

**AMALGAMATION AGREEMENT**

**among**

**KAROO EXPLORATION CORP.**

**and**

**BRUIN POINT ENERGY LIMITED**

**and**

**1131663 B.C. LTD.**

**Dated as of September 12, 2017**

# AMALGAMATION AGREEMENT

THIS AGREEMENT made the 12th day of September, 2017.

AMONG:

**KAROO EXPLORATION CORP.** a corporation existing under the British Columbia *Business Corporations Act*

(“**Karoo**”)

AND:

**BRUIN POINT ENERGY LIMITED**, a corporation existing under the British Columbia *Business Corporations Act*

(“**Bruin Point**”)

AND:

**1131663 B.C. LTD.**, a corporation existing under the British Columbia *Business Corporations Act*

(“**Newco**”)

**WHEREAS:**

- A. Karoo and Bruin Point propose to complete a business combination by way of an amalgamation under the provisions of the BCBCA (as hereinafter defined) of Bruin Point and Newco, a wholly-owned subsidiary of Karoo;
- B. Karoo and Bruin Point have previously entered into a non-binding letter agreement dated July 19, 2017 (the “**Letter Agreement**”) establishing the general terms for the business combination; and
- C. Pursuant to the Letter Agreement, Karoo and Bruin Point agreed to negotiate, in good faith, a definitive agreement respecting such business combination, all of which are set forth 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) “**1933 Act**” means the United States *Securities Act of 1933*, as amended;
- (b) “**1940 Act**” means the United States *Investment Company Act of 1940*, as amended;
- (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**” means the company resulting from the amalgamation of Bruin Point and Newco pursuant to the Amalgamation;
- (f) “**Amalco Shares**” means the common shares in the capital of Amalco;
- (g) “**Amalgamating Corporations**” means Bruin Point and Newco;
- (h) “**Amalgamation**” means the amalgamation of Bruin Point and 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) “**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;
- (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) “**BCBCA**” means the British Columbia *Business Corporations Act*;
- (l) “**Bruin Point**” shall have the meaning ascribed thereto on the first page of this Agreement;
- (m) “**Bruin Point Board**” means the board of directors of Bruin Point;
- (n) “**Bruin Point Common Shares**” means the authorized common shares in the capital of Bruin Point, as presently constituted;
- (o) “**Bruin Point Financial Statements**” shall have the meaning ascribed thereto in Section 3.1(j) of this Agreement;
- (p) “**Bruin Point Financing**” means a private placement financing to be completed by Bruin Point prior to the Effective Date pursuant to which Bruin Point will issue at least 9,200,000 Bruin Point Common Shares for aggregate gross proceeds of at least \$2,300,000;
- (q) “**Bruin Point Finder Warrants**” means the common share purchase warrants of Bruin Point to be issued to finders in connection with the Bruin Point Financing, which will entitle the holders thereof to purchase an aggregate of up to 736,000 Bruin Point Common Shares at a purchase price of \$0.25 per share over a period of 24 months from the date of issuance of the respective Bruin Point Finder Warrants.
- (r) “**Bruin Point Options**” means those outstanding options of Bruin Point outstanding immediately prior to the Effective Time which entitle the holders to purchase Bruin Point Common Shares;

- (s) “**Bruin Point Properties and Assets**” has the meaning ascribed thereto in Section 3.1(m) of this Agreement;
- (t) “**Bruin Point Resolution**” means the special resolution of the Bruin Point Shareholders approving the Amalgamation and this Agreement substantially in the form attached hereto as Schedule A;
- (u) “**Bruin Point Shareholder Approval**” means the approval of the Bruin Point Shareholders in respect of the Bruin Point Resolution;
- (v) “**Bruin Point Shareholders**” means, at any time, the holders of outstanding Bruin Point Common Shares;
- (w) “**Bruin Point Subsidiary**” means Bruin Point Energy Corp., a wholly-owned subsidiary of Bruin Point incorporated pursuant to the laws of the State of Nevada;
- (x) “**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 are open for business;
- (y) “**Carbon County Project**” means the 12 Federal oil and gas leases totalling 17,767.04 acres in south-central Carbon County, Utah in which Bruin Point Subsidiary holds 100% working interest in;
- (z) “**Completion Deadline**” means the latest date by which the transactions contemplated by this Agreement are to be completed, which date shall be November 30, 2017 or such later date as the Parties may mutually agree;
- (aa) “**Contract**” means any note, mortgage, indenture, non-governmental permit or license, franchise, lease or other contract, agreement, commitment or arrangement binding upon Bruin Point (or Bruin Point Subsidiary) or Karoo (or any Karoo Subsidiaries), as the case may be;
- (bb) “**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 Karoo Common Shares and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Karoo Common Shares;
- (cc) “**Dissent Rights**” means the rights of dissent of Bruin Point Shareholders in respect of the Bruin Point Resolution under section 272 of the BCBCA;
- (dd) “**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;
- (ee) “**Effective Time**” means the earliest moment on the Effective Date or such other time on the Effective Date as the Parties hereto may agree in writing;

- (ff) “**Encumbrance**” means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, 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;
- (gg) “**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;
- (hh) “**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;
- (ii) “**Filing Statement**” means the filing statement, and any amendments thereof, of Karoo in connection with the Amalgamation to be prepared in accordance with TSXV Form 3D2 - “*Information Required in a Filing Statement for a Reverse Takeover or Change of Business*” and submitted to the TSXV;
- (jj) “**Former Bruin Point Shareholders**” means the holders of Bruin Point Common Shares immediately prior to the Effective Time;
- (kk) “**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;
- (ll) “**IFRS**” means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, as amended from time to time;
- (mm) “**Karoo**” shall have the meaning ascribed thereto on the first page of this Agreement;
- (nn) “**Kalulu Option Agreement**” means the Kalulu Option Agreement dated August 9, 2012, as amended March 13, 2017, between Karoo and Tanzania Minerals Corp., whereby Karoo has the option to purchase a 100% interest in certain mineral property claims in the Kalulu region of Tanzania;
- (oo) “**Karoo Board**” means the board of directors of Karoo;
- (pp) “**Karoo Common Shares**” means the authorized common shares in the capital of Karoo as presently constituted;

