Amalgamation required to be fulfilled or satisfied by Ranchero; and
  - (vii) co-operate with Melior in connection with the performance by it of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Ranchero to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement;
- (f) Keep Fully Informed. Subject to Applicable Laws, Ranchero shall use commercially reasonable efforts to conduct itself so as to keep Melior fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business.
- (g) Co-operation. Ranchero shall make, or cooperate as necessary in the making of, all necessary filings and applications under all Applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Applicable Laws. Ranchero agrees to provide Melior such additional information and documentation (including the Technical Report and financial statements of Ranchero) as Melior or its counsel may reasonably request in connection with its efforts to obtain the approval of the TSXV to the transactions contemplated by the terms of this Agreement and use all commercially reasonable efforts to assist Melior with its efforts to obtain such approval.
- (h) Representations. Ranchero shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Ranchero contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (i) Closing Documents. Ranchero shall execute and deliver, or cause to be executed and delivered, at the closing of the transactions contemplated hereby such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by Melior, all in form satisfactory to Melior, acting reasonably.
- (j) Concurrent Financing. Ranchero agrees to use commercially reasonable efforts to pursue and complete the Concurrent Financing prior to the Effective Time.

- (k) Escrow Requirements. Ranchero acknowledges that the TSXV may require some or all of the Melior Post-Consolidation Shares issued pursuant to Section 2.1 herein, to be held in escrow pursuant to the requirements of the TSXV or Applicable Laws. Ranchero further acknowledges that these escrowed Melior Post-Consolidation Shares will be held in escrow and released, over time, as determined by the TSXV. Ranchero agrees to take all commercially reasonable action necessary to obtain the agreement of each securityholder whose Melior Post-Consolidation Shares are required to be placed in escrow pursuant to this Section, to comply with the requirements of this Section. In particular, Ranchero will use commercially reasonable efforts to obtain the agreement of the Mazon Shareholders to place their Melior Post-Consolidation Shares in escrow pursuant to the requirements of the TSXV.
- (l) Accredited Investors. Ranchero will obtain executed copies of the Accredited Investor Certificate from each Ranchero Shareholder that is a U.S. Person.
- (m) Shares. Subject to the completion of the Concurrent Financing, Ranchero will issue, prior to the Effective Time, Ranchero Common Shares issuable upon conversion of and in accordance with the terms of the Subscription Receipts, to subscribers of Subscription Receipts in the Concurrent Financing;
- (n) Directors' and Officers' Insurance and Indemnification. Ranchero hereby covenants and agrees that, unless prohibited by Applicable Laws, all rights to indemnification or exculpation in favour of the current and former directors and officers of Melior provided in the current articles of Melior, and any directors' and officers' insurance now existing in favour of the directors or officers of Melior shall survive the completion of the transactions contemplated herein (or be replaced with substantially equivalent coverage from another provider of at least equivalent standing to the current provider) and shall continue in full force and effect (either directly or via run-off insurance or insurance provided by an alternative provider of at least equivalent standing to the current provider) for a period of not less than six years from the Effective Date and the Parties undertake to ensure that this covenant shall remain binding upon its successors and assigns.

## 4.2 Covenants of Melior

Melior hereby covenants and agrees with Ranchero as follows:

- (a) TSXV Approval. Melior shall use its commercially reasonable efforts to obtain the necessary approval of the TSXV to the transactions contemplated by the terms of this Agreement.
- (b) Copy of Documents. Melior shall furnish promptly to Ranchero a copy of any filing under any Applicable Laws and any dealings or communications with any Governmental Entity, Securities Authority or stock exchange in connection with, or in any way affecting, the transactions contemplated by this Agreement.
- (c) Certain Actions Prohibited. Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement or as otherwise permitted pursuant to this Agreement, Melior shall not, without the prior written consent of

Ranchero, which consent shall not be unreasonably withheld or delayed, directly or indirectly do or permit to occur any of the following prior to the Effective Date:

- (i) issue, sell, grant, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, grant, pledge, lease, dispose of, or encumber or create any Encumbrance on any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of Melior, except that prior to the Effective Time Melior may issue Melior Common Shares to a third party in respect of a finder's fee payable in connection with the Amalgamation and issue Melior Common Shares to Pala upon conversion of some or all of the Pala Debt provided that such Melior Common Shares will be included in the total number of Melior Common Shares held by Pre-Amalgamation Melior Shareholders when determining the ratio for the Melior Consolidation;
  - (ii) incur or commit to incur any debt, other than ordinary course trade payables, which, for the avoidance of doubt, includes salaries pursuant to the consulting agreements between Melior and each of Jonathan Mattiske and Martyn Buttenshaw;
  - (iii) declare or pay any dividends or distribute any of its properties or assets to shareholders with respect to the Melior Common Shares;
  - (iv) enter into material contracts, other than in connection with the Amalgamation or as otherwise contemplated herein;
  - (v) alter or amend its notice of articles or articles, other than as may be required in connection with the transactions contemplated herein;
  - (vi) engage in any business enterprise or other activity different from that carried on or contemplated as of the date hereof;
  - (vii) other than as contemplated herein, sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any of its assets;
  - (viii) redeem, purchase or offer to purchase any of the Melior Common Shares or other securities; or
  - (ix) acquire, directly or indirectly, any assets, including but not limited to securities of other companies, other than in the ordinary and regular course of business.
- (d) Certain Actions. Melior shall:
- (i) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification), inconsistent with the provisions of this Agreement or that would reasonably be expected to materially impede the completion of the transactions contemplated hereby or would render, or that could reasonably be expected to render, any representation or warranty made by Melior in this Agreement untrue or inaccurate



in any material respect at any time on or before the Effective Date if then made or that would or could have a Material Adverse Effect on Melior; and

- (ii) promptly notify Ranchero of:
  - (A) any Material Adverse Change or Material Adverse Effect, or any change, event, occurrence or state of facts that could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of Melior;
  - (B) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated);
  - (C) any development with respect to the liquidation of the Australian Subsidiaries or the settlement of the Pala Debt;
  - (D) any breach by Melior of any covenant or agreement contained in this Agreement; and
  - (E) any event occurring subsequent to the date hereof that would render any representation or warranty of Melior contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect.
- (e) Satisfaction of Conditions. Melior shall use commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
  - (i) obtain any approval of Melior Shareholders required in accordance with the rules and policies of the TSXV;
  - (ii) obtain all other consents, approvals and authorizations as are required to be obtained by Melior under any Applicable Laws or from any Governmental Entity or under the rules or policies of the TSXV that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on Melior;
  - (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any Party hereto before any Governmental Entity;
  - (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to enjoin or delay, or otherwise adversely affecting the ability of the Parties hereto to consummate, the transactions contemplated

hereby, subject to the Melior Board determining in good faith after receiving advice from outside legal counsel (which may include written opinions or advice) that taking such action would be inconsistent with the fiduciary duties of such directors under Applicable Laws, and provided that, immediately upon receipt of such advice, Melior advises Ranchero in writing that it has received such advice and provides written details thereof to Ranchero;