- (qq) “**Karoo Consolidation**” means the Consolidation of the Karoo Common Shares on the basis of 13.5 Karoo Common Shares for one Karoo Post-Consolidation Share;
- (rr) “**Karoo Debt**” means the aggregate outstanding debt of Karoo in the amount of approximately \$300,000 as of the date hereof;
- (ss) “**Karoo Financial Statements**” shall have the meaning ascribed thereto in Section 3.2(j);
- (tt) “**Karoo Finder’s Fee Shares**” means an aggregate of 880,000 Karoo Post-Consolidation Shares to be issued to an arm’s length finder on the Effective Date as a finder’s fee in connection with the Amalgamation;
- (uu) “**Karoo Option Plan**” means the stock option plan of Karoo;
- (vv) “**Karoo Post-Consolidation Shares**” means the Karoo Common Shares after giving effect to the Karoo Consolidation;
- (ww) “**Karoo Properties and Assets**” has the meaning ascribed thereto in Section 3.2(n) of this Agreement;
- (xx) “**Karoo Public Documents**” means the public documents filed by Karoo and available on SEDAR under Karoo’ SEDAR profile;
- (yy) “**Karoo Replacement Options**” shall have the meaning ascribed thereto in Section 2.1(c)(v);
- (zz) “**Karoo Replacement Warrants**” shall have the meaning ascribed thereto in Section 2.1(c)(iv);
- (aaa) “**Karoo Subsidiaries**” means collectively U3o8 Exploration Limited, a wholly-owned subsidiary of Karoo incorporated pursuant to the laws of Tanzania; 0977949 BC Ltd., a wholly-owned subsidiary of Karoo incorporated pursuant to the laws of the Province of British Columbia; and Newco, a wholly-owned subsidiary of Karoo incorporated pursuant to the laws of the Province of British Columbia;
- (bbb) “**Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities;
- (ccc) “**Letter Agreement**” shall have the meaning ascribed thereto on the first page of this Agreement;
- (ddd) “**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 Subsidiaries on a consolidated basis;

- (eee) “**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 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 and/or any of its Subsidiaries;
  - (ii) changes in the United States and Canadian economies in general or the United States and Canadian capital or currency markets in general;
  - (iii) the threat, commencement, occurrence or continuation of any war, armed hostilities, acts of environmental groups, civil strife, or acts of terrorism;
  - (iv) any change in applicable Laws or in the interpretation thereof by any Governmental Entity;
  - (v) any change in IFRS;
  - (vi) any natural disaster;
  - (vii) any change in the price of gold;
  - (viii) any change relating to foreign currency exchange rates; or
  - (ix) changes affecting the mining industry generally,

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;

- (fff) “**Material Contracts**” means all Contracts or other obligations or rights (and all amendments, modifications and supplements thereto and all side letters to which Bruin Point (or Bruin Point Subsidiary) or Karoo (or any Karoo Subsidiaries), as the case may be, is a party affecting the obligations of any party thereunder) to which Bruin Point (or Bruin Point Subsidiary) or Karoo (or any Karoo Subsidiaries), 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 Bruin Point or Karoo (or any Karoo Subsidiaries), 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 Bruin Point (or Bruin Point Subsidiary) or Karoo (or any Karoo Subsidiaries), 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 Bruin Point (or Bruin

- Point Subsidiary) or Karoo (or any Karoo Subsidiaries), 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 Bruin Point (or Bruin Point Subsidiary) or Karoo (or any Karoo Subsidiaries), 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 Bruin Point (or Bruin Point Subsidiary) or Karoo (or any Karoo Subsidiaries), 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 Bruin Point (or Bruin Point Subsidiary) or Karoo (or any Karoo Subsidiaries), 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 Bruin Point (or Bruin Point Subsidiary) or Karoo (or any Karoo Subsidiaries), as the case may be, in excess of \$25,000 per annum;
- (ggg) “**Name Change**” means the change of name of Karoo to “Bruin Point Helium Corp.” or such similar name as agreed to by the Parties;
- (hhh) “**Newco**” shall have the meaning ascribed thereto on the first page of this Agreement;
- (iii) “**Newco Resolution**” means the special resolution of Newco, to be authorized by Karoo in its capacity as the sole holder of the Newco Shares approving the Amalgamation and this Agreement substantially in the form attached hereto to Schedule B;
- (jjj) “**Newco Shares**” means common shares in the capital of Newco;
- (kkk) “**Party**” shall mean, as the context requires, either Karoo, Bruin Point or Newco and “**Parties**” shall mean all of them;
- (lll) “**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;
- (mmm) “**Registrar**” means the registrar appointed under section 400 of the BCBCA;
- (nnn) “**Regulation D**” means Regulation D adopted by the SEC under the 1933 Act;
- (ooo) “**Regulation S**” means Regulation S adopted by the SEC under the 1933 Act;

- (ppp) “**SEC**” means the United States Securities and Exchange Commission;
- (qqq) “**Securities Authorities**” means the securities commissions and/or other securities regulatory authorities in the provinces and territories of Canada;
- (rrr) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval;
- (sss) “**Subsidiary**” has that meaning as set out in section 2(2) of the BCBCA;
- (ttt) “**Substantial U.S. Market Interest**” means substantial U.S. market interest as that term is defined in Regulation S;
- (uuu) “**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;
- (vvv) “**Tax Act**” means the *Income Tax Act* (Canada), as amended and the regulations thereunder, as amended;
- (www) “**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;
- (xxx) “**TSXV**” means the TSX Venture Exchange; and
- (yyy) “**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

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 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 Karoo” or “to the knowledge of Bruin Point” are used in respect of Karoo or Bruin Point, 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 Karoo, the actual knowledge of management of Karoo after appropriate inquiries and investigations; and
- (b) in the case of Bruin Point, the actual knowledge of management of Bruin Point after appropriate inquiries and investigations.

### **1.10 Meaning of Certain Phrase**

In this Agreement the phrase “in the ordinary and regular course of business” shall mean and refer to those activities that are normally conducted by corporations engaged in the exploration of minerals.

### **1.11 Schedules**

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

- Schedule A - Form of Bruin Point Resolution
- Schedule B - Form of Newco Resolution
- Schedule C - Form of Amalgamation Application
- Schedule D - Form of Articles of Amalco

## **ARTICLE 2 THE AMALGAMATION**

### **2.1 Terms of Amalgamation**

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

- (a) at or prior to the Effective Time:
  - (i) Karoo will complete the Karoo Consolidation and Name Change and will sign, as the sole holder of the Newco Shares, the Newco Resolution; and
  - (ii) the Bruin Point Shareholders will approve the Bruin Point Resolution;
- (b) at the Effective Time, Newco and Bruin Point shall amalgamate and continue as one company, being Amalco, pursuant to the provisions of Section 269 of the BCBCA;
- (c) at the Effective Time:
  - (i) all of the Bruin Point Common Shares outstanding immediately prior to the Effective Time shall be cancelled, and holders of Bruin Point Common Shares outstanding immediately prior to the Effective Time, other than Karoo and Newco, shall receive, subject to subsection 2.1(e) hereof, in exchange for their Bruin Point Common Shares so cancelled, that number of consolidated Karoo Post-Consolidation Shares equal to the number of Bruin Point Common Shares so cancelled. Neither Karoo nor Newco shall receive any repayment of capital in respect of any Bruin Point Common Shares held by them that are cancelled pursuant to this subsection 2.1(c)(i);
  - (ii) all of the common shares of Newco outstanding immediately prior to the Effective Time shall be cancelled and replaced with an equal number of common shares of Amalco issued by Amalco;
  - (iii) as consideration for the issuance of Karoo Post-Consolidation Shares pursuant to the Amalgamation, Amalco shall issue to Karoo one common share of Amalco for each Karoo Post-Consolidation Share issued; and

- (iv) each Bruin Point Finder Warrant outstanding immediately prior to the Effective Time will be exchanged for a common share purchase warrant issued by Karoo (each a “Karoo Replacement Warrant”) to purchase that number of Karoo Post-Consolidation Shares equal to the number of Bruin Point Common Shares subject to the Bruin Point Finder Warrants immediately before the Effective Time at an exercise price per Karoo Post-Consolidation equal to the exercise price per Bruin Point Common Share under such Bruin Point Finder Warrant immediately before the Effective Time; and
- (v) each Bruin Point Option outstanding immediately prior to the Effective Time will be exchanged for an option issued by Karoo pursuant to the Karoo Option Plan (each a “Karoo Replacement Option”) to purchase that number of Karoo Post-Consolidation Shares equal to the number of Bruin Point Common Shares subject to the Bruin Point Options immediately before the Effective Time at an exercise price per Karoo Post-Consolidation Share equal to the exercise price per Bruin Point Common Share under such Bruin Point Option immediately before the Effective Time;
- (d) 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 Bruin Point and 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 Bruin Point and Newco; and
  - (ii) Amalco will be a wholly-owned subsidiary of Karoo; and
- (e) no fractional Karoo Post-Consolidation Shares will be issued under the Amalgamation. Where the aggregate number of Karoo Post-Consolidation Shares to be issued to any Former Bruin Point Shareholders under the Amalgamation would result in a fraction of a Karoo Post-Consolidation Share being issuable, the number of Karoo Post-Consolidation Shares to be issued to such holder shall be rounded down to the next whole number, and no cash or other consideration shall be paid or payable in lieu of such fraction of a Karoo Post-Consolidation Share.

## **2.2 Effective Date**

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

## **2.3 Closing**

Unless this Agreement is terminated pursuant to the provisions hereof, Karoo, Newco and Bruin Point shall meet at the offices of Axium Law Corporation, Suite 910 – 800 West Pender Street, Vancouver, British Columbia at 10:00 a.m., Vancouver time, on the Business Day prior to the Effective Date, or at such other time, date or place as they may mutually agree upon, and each of them shall deliver to the other Parties and Newco, as the case may be:

- (a) the documents required or contemplated to be delivered by it hereunder in order to complete, or necessary or reasonably requested to be delivered by it by the other Parties in order to effect, the Amalgamation, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the Amalgamation becoming effective; and

- (b) written confirmation as to the satisfaction or waiver of all of the conditions in its favour contained in Article 5 hereof.

## **2.4 Amalgamation Application**

Subject to the rights of termination contained in Article 6 hereof, upon obtaining the Bruin Point Shareholder Approval, upon Karoo signing the Newco Resolution, as the sole holder of Newco Shares and the other conditions contained in Article 5 hereof being satisfied or waived, Bruin Point and Newco shall jointly file the Amalgamation Application, which shall be substantially in the form attached hereto as Schedule D, 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 by the Parties 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.

The name of Amalco shall be “Bruin Point Energy Limited”.

## **2.5 Registered Office of Amalco**

The address of the registered and records office of Amalco shall be Suite 1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

## **2.6 Authorized Capital of Amalco**

Amalco shall be authorized to issue an unlimited number of common shares (being the Amalco Shares). At the Effective Time, the capital account in the records of Amalco for the Amalco Shares shall be equal to the capital attributed to the Bruin Point Common Shares (other than any Bruin Point Common Shares held by Karoo or Newco) and the Newco Shares.

## **2.7 Initial Directors of Amalco**

The first directors of Amalco shall be the persons whose names and business addresses appear below:

<b>Name</b>	<b>Address</b>	<b>Resident Canadian</b>
David Sidoo	1305 – 1090 West Georgia Street, Vancouver, BC V6E 3V7	Yes
Lawrence Pemble	1305 – 1090 West Georgia Street, Vancouver, BC V6E 3V7	No
Frank Jacobs	1305 – 1090 West Georgia Street, Vancouver, BC V6E 3V7	Yes
Nick DeMare	1305 – 1090 West Georgia Street, Vancouver, BC V6E 3V7	Yes

## **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 one (1) director of Amalco referred to in section 2.7 hereof.

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

The Karoo Post-Consolidation Shares issued to the Former Bruin Point 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 of the 1933 Act. Each certificate representing the Karoo 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 “1933 ACT”) OR UNDER ANY STATE SECURITIES LAWS AND ARE “RESTRICTED SECURITIES” AS THAT TERM IS DEFINED IN RULE 144 UNDER THE 1933 ACT. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF BRUIN POINT HELIUM CORP. (THE “ISSUER”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT AND IN COMPLIANCE WITH APPLICABLE UNITED STATES STATE LAWS AND REGULATIONS AND APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE 1933 ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE ISSUER AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER TO SUCH EFFECT.”

## **2.10 Consultation**

Karoo and Bruin Point 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 Karoo and Bruin Point 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 Effecting the Amalgamation**

Subject to the rights of termination contained in Article 6, upon obtaining the Bruin Point Shareholder Approval, Karoo signing the Newco Resolution, as the sole holder of the Newco shares and the other conditions contained in Article 5 being complied with or waived, Bruin Point and Newco shall file with the Registrar the Amalgamation Application and such other documents as may be required in order to effect the Amalgamation.

# **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

## **3.1 Representations and Warranties of Bruin Point**

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

- (a) Organization. Each of Bruin Point and Bruin Point Subsidiary 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. Each of Bruin Point and Bruin Point Subsidiary 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 Bruin Point and Bruin Point Subsidiary. All of the outstanding shares of each of Bruin Point Subsidiary are validly issued, and are fully paid and non-assessable to the extent such a concept exists under applicable Laws. All of the outstanding shares of each of Bruin Point Subsidiary are owned directly by Bruin Point. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in, any Bruin Point Subsidiary. Bruin Point Subsidiary is the only Subsidiary of Bruin Point.
- (b) Capitalization. Bruin Point is authorized to issue an unlimited number of Bruin Point Common Shares. As of the date of this Agreement, there are 23,000,000 Bruin Point Common Shares outstanding. Except for the Bruin Point Financing, the Bruin Point Finder Warrants and except 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 Bruin Point to issue or sell any shares of Bruin Point or any securities or obligations of any kind convertible into or exchangeable for any shares of Bruin Point. All outstanding Bruin Point 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 Bruin Point. Except pursuant to the Bruin Point Financing, there are no outstanding contractual obligations of Bruin Point to repurchase, redeem or otherwise acquire any outstanding Bruin Point Common Shares or with respect to the voting or disposition of any outstanding Bruin Point Common Shares.
- (c) Authority. Bruin Point has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Bruin Point 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 Bruin Point and the completion by Bruin Point of the transactions contemplated by this Agreement have been authorized by the Bruin Point Board and, subject to obtaining the Bruin Point Shareholder Approval in the manner contemplated herein, no other corporate proceedings on the part of Bruin Point are necessary to authorize this Agreement or the completion by Bruin Point of the transactions contemplated hereby other than the filing of the Amalgamation Application with the Registrar. This Agreement has been executed and delivered by Bruin Point and constitutes a legal, valid and binding obligation of Bruin Point, enforceable against Bruin Point 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 Bruin Point of this Agreement and the performance by Bruin Point 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 Bruin Point or Bruin Point Subsidiary;
  - (B) any applicable Law, 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 Bruin Point or Bruin Point Subsidiary is bound or is subject to or of which Bruin Point or Bruin Point Subsidiary is the beneficiary,