- (v) fulfill all conditions and satisfy all provisions of this Agreement and the Amalgamation required to be fulfilled or satisfied by Melior; and
  - (vi) co-operate with Ranchero in connection with the performance by Ranchero of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Melior to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement.
- (f) Pala Debt and Pala Advisory Services Agreement. Melior shall use its commercially reasonable efforts to settle the Pala Debt and terminate the Pala Advisory Services Agreement prior to the Effective Date such that, as of the Effective Time, Melior will not have any outstanding any indebtedness, liabilities or obligations, secured or unsecured (whether absolute, accrued, contingent or otherwise) owing to Pala. For greater certainty, nothing herein will restrict Melior from issuing equity or other securities to Pala, provided that such securities will be included in the total number of Melior Common Shares held by Pre-Amalgamation Melior Shareholders when determining the ratio for the Melior Consolidation.
- (g) Australian Subsidiaries. Melior shall use its commercially reasonable efforts to complete the liquidation of the Australian Subsidiaries or alternatively transfer its equity interests in the Australian Subsidiaries to third parties or otherwise dispose of its interests in the Australian Subsidiaries pursuant to insolvency proceedings under Australian law such that, as of the Effective Time, the Australian Subsidiaries will no longer be subsidiaries of Melior and Melior will not have any interest in, liabilities or obligations with respect to the Australian Subsidiaries.
- (h) Keep Fully Informed. Subject to Applicable Laws, Melior shall use commercially reasonable efforts to conduct itself so as to keep Ranchero fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business.
- (i) Co-operation. Melior shall make, or cooperate as necessary in the making of, all necessary filings and applications under all Applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Applicable Laws.
- (j) Representations. Melior shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Melior contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (k) Closing Documents. Melior shall execute and deliver, or cause to be executed and delivered, at the closing of the transactions contemplated hereby such customary

agreements, certificates, opinions, resolutions and other closing documents as may be required by Ranchero, all in form satisfactory to Ranchero, acting reasonably.

- (l) Melior Newco. In its capacity as the sole shareholder of Melior Newco, Melior shall:
  - (i) take all such action as is necessary or desirable to cause Melior Newco to satisfy its obligations hereunder, including without limitation, passing the Melior Newco Resolution in the form attached hereto as Schedule B, on or prior to the Effective Date, or such other date as may be agreed to by Ranchero and Melior, acting reasonably;
  - (ii) prior to the Effective Date, not cause or permit Melior Newco to issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of Melior Newco Shares to Melior, or carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein or as reasonably necessary to carry out the Amalgamation, unless previously consented to in writing by Ranchero; and
  - (iii) after the Effective Date, cause Amalco to satisfy any obligations which Amalco may have to a Ranchero Shareholder who exercises Dissent Rights.
- (m) Escrow Requirements. Melior agrees to take all commercially reasonable action necessary to obtain the agreement of Pala to place their Melior Post-Consolidation Shares in escrow pursuant to the requirements of the TSXV in respect of the Amalgamation.
- (n) Shares. Melior will issue, at the Effective Time, Melior Post-Consolidation Shares, in accordance with the terms hereof, to those Ranchero Shareholders who are entitled to receive Melior Post-Consolidation Shares pursuant to the Amalgamation.
- (o) Listing of Shares. Until the earlier of:
  - (i) the Effective Time; and
  - (ii) the termination of this Agreement in accordance with Section 6.2,

Melior shall use its commercially reasonable efforts to ensure that the Melior Common Shares are continuously listed and posted for trading on the TSXV (it being expressly acknowledged that the trading of the Melior Common Shares has been halted upon the announcement of the proposed transaction with Ranchero).

- (p) Change to Directors and Officers of Melior. Prior to completion of the Amalgamation, Melior shall use commercially reasonable efforts to obtain duly executed resignations and releases in favour of Melior in the form and substance satisfactory to Ranchero, acting reasonably, from each director and officer of Melior who will no longer be serving in such capacity or capacities following completion of the Amalgamation such that upon the Effective Date, the Melior Board will have been re-organized to consist of Travis Miller, Gustavo Mazon, Steven Ristorcelli and William Pincus. Upon the Effective Date, the officers of Melior will resign and there will be appointed in their

place as officers of Melior such individuals as Ranchero shall designate, including William Pincus as the President and Chief Executive Officer of Melior.

- (q) Replacement Options. Melior will take any and all action required to ensure that from and after the Effective Time each Ranchero Compensation Option which is outstanding at the Effective Time is, at the Effective Time, exchanged for a new Melior Replacement Option to acquire Melior Post-Consolidation Shares at the Exchange Ratio.

#### 4.3 Mutual Covenants of Melior and Ranchero

- (a) Completion of Amalgamation. Each of the Parties agrees that, it shall complete the Amalgamation on the date that is seven (7) Business Days following the filing of the Filing Statement on SEDAR, or such date as the Parties may mutually agree to and prior to the Completion Deadline.

At the Effective Time, Melior shall use commercially reasonable efforts to cause the Melior Board to approve resolutions to:

- (i) accept the resignations from the directors and officers of Melior that will no longer be serving in such capacity following the completion of the Amalgamation;
  - (ii) change the composition of the Melior Board such that it will be comprised of the directors specified in Section 4.2(p); and
  - (iii) appoint officers of Melior as Ranchero shall designate.
- (b) Confidential Information. Each of the Parties agrees that any information as to the other Party's financial condition, business, properties, title, assets and affairs (including any material contracts) received from the other Party as part of its due diligence investigations in connection with the transactions contemplated in this Agreement, including information which, at the time of receipt had not become generally available to the public, was not available to a Party or its representatives on a non-confidential basis before the date of the Letter Agreement or does not become available to a Party or its representatives on a non-confidential basis from a person who is not, to the knowledge of the Party or its representatives, otherwise bound by confidentiality obligations to the provider of such information or otherwise prohibited from transmitting the information to the Party or its representatives ("**confidential information**") will be kept confidential by such Party for a period of two years from the date hereof. Prior to releasing any confidential information, Melior or Ranchero, as applicable, may require the recipient of the confidential information to enter into a mutually acceptable confidentiality agreement. No confidential information may be released to third parties without the written consent of the provider thereof, except that the Parties hereto agree that they will not unreasonably withhold such consent to the extent that such confidential information is compelled to be released by legal process or must be released to regulatory bodies and/or included in public documents. The provisions of this Section 4.3(b) shall survive the termination of this Agreement.
- (c) Public Statements. Each of the Parties will advise the other Party, in advance of any public statement which they propose to make in respect of the Amalgamation,

provided that no Party shall be prevented from making any disclosure statement which is required to be made by Applicable Laws or any rule of a stock exchange or a similar organization to which it is bound.

- (d) Exclusive Dealing. Other than as contemplated herein, each Party covenants and agrees with the other Party that, until the termination of this Agreement in accordance with Section 6.2, it will not, without prior written consent of the other Party, directly or indirectly :
- (i) initiate, solicit, cause, facilitate, incur submissions, or participate in any (confidential or otherwise) offer, proposal, enquiries or expression of interest to sell any of its securities or assets to a third party;
  - (ii) except with regard to the Amalgamation, pursue any other material amalgamation, merger, arrangement, business combination or sale of assets or make any other material change to its business, capital or affairs; or
  - (iii) conduct any activity otherwise materially detrimental to the Amalgamation.

Notwithstanding the foregoing, nothing herein will restrict the Parties from taking such actions as may be required in order to discharge their obligations pursuant to applicable corporate laws.

## **ARTICLE 5 CONDITIONS**

### **5.1 Mutual Conditions in Favour of Melior and Ranchero**

The respective obligations of Ranchero and Melior to complete the transactions contemplated herein are subject to the fulfillment of the following conditions at or before the Effective Time or such other time as is specified below:

- (a) the Ranchero Shareholder Approval shall have been obtained in accordance with the provisions of the BCBCA and the requirements of any applicable regulatory authority;
- (b) Melior shall have obtained any approval of the Melior Shareholders required pursuant to the rules and policies of the TSXV;
- (c) Melior, as the sole holder of Melior Newco Shares, shall have signed the Melior Newco Resolution;
- (d) Ranchero shall have completed the Concurrent Financing;
- (e) Melior shall have terminated the Bear Mountain Agreement;
- (f) Melior shall have terminated the Advisory Services Agreement;
- (g) Melior shall have completed the Melior Consolidation;
- (h) Melior shall have completed the Name Change;
- (i) Melior shall have settled the Pala Debt pursuant to Section 4.2(f);

- (j) Ranchero shall have completed all financial statements, including pro forma financial statements, required in order to complete the Amalgamation, in such form satisfactory to both the TSXV and Melior, acting reasonably;
- (k) Ranchero shall have completed and delivered the Technical Report in such form satisfactory to both the TSXV and Melior, acting reasonably;
- (l) Ranchero shall have passed a resolution as sole shareholder of Paika to reconstitute the board of directors of Paika to include Gustavo Mazon, Ricardo Mazon, and Jesus Noriega, and shall have protocolized the consent resolutions or minutes of shareholder meeting in connection thereto, as applicable, before a notary public or public attester and recorded such resolutions or minutes at the Public Registry of Property and Commerce of Mexico City;
- (m) Paika shall be registered with the National Registry of Foreign Investment and the Information System of Mexican Entrepreneurs and any applicable late filing fees in respect thereof shall have been paid;
- (n) the Filing Statement shall have been approved by the TSXV;
- (o) the Amalgamation shall have been conditionally approved by the TSXV, and the TSXV shall have conditionally approved for listing on the TSXV all of the Melior Post-Consolidation Shares issuable to Ranchero Shareholders pursuant to the Amalgamation on terms and conditions acceptable to each of the Parties, acting reasonably;
- (p) each of the Parties as required by the TSXV, and Pala and the Mazon Shareholders, shall have entered into an escrow agreement upon the terms and conditions imposed pursuant to the policies of the TSXV;
- (q) the distribution of the Melior Post-Consolidation Shares pursuant to the Amalgamation shall be exempt from prospectus and registration requirements under Applicable Laws of Canada and, except with respect to persons deemed to be “control persons” of Melior under Applicable Laws, such Melior Post-Consolidation Shares shall not be subject to any resale restrictions in Canada under Applicable Laws, other than TSXV escrow and seed share matrix resale restrictions; and
- (r) the distribution of the Melior Post-Consolidation Shares pursuant to the Amalgamation to the Ranchero Shareholders resident in or subject to the laws of the United States shall be exempt from the registration requirements of the 1933 Act and in accordance with all applicable securities laws of any state of the United States.

The foregoing conditions are for the mutual benefit of the Parties and may be waived by mutual consent of Melior and Ranchero in writing at any time. No such waiver shall be of any effect unless it is in writing signed by both Parties. If any of such conditions shall not be complied with or waived as aforesaid on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, any Party may terminate this Agreement by written notice to the other Party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by such terminating Party.

## 5.2 Conditions in Favour of Ranchero

The obligation of Ranchero to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) as at the Effective Time, the Melior Board will have been restructured as set out in Section 4.2(p);
- (b) the Australian Subsidiaries shall have been liquidated or transferred pursuant to Section 4.2(g);
- (c) immediately prior to the Effective Time, Melior will have no payables (less cash) other than ordinary course trade payables and management and director fees not to exceed \$230,000 in aggregate and any expenses incurred by Melior in connection with the Amalgamation, provided that, for greater certainty, expenses incurred by Melior in connection with the insolvency proceedings in Australia and the disposition or winding-up of the Australian Subsidiaries shall not constitute expenses in connection with the Amalgamation;
- (d) Melior shall have procured duly executed resignations and releases in favour of Melior effective at the Effective Time from each director and officer of Melior who will no longer be serving in such capacity or capacities following completion of the Amalgamation;
- (e) immediately prior to the Effective Time, there shall be no more than 7,875,000 Melior Post-Consolidation Shares outstanding;
- (f) Melior shall meet the public distribution requirements of the TSXV, such that immediately after the Effective Time, Melior shall have at least 200 Public Shareholders each holding at least one Board Lot of Melior Post-Consolidation Shares with no Resale Restrictions (as “Public Shareholders,” “Board Lot” and “Resale Restrictions” are defined in the policies of the TSXV) on such Board Lot Melior Post-Consolidation Shares;
- (g) the consulting agreements between Melior and each of Jonathan Mattiske and Martyn Buttenshaw shall have been terminated with proper notice such that Melior will have no further indebtedness or obligations owing to these individuals other than the indebtedness and obligations already incurred up to the Effective Time, which for greater certainty, will not include any termination or severance payments or any similar liability;
- (h) the representations and warranties made by Melior in this Agreement that are qualified by the expression “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Melior in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and

warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not either individually or in the aggregate, in the reasonable judgment of Ranchero, have a Material Adverse Effect on Melior, and Melior shall have provided to Ranchero a certificate of one officer thereof certifying such accuracy or lack of Material Adverse Effect on the Effective Date. No representation or warranty made by Melior hereunder shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect are disclosed or referred to, or provided for, or stated to be exceptions under this Agreement;

- (i) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of Melior;
- (j) Melior Newco shall not have engaged in any business enterprise or other activity or had any assets or liabilities;
- (k) Melior shall have complied in all material respects with its covenants herein and Melior shall have provided to Ranchero a certificate of one officer thereof, certifying that, as of the Effective Date, it has so complied with their covenants herein; and
- (l) the Melior Board and Melior Newco shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Melior and Melior Newco to permit the consummation of the Amalgamation and the transactions to be completed by Melior and Melior Newco pursuant to the terms of this Agreement.