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

- (ii) cause any indebtedness owing by Bruin Point or Bruin Point Subsidiary 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 Bruin Point;
- (iii) result in the imposition of any Encumbrance upon any of the property or assets of Bruin Point or Bruin Point Subsidiary or give any Person the right to acquire any of Bruin Point's assets, or restrict, hinder, impair or limit the ability of Bruin Point or Bruin Point Subsidiary to conduct the business of Bruin Point or Bruin Point Subsidiary as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Bruin Point;
- (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 Bruin Point or Bruin Point Subsidiary or increase any benefits otherwise payable under any pension or benefits plan of Bruin Point or Bruin Point Subsidiary 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 material oil and gas properties in which Bruin Point or Bruin Point Subsidiary has an interest.

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

- (i) filings required under the BCBCA;
- (ii) filings with and approvals by the Securities Authorities; 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 Bruin Point.
- (d) Directors' Approvals. The Bruin Point Board has unanimously:
  - (i) determined that the Amalgamation is in the best interests of Bruin Point;
  - (ii) determined to recommend that the Bruin Point Shareholders vote in favour of the Bruin Point Resolution; and
  - (iii) authorized the entering into of this Agreement, and the performance of Bruin Point's obligations hereunder.
- (e) Contracts. Each of the Material Contracts to which Bruin Point or Bruin Point Subsidiary is a party constitutes a valid and legally binding obligation of Bruin Point, 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).
- (f) 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 Bruin Point.
- (g) No Defaults. Except for certain payments which remain outstanding by Karoo under the terms of the Kalulu Option Agreement, none of Bruin Point or Bruin Point Subsidiary is 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 Bruin Point or Bruin Point Subsidiary under any credit arrangement, note, bond, mortgage, indenture, deed of trust, lease, franchise, concession, easement, Contract of Bruin Point or Bruin Point Subsidiary, agreement, licence, permit or other instrument that is material to the conduct of the business of Bruin Point or Bruin Point Subsidiary to which any of them is a party or by which any of them is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on Bruin Point. No party to any Contract of Bruin Point or Bruin Point Subsidiary has given written notice to Bruin Point or Bruin Point Subsidiary of or made a claim against Bruin Point or Bruin Point Subsidiary with respect to any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on Bruin Point.
- (h) Absence of Changes. Except as disclosed to Karoo in writing prior to the date hereof, since June 30, 2017:
  - (i) Bruin Point and Bruin Point Subsidiary has conducted its business only in the ordinary and regular course of business consistent with past practice;
  - (ii) none of Bruin Point or Bruin Point Subsidiary has incurred or suffered a Material Adverse Change;
  - (iii) there has not been any acquisition or sale by Bruin Point or Bruin Point Subsidiary 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 Bruin Point or Bruin Point Subsidiary of any debt for borrowed money, any creation or assumption by Bruin Point or Bruin Point Subsidiary of any Encumbrance, any making by Bruin Point or Bruin Point Subsidiary 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 Bruin Point or Bruin Point Subsidiary 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 Bruin Point;
  - (v) Bruin Point has not declared or paid any dividends or made any other distribution in respect of any of the Bruin Point Common Shares;
  - (vi) Bruin Point has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Bruin Point 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 Bruin Point or Bruin Point Subsidiary to any of their respective 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 (including, without limitation, the granting of Bruin Point Options) made to, for or with any of such directors, officers, employees or consultants;
  - (viii) Bruin Point has not effected any material change in its accounting methods, principles or practices; and
  - (ix) Bruin Point 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.
- (i) Employment Agreements. Other than as disclosed to Karoo, neither Bruin Point nor Bruin Point Subsidiary:
- (i) is 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 Bruin Point or Bruin Point Subsidiary that would be triggered by Bruin Point's entering into this Agreement or the completion of the Amalgamation;
  - (ii) has any employee or consultant whose employment or contract with Bruin Point or Bruin Point Subsidiary cannot be terminated by Bruin Point or Bruin Point Subsidiary in accordance with the provisions of such employment or consultant contract following the completion of the Amalgamation; and
  - (iii) (A) is a party to any collective bargaining agreement;

- (B) is, to the knowledge of Bruin Point, 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 subject to any current, or, to the knowledge of Bruin Point, pending or threatened strike or lockout.
- (j) Financial Matters. The audited annual consolidated financial statements of Bruin Point for the period from incorporation on March 1, 2017 to June 30, 2017 and the respective notes thereto (collectively, the “**Bruin Point Financial Statements**”) will be prepared in accordance with IFRS consistently applied, and will fairly present in all material respects the financial condition of Bruin Point at the date indicated and the results of operations of Bruin Point for the period covered. Except as disclosed in the Bruin Point Financial Statements, as of the date hereof, Bruin Point 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 Bruin Point Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business (including the business of operating, developing and exploring Bruin Point’s projects) since June 30, 2017, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on Bruin Point.
- (k) Books and Records. Except as disclosed to Bruin Point, the corporate records and minute books of Bruin Point and Bruin Point Subsidiary 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 Bruin Point Financial books and records and accounts of Bruin Point and Bruin Point Subsidiary 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 Bruin Point and Bruin Point Subsidiary; and
  - (iii) accurately and fairly reflect the basis for the Bruin Point Financial Statements.
- (l) Litigation. There is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Bruin Point, threatened against or relating to Bruin Point, Bruin Point Subsidiary or affecting any of their respective 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 Bruin Point, and Bruin Point 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 Bruin Point, threatened against or relating to Bruin Point or Bruin Point Subsidiary before any Governmental Entity. Neither Bruin Point or Bruin Point Subsidiary nor any of their respective 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 Bruin Point or Bruin Point Subsidiary, as the case may be, to conduct their respective 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 Bruin Point.