The foregoing conditions are for the benefit of Ranchero and may be waived, in whole or in part, by Ranchero in writing at any time. No such waiver shall be of any effect unless it is in writing signed by Ranchero. If any of such conditions shall not be complied with or waived by Ranchero on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, Ranchero may terminate this Agreement by written notice to Ranchero in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Ranchero.

### **5.3 Conditions in Favour of Melior**

The obligation of Melior to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) the representations and warranties made by Ranchero in this Agreement that are qualified by the expression “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Ranchero in this Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not either, individually or in the aggregate, in the reasonable judgment of Melior, have a Material Adverse Effect on Ranchero, and Ranchero shall have



provided to Melior a certificate of two officers thereof certifying such accuracy or lack of Material Adverse Effect on the Effective Date. No representation or warranty made by Ranchero hereunder shall be deemed not to be true and correct if the facts or circumstances that make such representation or warranty untrue or incorrect are disclosed or referred to, or provided for, or stated to be exceptions under this Agreement;

- (b) Pre-Amalgamation Melior Shareholders will hold approximately 12.25% of the issued outstanding Melior Post-Consolidation Shares (on a full-diluted basis) immediately following the Effective Time;
- (c) Ranchero shall have delivered duly executed copies of the Accredited Investor Certificates to Melior;
- (d) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of Ranchero;
- (e) Ranchero Shareholders holding no more than 10% of the outstanding Ranchero Common Shares shall have validly exercised Dissent Rights (and not withdrawn such exercise) and Melior shall have received a certificate dated the day immediately preceding the Effective Date of two senior executive officers of Ranchero to such effect;
- (f) Ranchero shall have complied in all material respects with its covenants herein and Ranchero shall have provided to Melior a certificate of one officer thereof certifying that, as of the Effective Date, Ranchero has so complied with its covenants herein; and
- (g) the Ranchero Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Ranchero to permit the consummation of the Amalgamation and the transactions to be completed by Ranchero pursuant to the terms of this Agreement.

The foregoing conditions are for the benefit of Melior and may be waived, in whole or in part, by Melior in writing at any time. No such waiver shall be of any effect unless it is in writing signed by Melior. If any of such conditions shall not be complied with or waived by Melior on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, Melior may terminate this Agreement by written notice to Ranchero in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Melior.

#### **5.4 Notice and Cure Provisions**

Each Party hereto shall give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, would be likely to or could:

- (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any respect on the date hereof or on the Effective Date;
- (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party on or before the Effective Date; or

- (c) result in the failure to satisfy any of the conditions precedent in favour of the other Party contained in Section 5.1, 5.2 or 5.3, as the case may be.

Subject as herein provided, a Party may:

- (a) elect not to complete the transactions contemplated hereby by virtue of any of the conditions for its benefit contained in Section 5.1, 5.2 or 5.3 not being satisfied or waived; or
- (b) exercise any termination right arising therefrom; provided, however, that:
  - (i) promptly and in any event prior to the Effective Date, the Party hereto intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail the breaches of covenants or untruthfulness or inaccuracy of representations and warranties or other matters that the Party delivering such notice is asserting as the basis for the exercise of the termination right, as the case may be; and
  - (ii) if any such notice is delivered, and a Party proceeds diligently, at its own expense, to cure such matter, if such matter is susceptible to being cured, the Party that has delivered such notice may not terminate this Agreement until the lesser of ten (10) days from the date of delivery of such notice and the number of days remaining before the earlier of the Effective Date and the Completion Deadline.

## **5.5 Merger of Conditions**

If no notice has been sent by either Party pursuant to Section 5.4 prior to the Effective Date, the conditions set out in Section 5.1, 5.2 or 5.3 shall be conclusively deemed to have been satisfied, fulfilled or waived as of the Effective Time.

## **ARTICLE 6 AMENDMENT AND TERMINATION**

### **6.1 Amendment**

This Agreement may, at any time and from time to time before or after the receipt of the Ranchero Shareholder Approval and the execution of the Melior Newco Resolution be amended by mutual written agreement of Melior and Ranchero without, subject to Applicable Laws, further notice to or authorization on the part of the Ranchero Shareholders and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the Parties hereto;
- (b) waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the Parties hereto; and
- (d) waive compliance with or modify any condition herein contained;

provided, however, that notwithstanding the foregoing, following the receipt of the Ranchero Shareholder Approval, the Exchange Ratio for the Melior Post-Consolidation Shares to be issued in exchange for Ranchero Common Shares shall not be amended without the approval of the Ranchero Shareholders given in the same manner as required for the approval of the Amalgamation.

## **6.2 Termination**

This Agreement may be terminated at any time prior to the Effective Time:

- (a) by mutual written agreement by Ranchero and Melior;
- (b) subject to Section 5.4:
  - (i) by Ranchero, if any condition in Section 5.2 is not satisfied or waived in accordance with such section;
  - (ii) by Melior, if any condition in Section 5.3 is not satisfied or waived in accordance with such section; or
  - (iii) by Ranchero or by Melior, if any of the conditions in Section 5.1 for the benefit of the terminating Party is not satisfied or waived in accordance with such Section 5.1;
- (c) subject to Section 5.4, by Melior if there is a material breach of the covenants of Ranchero contained herein by Ranchero or any of its directors, officers, employees, agents, consultants or other representatives, in each case, on or before the Effective Date;
- (d) subject to Section 5.4, by Ranchero if there is a material breach of the covenants of Melior contained herein by Melior or any of its directors, officers, employees, agents, consultants or other representatives, in each case, on or before the Effective Date; or
- (e) by Melior or by Ranchero if the Amalgamation shall not have been completed by the Completion Deadline,

provided that any termination by Melior or Ranchero in accordance with the paragraphs above shall be made by such Party delivering written notice thereof to the other Party prior to the earlier of the Effective Date and the Completion Deadline and specifying therein in reasonable detail the matter or matters giving rise to such termination right.

## **ARTICLE 7 GENERAL**

### **7.1 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party hereto shall be in writing and shall be delivered by hand to the Parties hereto to which the notice is to be given at the following address or sent by email transmission (with electronic confirmation of receipt) to the following numbers or to such other address or email address as shall be specified by a Party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by email

be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 5:00 p.m. (local time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the Parties hereto shall be as follows:

- (a) if to Ranchero:

Ranchero Gold Corp.

[REDACTED]

Attention: William Pincus

Email: [REDACTED]

with a copy (which shall not constitute notice) to:

Maxis Law Corporation

[REDACTED]

Attention: [REDACTED]

Email: [REDACTED]

- (b) if to Melior or Melior Newco:

Melior Resources Inc.  
Suite 2500 – 120 Adelaide Street West,  
Toronto, Ontario, M5H 1T1

Attention: Martyn Buttenshaw

Email: [REDACTED]

with a copy (which shall not constitute notice) to:

Morton Law LLP

[REDACTED]

Attention: [REDACTED]

Email: [REDACTED]

## 7.2 Remedies

The Parties hereto acknowledge and agree that an award of money damages may be inadequate for any breach of this Agreement by any Party hereto or its representatives and advisors and that such breach may cause the non-breaching Party hereto irreparable harm. Accordingly, the Parties hereto agree that, in the event of any such breach or threatened breach of this Agreement by one of the Parties hereto, Ranchero (if Melior is the breaching Party) or Melior (if Ranchero is the breaching Party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Subject to any other provision hereof, such remedies will not be the exclusive

remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the Parties hereto.

### **7.3 Expenses**

- (a) Ranchero will be solely responsible for all of its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, whether or not the Amalgamation is completed. Ranchero will be responsible for all costs associated with: (i) the preparation of the Technical Report; (ii) the preparation of any financial statements in respect of Ranchero and pro forma financial information of Melior; and (iii) any applicable TSXV fees to be paid in connection with the Amalgamation. Subject to Section 7.3(b), Melior will be solely responsible for all of its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby.
- (b) If this Agreement is terminated before the Effective Time, Ranchero will reimburse Melior for Melior's costs, expenses, disbursements and fees incurred in connection with this Agreement and the transactions contemplated hereby, except Melior will be responsible for all costs associated with: (i) the liquidation, transfer or disposal of the Australian Subsidiaries; (ii) receiving additional funding from Pala or other sources to support its funding needs; and (iii) terminating the Bear Mountain Agreement; (iv) issuing Melior Common Shares to Pala upon conversion of some or all of the Pala Debt; and (v) issuing Melior Common Shares to a third party in respect of finder's fees payable in connection with the Amalgamation. Notwithstanding the above, if the termination of this Agreement is caused by a material breach of this Agreement by Melior, Melior will solely be responsible for all of its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby.
- (c) Ranchero will reimburse or advance Melior (as required) for any applicable costs or expenses incurred by Melior within 10 business days of receipt of a written invoice from Melior specifying the applicable reasonable and documented out-of-pocket costs and expenses (including, without limitation, reasonable fees, disbursements and other charges of legal counsel and other professional advisers) incurred by Melior.

### **7.4 Time of the Essence**

Time shall be of the essence in this Agreement.

### **7.5 Entire Agreement**

This Agreement, together with the agreements and other documents herein or therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof, including the Letter Agreement. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein.

### **7.6 Further Assurances**

Each Party shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as

shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Amalgamation.

#### **7.7 Governing Law**

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia. The Parties hereto irrevocably attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

#### **7.8 Execution in Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by email or other functionally equivalent electronic means of transmission shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party hereto delivering an executed counterpart of the signature page to this Agreement by email or other functionally equivalent electronic means of transmission to any other Party hereto shall thereafter also promptly deliver a manually executed original counterpart of this Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

#### **7.9 Waiver**

No waiver or release by any Party hereto shall be effective unless in writing and executed by the Party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 6.1.

#### **7.10 No Personal Liability**

- (a) No director or officer of Ranchero shall have any personal liability whatsoever (other than in the case of fraud, gross negligence or wilful misconduct) to Melior under this Agreement or any other document delivered in connection with this Agreement or the Amalgamation by or on behalf of Ranchero.
- (b) No director or officer of Melior shall have any personal liability whatsoever (other than in the case of fraud, gross negligence or wilful misconduct) to Ranchero under this Agreement or any other document delivered in connection with this Agreement or the Amalgamation by or on behalf of Melior.

#### **7.11 Enurement and Assignment**

This Agreement shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns and shall be binding upon the Parties hereto and their respective successors. This Agreement may not be assigned by any Party hereto without the prior written consent of the other Parties hereto.

**[EXECUTION PAGE FOLLOWS]**

**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement as of the date first above written.

**MELIOR RESOURCES INC.**

Per: \_\_\_\_\_  
Authorized Signatory  
  
\_\_\_\_\_  
Name  
  
\_\_\_\_\_  
Title

**RANCHERO GOLD CORP.**

Per: \_\_\_\_\_  
Authorized Signatory  
  
\_\_\_\_\_  
Name  
  
\_\_\_\_\_  
Title

**1274169 B.C. LTD.**

Per: \_\_\_\_\_  
Authorized Signatory  
  
\_\_\_\_\_  
Name  
  
\_\_\_\_\_  
Title

## SCHEDULE A

### FORM OF RANCHERO RESOLUTION

**BE IT RESOLVED** as a special resolution that:

1. The amalgamation (the “**Amalgamation**”) under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Ranchero Gold Corp. (the “**Company**”), Melior Resources Inc. (“**Melior**”) and 1274169 B.C. Ltd., a wholly-owned subsidiary of Melior, pursuant to the terms and conditions contained in the amalgamation agreement (the “**Amalgamation Agreement**”) dated February 17, 2021 (as the same may be or has been modified or amended), is hereby authorized and approved.
2. The execution and delivery by the Company of the Amalgamation Agreement is hereby ratified, confirmed and approved, and the Amalgamation is hereby adopted.
3. Any officer or director of the Company is hereby authorized and directed, on behalf of the Company, to execute and deliver an amalgamation application to the registrar appointed under Section 400 of the BCBCA with respect to the Amalgamation.
4. Notwithstanding that this special resolution has been passed (and the Amalgamation Agreement adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further approval of the shareholders of the Company at any time prior to the issuance by the registrar under the BCBCA of a certificate of amalgamation in respect of the Amalgamation (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) not to proceed with Amalgamation to the extent permitted by the Amalgamation Agreement or otherwise give effect to these resolutions.
5. Any officer or director of the Company is hereby authorized and directed for and on behalf of and in the name of the Company to execute, under the seal of the Company or otherwise, and to deliver, all documents, agreements and instruments and to do all such other acts and things, including delivering such documents as are necessary or desirable to the registrar appointed under Section 400 of the BCBCA for filing in accordance with the Amalgamation Agreement, as such officer or director, in his absolute discretion, determines to be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or doing of any such act or thing.