- (m) Title to Properties and Operational Matters. Bruin Point or Bruin Point Subsidiary, as applicable, is the legal and beneficial owner of and has good title to the concessions, licenses, leases, options or other instruments conferring working interests, net revenue interests and other rights to Bruin Point or Bruin Point Subsidiary in respect of the oil and gas properties in which Bruin Point or Bruin Point Subsidiary has an interest (collectively, for the purposes of this Section 3.1(m), the “**Bruin Point Properties and Assets**”). All agreements by which Bruin Point or Bruin Point Subsidiary holds an interest in the Bruin Point Properties and Assets are in good standing according to their respective terms and, to the knowledge of Bruin Point, the Bruin Point Properties and Assets are in good standing under applicable Laws and all filings and work commitments required by Bruin Point to maintain the Bruin Point Properties and Assets in good standing have been properly recorded and filed in a timely manner with the appropriate Governmental Entity and there are no material Encumbrances or any other material interests in or on such Bruin Point Properties and Assets except as disclosed by Bruin Point in the Bruin Point Public Documents or otherwise disclosed to Karoo in writing prior to the date hereof. To Bruin Point’s knowledge, there are no material adverse claims against or challenges to the title or ownership of any of the Bruin Point Properties and Assets. Bruin Point has conducted and is conducting its business 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 Bruin Point Properties and Assets. Bruin Point has not 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 Bruin Point Properties and Assets that would, individually or in the aggregate, result in a Material Adverse Effect on Bruin Point. Without limiting the generality of the foregoing, Bruin Point has obtained all material licences and permits necessary for the operation of the business of Bruin Point and Bruin Point Subsidiary as presently conducted, and has not taken any action which would impair the ability of Bruin Point or Bruin Point Subsidiary 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.
- (n) Royalty Payments and Other Interests. Except as otherwise disclosed to Karoo in writing prior to the date hereof, there are no landowner’s royalties, overriding royalties, net profits interests or similar interests or any other rights or interests whatsoever of third parties by which Bruin Point or Bruin Point Subsidiary is bound on or in relation to the Bruin Point Properties and Assets.
- (o) Assets. Bruin Point 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 Karoo in writing prior to the date hereof.
- (p) Environmental. To the knowledge of Bruin Point:

- (i) Bruin Point and Bruin Point Subsidiary are in compliance in all material respects with Environmental Laws;
  - (ii) Bruin Point and Bruin Point Subsidiary have operated their respective businesses at all times and have 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 Bruin Point or Bruin Point Subsidiary or any of the properties or assets of Bruin Point or Bruin Point Subsidiary relating to or alleging any violation of Environmental Laws; and
  - (iv) Bruin Point and Bruin Point Subsidiary 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 Bruin Point, and neither Bruin Point nor Bruin Point Subsidiary 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 Bruin Point nor Bruin Point Subsidiary 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 Bruin Point:
- (i) each of Bruin Point and Bruin Point Subsidiary 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) each of Bruin Point and Bruin Point Subsidiary 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 Bruin Point 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 Bruin

Point, adequate under IFRS to cover Taxes with respect to Bruin Point and Bruin Point Subsidiary accruing through the date hereof;

- (iv) there are no proceedings, investigations, audits, assessments, reassessments or claims now pending or, to the knowledge of Bruin Point, threatened against Bruin Point or Bruin Point Subsidiary 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 Bruin Point or Bruin Point Subsidiary.
- (r) Pension and Employee Benefits. Bruin Point and Bruin Point Subsidiary has complied, in all material respects, with all of the terms of the pension and other employee compensation and benefit obligations of Bruin Point and Bruin Point Subsidiary, as the case may be, 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 Bruin Point or Bruin Point Subsidiary, as the case may be, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Bruin Point.
- (s) Compliance with Laws. Except with respect to matters relating to the environment or Environmental Laws (which are addressed in Section 3.1(p)), Bruin Point and Bruin Point Subsidiary 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 Bruin Point.
- (t) No Option on Assets. Except as disclosed to Karoo in writing prior to the date hereof, no Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Bruin Point or Bruin Point Subsidiary any of the material assets of Bruin Point or Bruin Point Subsidiary.
- (u) Certain Contracts. Neither Bruin Point nor Bruin Point Subsidiary is a party to or bound by any non-competition agreement or, except as disclosed to Karoo in writing prior to the date hereof, 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 Bruin Point or Bruin Point Subsidiary are conducted;
  - (ii) limit any business practice of Bruin Point or Bruin Point Subsidiary in any material respect; or
  - (iii) restrict any acquisition or disposition of any property by Bruin Point or Bruin Point Subsidiary in any material respect.
- (v) No Broker's Commission. Except as otherwise disclosed in writing to Karoo in respect of the Bruin Point Financing and the issuance of the Karoo Finder's Fee Shares in connection with the Amalgamation, neither Bruin Point, nor Bruin Point Subsidiary has 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) Vote Required. The only votes of the holders of any class or series of securities of Bruin Point necessary to approve this Agreement, the Amalgamation and the transactions contemplated hereby or thereby is the Bruin Point Shareholders Approval.
- (x) U.S. Securities Law Matters. None of Bruin Point, 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 Karoo 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 Karoo Common Shares in the United States.
- (y) No Shareholdings in Karoo. Bruin Point does not, legally or beneficially, own, directly or indirectly, any securities of Karoo and does not have any right, agreement or obligation to purchase any securities of Karoo or any securities or obligations of any kind convertible into or exchangeable for any securities of Karoo.
- (z) Restrictions on Business Activities. There is no agreement, judgment, injunction, order or decree binding upon Bruin Point or to its knowledge Bruin Point Subsidiary that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing: (i) any business practice of Bruin Point or Bruin Point Subsidiary, (ii) except as disclosed to Karoo in writing prior to the date hereof, any acquisition of property by Bruin Point or Bruin Point Subsidiary, or (iii) the conduct of business by Bruin Point or Bruin Point Subsidiary as currently conducted.
- (aa) Creditors of Bruin Point. Bruin Point has reasonable grounds for believing that no creditor of Bruin Point will be materially prejudiced by the Amalgamation.
- (bb) Escrow. Bruin Point acknowledges that a portion of the Karoo Post-Consolidation Shares to be issued to the Bruin Point 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 Bruin Point 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 Bruin Point, 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 Bruin Point has been collected, used and disclosed in compliance with all applicable privacy Laws in those jurisdictions in which Bruin Point, or Bruin Point is deemed by operation of law in those jurisdictions, to conduct its business. Bruin Point has disclosed to Karoo 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 Karoo in the operation of its business as conducted by Bruin Point before the Closing. There are no claims pending or, to the knowledge of Bruin Point,

threatened, with respect to Bruin Point's collection, use or disclosure of personal information.