## SCHEDULE B

### FORM OF MELIOR NEWCO RESOLUTION

**BE IT RESOLVED** as a special resolution that:

1. The amalgamation (the “**Amalgamation**”) under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Ranchero Gold Corp., Melior Resources Inc. (“**Melior**”) and 1274169 B.C. Ltd. (the “**Company**”), a wholly-owned subsidiary of Melior, pursuant to the terms and conditions contained in the amalgamation agreement (the “**Amalgamation Agreement**”) dated February 17, 2021 (as the same may be or has been modified or amended), is hereby authorized and approved.
2. The execution and delivery by the Company of the Amalgamation Agreement is hereby ratified, confirmed and approved, and the Amalgamation is hereby adopted.
3. Any officer or director of the Company is hereby authorized and directed, on behalf of the Company, to execute and deliver an amalgamation application to the registrar appointed under Section 400 of the BCBCA with respect to the Amalgamation.
4. Notwithstanding that this special resolution has been passed (and the Amalgamation Agreement adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further approval of the shareholders of the Company at any time prior to the issuance by the registrar under the BCBCA of a certificate of amalgamation in respect of the Amalgamation (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) not to proceed with Amalgamation to the extent permitted by the Amalgamation Agreement or otherwise give effect to these resolutions.
5. Any officer or director of the Company is hereby authorized and directed for and on behalf of and in the name of the Company to execute, under the seal of the Company or otherwise, and to deliver all documents, agreements and instruments and to do all such other acts and things, including delivering such documents as are necessary or desirable to the registrar appointed under Section 400 of the BCBCA for filing in accordance with the Amalgamation Agreement, as such officer or director, in his absolute discretion, determines to be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or doing of any such act or thing.

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**SCHEDULE C**

**FORM OF AMALGAMATION APPLICATION**

See Attached Document

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**SCHEDULE D**

**FORM OF ARTICLES OF AMALCO**

See Attached

**RANCHERO BC HOLDING CORP.**

(the “Company”)

*Incorporation number: BC*

The Company has as its articles the following articles.

| Full name and signature of a director or officer of the Company                                                                                                                                            | Date of signing   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| <hr/> <i>[Signature of Director or Officer]</i><br><u>William Pincus</u><br><i>[Please Print Full name of Director or Officer]</i><br><br><u>Director</u><br><i>[Please Print Relationship to Company]</i> | <hr/> _____, 2021 |

**ARTICLES**

(the “Articles”)

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## **1. INTERPRETATION**

### **1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (a) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (b) “*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;
- (c) “*Interpretation Act*” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) “legal personal representative” means the personal or other legal representative of the shareholder;
- (e) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register; and
- (f) “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:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) 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:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) 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, determined by the directors, which must not exceed the amount prescribed under the *Business Corporations Act*.

## **2.9 Recognition of Trusts**

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

## **2.10 Shares May be Uncertificated**

Notwithstanding any other provisions of this Part, the Company may, by resolution of the board of directors, provide that:

- (a) the shares of any or all of the classes and series of the Company's shares may be uncertificated shares; or
- (b) any specified shares may be uncertificated shares.

## **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:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (i) past services performed for the Company;
  - (ii) property;
  - (iii) money; and
- (b) 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:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) 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 or if such certificate has been lost, stolen or destroyed, the documents required under Article 2.6 have been provided to the Company; and
- (c) 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 or if such acknowledgement has

been lost, stolen or destroyed, the documents required under Article 2.6 have been provided 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:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) 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.

## **5.7 Definitions**

In this Article 5:

- (a) "designated security" means:
  - (i) a voting security of the Company;

- (ii) 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
- (iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph 5.7(a)(i) or 5.7(a)(ii);
- (b) “security” has the meaning assigned in the *Securities 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;
- (c) “voting security” means a security of the Company that:
  - (i) is not a debt security, and
  - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

## **5.8 Consent Required for Transfer of Shares or Designated Securities**

Notwithstanding any other provision of these Articles, while the Company is, or becomes, a company which is not a reporting issuer as defined in the *Securities Act* (*British Columbia*), 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.

## **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. ACQUISITION OF SHARES**

### **7.1 Company Authorized to Acquire Shares**

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

## **7.2 Acquisition When Insolvent**

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

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

## **7.3 Sale and Voting of Acquired Shares**

If the Company retains a share purchased, redeemed, 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:

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

## **8. BORROWING POWERS**

The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) 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;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) 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.

## **9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by resolution of the board of directors or by ordinary resolution, as determined by the board in its sole discretion:

- (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:
  - (i) decrease the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of the 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
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

The Company may, by resolution of the board of directors, authorize and cause the Company to alter its Notice of Articles and Articles, as applicable, to reflect any change in the authorized share structure of the Company pursuant to Article 9.1 or otherwise.

## **9.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued,

and alter its Notice of Articles and Articles accordingly.

## **9.2 No Alteration Without Class or Series Consent**

Notwithstanding anything else contained in this Part 9, no right or special right attached to issued shares may be prejudiced or interfered with unless the shareholders holding shares of the class or series of shares to which the right or special right is attached consent by a separate special resolution of those shareholders.

## **9.3 Change of Name**

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



#### **9.4 Other Alterations**

If the *Business Corporations Act* does not specify:

- (a) the type of resolution and these Articles do not specify another type of resolution, the Company may by resolution of the directors or by ordinary resolution authorize any act of the Company, including without limitation, an alteration of these Articles; or
- (b) the type of shareholders' resolution and these Articles do not specify another type of shareholders' resolution, the Company may by ordinary resolution authorize any act of the Company.

### **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 Location of Meetings of Shareholders**

The directors may, by directors' resolution, approve a location outside British Columbia for the holding of a meeting of shareholders of the Company.

#### **10.3 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 10.3, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

#### **10.4 Calling of Meetings of Shareholders**

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

#### **10.5 Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) while the Company is, or becomes, a public company, 21 days;
- (b) otherwise, 10 days.