### 3.2 Representations and Warranties of Karoo

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

- (a) Organization. Each of Karoo and the Karoo Subsidiaries 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. Each of Karoo and the Karoo Subsidiaries 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 Karoo. All of the outstanding shares of the Karoo Subsidiaries are owned directly by Karoo. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in, the Karoo Subsidiaries. The Karoo Subsidiaries are the only Subsidiaries of Karoo.
- (b) Capitalization. Karoo is authorized to issue an unlimited number of Karoo Common Shares. As of the date of this Agreement, there were 20,725,312 Karoo Common Shares outstanding.

Except pursuant to this Agreement, the Kalulu Option 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 Karoo to issue or sell any shares of Karoo or any securities or obligations of any kind convertible into or exchangeable for any shares of Karoo. All outstanding Karoo 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 Karoo. There are no outstanding contractual obligations of Karoo to repurchase, redeem or otherwise acquire any outstanding Karoo Common Shares or with respect to the voting or disposition of any outstanding Karoo Common Shares.

- (c) Authority. Karoo has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Karoo 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 Karoo and the completion by Karoo of the transactions contemplated by this Agreement have been authorized by the Karoo Board and no other corporate proceedings on the part of Karoo are necessary to authorize this Agreement or the completion by Karoo of the transactions contemplated hereby, other than approval by the TSXV of the Filing Statement and the filing of the Amalgamation Application with the Registrar. This Agreement has been executed and delivered by Karoo and constitutes a legal, valid and binding obligation of Karoo, enforceable against Karoo 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 Karoo 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 Karoo;
  - (B) any applicable Law or rule or policy of the TSXV (except that the approval of the TSXV, which is required for the completion by Karoo of the transactions contemplated hereby, will be applied for by Karoo but has 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 Karoo is bound or is subject to or of which Karoo is the beneficiary;in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Karoo;
- (ii) cause any indebtedness owing by Karoo or the Karoo 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 Karoo;
- (iii) result in the imposition of any Encumbrance upon any of the property or assets of Karoo or the Karoo Subsidiaries or give any Person the right to acquire any of Karoo's assets, or restrict, hinder, impair or limit the ability of Karoo or the Karoo Subsidiaries to conduct the business of Karoo or the Karoo Subsidiaries as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Karoo;
- (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 Karoo or the Karoo Subsidiaries or increase any benefits otherwise payable under any pension or benefits plan of Karoo or the Karoo Subsidiaries 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 mining claims, concessions, licenses, leases or other instruments, conferring mineral rights in respect of the material properties in which Karoo or any of the Karoo Subsidiaries has an interest.

No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by Karoo or the Karoo Subsidiaries in connection with the execution and delivery of this Agreement or the consummation by Karoo 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(c)(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 Karoo.
- (d) Directors' Approvals. The Karoo Board has unanimously:
- (i) determined that the Amalgamation is in the best interests of Karoo;
  - (ii) has accordingly consented to the Newco Resolution; and
  - (iii) authorized the entering into of this Agreement, and the performance of Karoo's and Newco's obligations hereunder.
- (e) Contracts. Each of the Material Contracts to which Karoo or any of the Karoo Subsidiaries is a party constitutes a valid and legally binding obligation of Karoo, 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).
- (f) 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 Karoo.
- (g) No Defaults. None of Karoo or any of the Karoo Subsidiaries is 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 Karoo or the Karoo Subsidiaries, under any credit arrangement, note, bond, mortgage, indenture, deed of trust, lease, franchise, concession, easement, Contract of Karoo or any of the Karoo Subsidiaries, agreement, licence, permit or other instrument that is material to the conduct of the business of Karoo or any of the Karoo Subsidiaries 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 Karoo. No party to any Contract of Karoo or the Karoo Subsidiaries has given written notice to Karoo or any of the Karoo Subsidiaries of or made a claim against Karoo or any of the Karoo Subsidiaries with respect to any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on Karoo.
- (h) Absence of Changes. Except as disclosed in the Karoo Public Documents, since June 30, 2017:

- (i) Karoo and the Karoo Subsidiaries have conducted their business only in the ordinary and regular course of business consistent with past practice;
  - (ii) none of Karoo or any of the Karoo Subsidiaries has incurred or suffered a Material Adverse Change;
  - (iii) there has not been any acquisition or sale by Karoo of any material property or assets thereof;
  - (iv) other than in the ordinary and regular course of business consistent with past practice and in connection with the Bridge Loan, there has not been any incurrence, assumption or guarantee by Karoo or the Karoo Subsidiaries of any debt for borrowed money, any creation or assumption by Karoo or the Karoo Subsidiaries of any Encumbrance, any making by Karoo or the Karoo Subsidiaries 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 Karoo or the Karoo Subsidiaries, 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 Karoo;
  - (v) Karoo has not declared or paid any dividends or made any other distribution in respect of any of the Karoo Common Shares;
  - (vi) Karoo has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Karoo Common Shares, other than in respect of the Karoo Consolidation;
  - (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 Karoo or the Karoo Subsidiaries 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) Karoo has not effected any material change in its accounting methods, principles or practices, other than as disclosed in the Karoo Financial Statements; and
  - (ix) Karoo 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.
- (i) Employment Agreements. Neither Karoo nor any of the Karoo Subsidiaries:
- (i) is 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 Karoo or the Karoo Subsidiaries that would be triggered by Karoo entering into this Agreement or the completion of the Amalgamation;

- (ii) has any employee or consultant whose employment or contract with Karoo or the Karoo Subsidiaries cannot be terminated by Karoo or the Karoo Subsidiaries in accordance with the provisions of such employment or consultant contract following the completion of the Amalgamation; and
- (iii) (A) is a party to any collective bargaining agreement;
  - (B) is, to the knowledge of Karoo, 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 subject to any current, or to the knowledge of Karoo, pending or threatened strike or lockout.
- (j) Financial Matters. Each of the consolidated audited financial statements of Karoo for the years ended December 31, 2016, 2015 and 2014 and the unaudited consolidated financial statements of Karoo for the six months ended June 30, 2017 and the respective notes thereto (collectively, the “**Karoo Financial Statements**”) were prepared in accordance with IFRS consistently applied, and fairly present in all material respects the consolidated financial condition of Karoo at the respective dates indicated and the results of operations of Karoo for the periods covered. Except as disclosed in the Karoo Financial Statements, as of the date hereof Karoo 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 Karoo Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business (including the business of operating, developing, constructing and exploring Karoo’ projects) since December 31, 2016, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on Karoo.
- (k) Mineral Resources. To the best of the knowledge of management of Karoo, all the technical reports filed by Karoo on SEDAR have been prepared in all material respects in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.
- (l) Books and Records. The corporate records and minute books of Karoo and the Karoo Subsidiaries 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 Karoo. Financial books and records and accounts of Karoo, 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 Karoo and the Karoo Subsidiaries; and
  - (iii) accurately and fairly reflect the basis for the Karoo Financial Statements.
- (m) Litigation. There is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Karoo threatened against or relating to Karoo or the Karoo Subsidiaries or affecting any of their respective 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 Karoo, and Karoo 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 Karoo, threatened against or relating to Karoo or the Karoo Subsidiaries before any Governmental Entity. Neither Karoo or any of the Karoo Subsidiaries nor any of their respective 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 Karoo or any of the Karoo Subsidiaries, as the case may be, to conduct their respective 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 Karoo.