#### **10.6 Notice of Dissent Rights**

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

- (a) while the Company is, or becomes, a public company, 21 days;
- (b) 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:

- (a) while the Company is, or becomes, a public company, 21 days;
- (b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. Pacific Standard Time 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. Pacific Standard Time 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:

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

## **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 Special Business**

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

- (a) 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;
- (b) at an annual general meeting, all business is special business except for the following:
  - (i) business relating to the conduct of or voting at the meeting;
  - (ii) consideration of any financial statements of the Company presented to the meeting;
  - (iii) consideration of any reports of the directors or auditor;
  - (iv) the setting or changing of the number of directors;
  - (v) the election or appointment of directors;
  - (vi) the appointment of an auditor;
  - (vii) the setting of the remuneration of an auditor;
  - (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
  - (ix) annual ratification of a rolling stock option plan pursuant to the requirements of the TSX Venture Exchange; and
  - (x) 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 and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares of the Company entitled to be voted at the meeting.

### **11.4 One Shareholder May Constitute Quorum**

If the Company has only one shareholder:

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

### **11.6 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present in person or by proxy 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:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) 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(b) 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:

- (a) the chair of the board, if any; or

- (b) 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 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 not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

### **11.17 Manner of Taking Poll**

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

- (a) the poll must be taken:
  - (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (ii) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) 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.

### **11.24 Meetings by Telephone or Other Communications Medium**

A shareholder or proxy holder who is entitled to participate in a meeting of shareholders may do so in person, or by telephone or other communications medium, if all shareholders and proxy holders participating in the meeting are able to communicate with each other; provided, however, that nothing in this Section shall obligate the Company to take any action or provide any facility to permit or facilitate the

use of any communications medium at a meeting of shareholders. If one or more shareholders or proxy holders participate in a meeting of shareholders in a manner contemplated by this Article 11.24:

- (a) each such shareholder or proxy holder shall be deemed to be present at the meeting; and
- (b) the meeting shall be deemed to be held at the location specified in the notice of the meeting.

## **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:

- (a) 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
- (b) 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:

- (a) 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
- (b) 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:

- (a) for that purpose, the instrument appointing a representative must:

- (i) 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
  - (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting; and
- (b) if a representative is appointed under this Article 12.5:
  - (i) 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
  - (ii) 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 12.14 do not apply to the Company if and for so long as it is:

- (a) a public company; or
- (b) 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 one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

#### **12.8 Alternate Proxy Holders**

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

#### **12.9 When Proxy Holder Need Not Be Shareholder**

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

- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;



- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

#### 12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (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, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) 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 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:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>(NAME OF COMPANY)</b><br>(the "Company")                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p>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.</p> <p>Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): _____</p> <p style="text-align: right; margin-right: 100px;">Signed [month, day, year]</p> <p style="text-align: right; margin-right: 100px;">_____<br/>[Signature of shareholder]</p> <p style="text-align: right; margin-right: 100px;">_____<br/>[Name of shareholder—printed]</p> |

#### 12.12 Revocation of Proxy

Subject to Article 12.13, every proxy may be revoked by an instrument in writing that is:

- (a) 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
- (b) provided, at the meeting, to the chair of the meeting.

### **12.13 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.12 must be signed as follows:

- (a) 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;
- (b) 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.

### **12.14 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:

- (a) 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
- (b) by the chair of the meeting, before the vote is taken.

### **12.15 Production of Evidence of Authority to Vote**

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

## **13. DIRECTORS**

### **13.1 First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (a) subject to paragraphs 13.1(b) and (c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is, or becomes, a public company, the greater of three and the most recent set of:
  - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

- (ii) the number of directors set under Article 14.4.
- (c) if the Company is, or becomes, a company which is not a public company the most recent set of:
  - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors set under Article 14.4.

### **13.2 Change in Number of Directors**

If the number of directors is set under Article 13.1(b)(i) or 13.1(c)(i):

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (b) 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 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 10.3:

- (a) 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
- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph 14.1(a), 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:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) 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
- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

### **14.3 Failure to Elect or Appoint Directors**

If:

- (a) 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 10.3, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.3, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (c) the date on which his or her successor is elected or appointed; and
- (d) 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 10.3, 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:

- (a) 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
- (b) 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(a), but is eligible for re-election or re-appointment.

#### **14.9 Ceasing to be a Director**

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company; or

- (d) 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:

- (a) 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;
- (b) 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;
- (c) 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;
- (d) 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:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;
- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) 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.

### **16.3 Setting Remuneration of the Auditor**

The directors, or if the directors delegate this responsibility to an audit committee of the directors, the audit committee, may from time to time determine the remuneration to be paid by the Company to the auditor, in such manner and upon such terms and conditions, as the directors or the audit committee, in their absolute discretion, may determine.

## **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 not have a second or casting vote.

#### **18.3 Chair of Meetings**

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

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director;  
or
- (c) any other director chosen by the directors if:
  - (i) 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;
  - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
  - (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

#### **18.4 Meetings by Telephone or Other Communications Medium**

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

#### **18.5 Calling of Meetings**

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

#### **18.6 Notice of Meetings**

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

#### **18.7 When Notice Not Required**

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

- (a) 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
- (b) 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 resolution of the directors and, if not so set, is deemed to be a majority of the directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

### **18.11 Validity of Acts Where Appointment Defective**

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

### **18.12 Consent Resolutions in Writing**

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

## **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:

- (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) 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:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph 19.2(a) any of the directors' powers, except:

- (i) the power to fill vacancies in the board of directors;
  - (ii) the power to remove a director;
  - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph 19.2(b) 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:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) 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:

- (a) 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;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

### **19.5 Committee Meetings**

Subject to Article 19.3(a) 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:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) 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;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) 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:

- (a) determine the functions and duties of the officer;
- (b) 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
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **20.3 Qualifications**

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

### **20.4 Remuneration and Terms of Appointment**

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

## **21. INDEMNIFICATION**

### **21.1 Definitions**

In this Article 21:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “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:
  - (i) is or may be joined as a party; or
  - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding; and

- (c) “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:

- (a) is or was a director, alternate director, officer, employee or agent of the Company;
- (b) 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;
- (c) 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;
- (d) 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. Pacific Standard Time 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:

- (a) set the value for distribution of specific assets;
- (b) 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
- (c) 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.

## **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:

- (a) mail addressed to the person at the applicable address for that person as follows:
  - (i) for a record mailed to a shareholder, the shareholder's registered address;
  - (ii) 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;
  - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
  - (i) for a record delivered to a shareholder, the shareholder's registered address;



- (ii) 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;
- (iii) in any other case, the delivery address of the intended recipient;
- (c) 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;
- (d) 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; and
- (e) 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 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:

- (a) mailing the record, addressed to them:
  - (i) 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
  - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph 24.5(a)(ii) 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. SEAL**

### **25.1 Who May Attest Seal**

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

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

### **25.2 Sealing Copies**

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

### **25.3 Mechanical Reproduction of Seal**

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

## **26. SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO COMMON SHARES**

The common shares of the Company shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) the holders of the common shares shall be entitled to receive notice of and attend all meetings of the shareholders of the Company and shall have one vote for each common share held at all meetings of the shareholder of the Company, except meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series;
- (b) subject to the prior rights of the holders of any other shares ranking senior to the common shares with respect to priority in the payment of dividends, the holders of common shares shall be entitled to receive dividends and the Company shall pay dividends thereon, as and when declared by the board of directors of the Company out of moneys properly applicable

to the payment of dividends, in such amount and in such form as the board of directors of the Company from time to time determine and all dividends which the board of directors of the Company may declare upon the common shares shall be declared and paid in equal amounts per share on all common shares at the time outstanding; and

- (c) in the event of dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company and its shareholders for the purpose of winding-up its affairs, subject to the prior rights of the holders of any other shares ranking senior to the common shares with respect to priority in the distribution of assets upon dissolution, liquidation, winding-up or distribution for the purpose of winding-up, the holders of the common shares shall be entitled to receive the remaining property and assets of the Company in equal amounts per share on all common shares at the time outstanding.

Telephone: 1 877 526-1526  
www.bcreg.ca

Mailing Address: PO Box 9431 Stn Prov Govt  
Victoria BC V8W 9V3

Courier Address: 200 – 940 Blanshard Street  
Victoria BC V8W 3E6

**DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at [www.corporateonline.gov.bc.ca](http://www.corporateonline.gov.bc.ca)**

***Freedom of Information and Protection of Privacy Act (FOIPPA):***  
Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Manager of Registries Operations at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

**A INITIAL INFORMATION** – *When the amalgamation is complete, your company will be a BC limited company.*

What kind of company(ies) will be involved in this amalgamation?

(Check all applicable boxes.)

☐

BC company

☐

BC unlimited liability company

**B NAME OF COMPANY** – *Choose one of the following:*

☐

The name \_\_\_\_\_ is the name reserved for the amalgamated company. The name reservation number is: \_\_\_\_\_,

**OR**

☐

The company is to be amalgamated with a name created by adding "B.C. Ltd." after the incorporation number,

**OR**

☐

The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

\_\_\_\_\_

The incorporation number of that company is: \_\_\_\_\_

*Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.*

**C AMALGAMATION STATEMENT** – *Please indicate the statement applicable to this amalgamation.*

☐

**With Court Approval:**

This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

**OR**

☐

**Without Court Approval:**

This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

**D AMALGAMATION EFFECTIVE DATE** – Choose **one** of the following:

☐ The amalgamation is to take effect at the time that this application is filed with the registrar.

YYYY / MM / DD

☐ The amalgamation is to take effect at 12:01a.m. Pacific Time on \_\_\_\_\_  
being a date that is not more than ten days after the date of the filing of this application.

YYYY / MM / DD

☐ The amalgamation is to take effect at \_\_\_\_\_ ☐ a.m. or ☐ p.m. Pacific Time on \_\_\_\_\_  
being a date and time that is not more than ten days after the date of the filing of this application.

**E AMALGAMATING CORPORATIONS**

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number.

If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

| NAME OF AMALGAMATING CORPORATION | BC INCORPORATION NUMBER, OR<br>EXTRAPROVINCIAL REGISTRATION<br>NUMBER IN BC | FOREIGN<br>CORPORATION'S<br>JURISDICTION |
|----------------------------------|-----------------------------------------------------------------------------|------------------------------------------|
| 1.                               |                                                                             |                                          |
| 2.                               |                                                                             |                                          |
| 3.                               |                                                                             |                                          |
| 4.                               |                                                                             |                                          |
| 5.                               |                                                                             |                                          |

**F FORMALITIES TO AMALGAMATION**

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

☐ This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

**G CERTIFIED CORRECT** – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

| NAME OF AUTHORIZED SIGNING AUTHORITY FOR<br>THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY<br>FOR THE AMALGAMATING CORPORATION | DATE SIGNED<br>YYYY / MM / DD |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------|
| 1.                                                                       | X                                                                             |                               |
| NAME OF AUTHORIZED SIGNING AUTHORITY FOR<br>THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY<br>FOR THE AMALGAMATING CORPORATION | DATE SIGNED<br>YYYY / MM / DD |
| 2.                                                                       | X                                                                             |                               |
| NAME OF AUTHORIZED SIGNING AUTHORITY FOR<br>THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY<br>FOR THE AMALGAMATING CORPORATION | DATE SIGNED<br>YYYY / MM / DD |
| 3.                                                                       | X                                                                             |                               |
| NAME OF AUTHORIZED SIGNING AUTHORITY FOR<br>THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY<br>FOR THE AMALGAMATING CORPORATION | DATE SIGNED<br>YYYY / MM / DD |
| 4.                                                                       | X                                                                             |                               |
| NAME OF AUTHORIZED SIGNING AUTHORITY FOR<br>THE AMALGAMATING CORPORATION | SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR<br>THE AMALGAMATING CORPORATION | DATE SIGNED<br>YYYY / MM / DD |
| 5.                                                                       | X                                                                             |                               |

## NOTICE OF ARTICLES

### A NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.

### B TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada.

### C DIRECTOR NAME(S) AND ADDRESS(ES)

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME

FIRST NAME

MIDDLE NAME

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

LAST NAME

FIRST NAME

MIDDLE NAME

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

LAST NAME

FIRST NAME

MIDDLE NAME

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LAST NAME

FIRST NAME

MIDDLE NAME

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

**D REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE

PROVINCE

POSTAL CODE

**BC**

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE

PROVINCE

POSTAL CODE

**BC****E RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE

PROVINCE

POSTAL CODE

**BC**

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE

PROVINCE

POSTAL CODE

**BC****F AUTHORIZED SHARE STRUCTURE**

| Identifying name of class<br>or series of shares | Maximum number of shares of this<br>class or series of shares that the company<br>is authorized to issue, or indicate there is<br>no maximum number. |                                           | Kind of shares of this class<br>or series of shares. |                                |                     | Are there special rights<br>or restrictions attached<br>to the shares of this class or<br>series of shares? |           |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------|--------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------|-----------|
|                                                  | THERE IS NO<br>MAXIMUM<br>(✓)                                                                                                                        | MAXIMUM NUMBER<br>OF SHARES<br>AUTHORIZED | WITHOUT<br>PAR VALUE<br>(✓)                          | WITH A PAR<br>VALUE OF<br>(\$) | Type of<br>currency | YES<br>(✓)                                                                                                  | NO<br>(✓) |
|                                                  |                                                                                                                                                      |                                           |                                                      |                                |                     |                                                                                                             |           |
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