- (n) Title to Properties and Operational Matters. Karoo or the Karoo Subsidiaries, as applicable, are the legal and beneficial owners of and have good title to the exploitation permits, mining claims, concessions, licenses, leases, options or other instruments conferring mineral rights to Karoo or the Karoo Subsidiaries have in respect of the properties in which Karoo or the Karoo Subsidiaries have an interest (collectively, for the purposes of this Section 3.2(n), the “**Karoo Properties and Assets**”). All agreements by which Karoo or the Karoo Subsidiaries hold an interest in the Karoo Properties and Assets are in good standing according to their respective terms and, to the knowledge of Karoo, the Karoo Properties and Assets are in good standing under applicable Laws and all filings and work commitments required by Karoo to maintain the Karoo Properties and Assets in good standing have been properly recorded and filed in a timely manner with the appropriate Governmental Entity and there are no material Encumbrances or any other material interests in or on such Karoo Properties and Assets except as disclosed by Karoo in the Karoo Public Documents. To Karoo’s knowledge, there are no material adverse claims against or challenges to the title or ownership of any of the Karoo Properties and Assets. Karoo has conducted and is conducting its business 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 Karoo Properties and Assets. Karoo has not received any notice of the revocation or cancellation of, or any intention to revoke or cancel, any of the exploitation permits, mining claims, concessions, licenses, leases or other instruments conferring mineral rights in respect of the Karoo Properties and Assets that would, individually or in the aggregate, result in a Material Adverse Effect on Karoo. Without limiting the generality of the foregoing, Karoo has obtained all material licences and permits necessary for the operation of the business of Karoo or the Karoo Subsidiaries as presently conducted, and has not taken any action which would impair the ability of Karoo or the Karoo Subsidiaries 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) Royalty Payments. Except as disclosed in the Karoo Public Documents, there are no landowner’s royalties, overriding royalties, net profits interests or similar interests or any other rights or interests whatsoever of third parties by which Karoo or any of the Karoo Subsidiaries is bound on or in relation to the Karoo Properties and Assets.
- (p) Assets. Karoo 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 disclosed in the Karoo Public Documents.

- (q) Insurance. Karoo 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.
- (r) Environmental. To the knowledge of Karoo:
  - (i) Karoo and the Karoo Subsidiaries are in compliance in all material respects with Environmental Laws;
  - (ii) Karoo and the Karoo Subsidiaries have operated their respective businesses at all times and have 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 Karoo or the Karoo Subsidiaries or any of the properties or assets of Karoo or the Karoo Subsidiaries relating to or alleging any violation of Environmental Laws; and
  - (iv) Karoo and the Karoo Subsidiaries 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 Karoo, and neither Karoo nor any of the Karoo Subsidiaries 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 Karoo nor any the Karoo Subsidiaries is subject to any known environmental liabilities.
- (s) Tax Matters. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Karoo:
  - (i) each of Karoo and the Karoo Subsidiaries 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) each of Karoo and the Karoo Subsidiaries 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 Karoo 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 Karoo, adequate under IFRS, as applicable, to cover Taxes with respect to Karoo accruing through the date hereof;
- (iv) there are no proceedings, investigations, audits, assessments, reassessments or claims now pending or to the knowledge of Karoo, threatened against Karoo 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 Karoo.
- (t) Pension and Employee Benefits. Each of Karoo and the Karoo Subsidiaries has complied, in all material respects with all of the terms of the pension and other employee compensation and benefit obligations of Karoo, and its Subsidiary, as the case may be, 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 Karoo or the Karoo Subsidiaries, as the case may be, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Karoo.
- (u) Reporting Status. Karoo is a reporting issuer in good standing in the provinces of British Columbia, Alberta and Saskatchewan. The Karoo Common Shares are listed on the TSXV and Karoo is in material compliance with the rules and regulations of the NEX board of the TSXV.
- (v) Reports. To the knowledge of Karoo, since December 31, 2016, Karoo 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 Karoo Public Documents. The Karoo Public Documents, at the time filed or, if amended, as of the date of such amendment:
  - (i) did not contain any misrepresentation (as defined in the *Securities Act* (British Columbia)) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
  - (ii) complied in all material respects with the requirements of applicable securities Laws and the rules, policies and instruments of all Securities Authorities or stock exchange or other self-regulatory authority having jurisdiction over Karoo except

where such non-compliance has not had or would not reasonably be expected to have a Material Adverse Effect on Karoo.

Karoo 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.

- (w) Compliance with Laws. Except with respect to matters relating to the environment or Environmental Laws, which are addressed in Section 3.2(r)(iv), each of Karoo and the Karoo Subsidiaries 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 Karoo.
- (x) No Cease Trade. Other than the TSXV halt on the trading of the Karoo Common Shares on the NEX board of the TSXV pursuant to TSXV policies, Karoo is not subject to any cease trade or other order of any applicable stock exchange or Securities Authority and, to the knowledge of Karoo, no investigation or other proceedings involving Karoo that may operate to prevent or restrict trading of any securities of Karoo are currently in progress or pending before any applicable stock exchange or Securities Authority.
- (y) 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 Karoo or the Karoo Subsidiaries of any of the material assets of Karoo or the Karoo Subsidiaries.
- (z) Certain Contracts. Neither Karoo nor any the Karoo Subsidiaries is 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 Karoo or the Karoo Subsidiaries is conducted;
  - (ii) limit any business practice of Karoo or the Karoo Subsidiaries in any material respect; or
  - (iii) restrict any acquisition or disposition of any property by Karoo or the Karoo Subsidiaries in any material respect.
- (aa) No Broker's Commission. Karoo has not entered into any agreement that would entitle any Person to any valid claim against Karoo 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, other than the issuance of the Karoo Finder's Fee Shares.
- (bb) Shares. The Karoo Post-Consolidation Shares to be issued pursuant to the Amalgamation will, upon issue, be issued as fully paid and non-assessable shares and, subject to the approval of the TSXV, listed for trading on the TSXV.
- (cc) U.S. Securities Law Matters.
  - (i) Karoo is a "foreign issuer" within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest in the Karoo Common Shares.

- (ii) Karoo 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 Institutional 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 of Regulation D thereunder, neither Karoo 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 Karoo Common Shares to any person in the United States; or
  - (B) any sale of Karoo 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) Karoo, its affiliates, and any person acting on their behalf reasonably believe that the purchaser is outside the United States.
- (iv) None of Karoo, 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 Karoo 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 Karoo Common Shares in the United States.
- (v) Except with respect to the offer of the Karoo Common Shares contemplated herein, Karoo 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.
- (dd) No Shareholdings in Bruin Point. Karoo does not, legally or beneficially, own, directly or indirectly, any securities of Bruin Point and does not have any right, agreement or obligation to purchase any securities of Bruin Point or any securities or obligations of any kind convertible into or exchangeable for any securities of Bruin Point, except as otherwise set out in this Agreement.
- (ee) Restrictions on Business Activities. There is no agreement, judgment, injunction, order or decree binding upon Karoo or the Karoo Subsidiaries or that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing any business practice of Karoo or the Karoo Subsidiaries, any acquisition of property by Karoo or the Karoo Subsidiaries, or the conduct of business by Karoo or the Karoo Subsidiaries as currently conducted.
- (ff) Expropriation. No property or asset of Karoo 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 Bruin Point, is there any intent or proposal to give any such notice or commence any such proceeding.
- (gg) Right to Use Personal Information. All personal information in the possession of Karoo has been collected, used and disclosed in compliance with all applicable privacy Laws in

those jurisdictions in which Karoo, or Karoo is deemed by operation of law in those jurisdictions, to conduct its business. Karoo has disclosed to Bruin Point 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 Karoo in the operation of its business as conducted by Karoo before the Closing. There are no claims pending or, to the knowledge of Karoo, threatened, with respect to Karoo' collection, use or disclosure of personal information.

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

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished upon completion of the Amalgamation.

## **ARTICLE 4 COVENANTS**

### **4.1 Covenants of Bruin Point**

Bruin Point hereby covenants and agrees with Karoo as follows:

- (a) Bruin Point Shareholder Approval. Bruin Point shall use its commercially reasonable efforts to obtain, in a timely manner prior to the Closing Date, all necessary shareholder approvals required to complete the transactions contemplated hereunder. In connection with obtaining the Bruin Point Shareholder Approval, Bruin Point shall notify each Bruin Point Shareholder resident in or otherwise subject to the laws of the United States of the following:
  - (i) the Karoo Post-Consolidation Shares issued in connection with the Amalgamation are or will be “restricted securities” as defined in Rule 144 under the 1933 Act, and the holders may dispose of the Karoo 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. Karoo 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 Karoo Post-Consolidation Shares in the United States. Accordingly, holders of the Karoo Post-Consolidation Shares may be required to hold the Karoo Post-Consolidation Shares indefinitely; and
  - (ii) Karoo:
    - (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 Karoo 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 Karoo not to be a foreign issuer, and if Karoo is not a foreign issuer at the time of any sale or other transfer of the Karoo Post-Consolidation Shares pursuant to Rule 904 of Regulation S under the 1933 Act, a holder of the Karoo Post-

Consolidation Shares may be required to hold the Karoo Post-Consolidation Shares indefinitely.

- (b) Copy of Documents. Bruin Point shall furnish promptly to Karoo a copy of 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, Bruin Point shall not, without the prior written consent of Karoo, 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 Bruin Point, other than the issue of Bruin Point Common Shares pursuant to the Bruin Point Financing, and the issue of Bruin Point Common Shares upon the exercise of the Bruin Point Finder Warrants;
  - (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 Bruin Point Common Shares;
  - (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, except where to do so would not have a Material Adverse Effect on Bruin Point;
  - (viii) redeem, purchase or offer to purchase any of Bruin Point Common Shares, Bruin Point Options 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. Bruin Point 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 Bruin Point 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 Bruin Point; and
  - (ii) promptly notify Karoo 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 Bruin Point;
    - (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 Bruin Point 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 Bruin Point 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. Bruin Point shall use all 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 Bruin Point 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 Bruin Point or Bruin Point Subsidiary 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 Bruin Point;
  - (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 Bruin Point 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, Bruin Point advises Karoo in writing that it has received such advice and provides written details thereof to Karoo;
- (v) fulfill all conditions and satisfy all provisions of this Agreement and the Amalgamation required to be fulfilled or satisfied by Bruin Point;
- (vi) co-operate with Karoo in connection with the performance by it of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Bruin Point to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement; and
- (vii) complete the Bruin Point Financing prior to the Effective Date;
- (f) Bruin Point Financing. Bruin Point shall complete the Bruin Point Financing.
- (g) Bridge Loan. If requested by Karoo, Bruin Point may provide a bridge loan to Karoo for the purpose of providing Karoo with the funds to settle the Karoo Debt and for working capital. Any such loan is at the sole discretion of Bruin Point and shall be in an amount and on such terms as are acceptable to Bruin Point.
- (h) Keep Fully Informed. Subject to applicable Laws, Bruin Point shall use commercially reasonable efforts to conduct itself so as to keep Karoo 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. Bruin Point 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 Laws.
- (j) Representations. Bruin Point shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Bruin Point 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. Bruin Point 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 Karoo, all in form satisfactory to Karoo, acting reasonably.

## 4.2 Covenants of Karoo

Karoo hereby covenants and agrees with Bruin Point as follows:

- (a) TSXV Approval and Filing Statement. Karoo shall forthwith use its reasonable commercial efforts to obtain the necessary approval of the TSXV to the transactions contemplated by the terms of this Agreement, and without limiting the generality of the foregoing it will, in a timely and expeditious manner, prepare, with the assistance of Bruin Point, and file with the TSXV the Filing Statement (which shall be in a form satisfactory to each of the Parties, acting reasonably), together with any other documents required by applicable Laws in accordance with all applicable Laws on the date of filing thereof, in the form and containing the information required by all applicable Laws and not containing any misrepresentation (as defined under applicable securities Laws and requirements) with respect thereto, other than with respect to any information relating to and provided by Bruin Point. Karoo shall, with the assistance of Bruin Point, promptly prepare and file with the TSXV such amendments or supplements to the Filing Statement, if any, as may be required by the TSXV or under applicable Laws.
- (b) Copy of Documents. Karoo shall furnish promptly to Bruin Point 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, Karoo shall not, without the prior written consent of Bruin Point, 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 Karoo, other than as contemplated by this Agreement;
  - (ii) other than in connection with the Bridge Loan, incur or commit to incur any debt, except in the ordinary and regular course of business, or to finance its working capital requirements, or as otherwise contemplated herein in connection with the transactions contemplated by this Agreement;
  - (iii) declare or pay any dividends or distribute any of its properties or assets to shareholders with respect to the Karoo Common Shares;
  - (iv) enter into 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 in connection with the Karoo Consolidation or 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 except where to do so would not have a Material Adverse Effect on Karoo;
  - (viii) redeem, purchase or offer to purchase any of the Karoo 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. Karoo 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 Karoo 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 Karoo; and
  - (ii) promptly notify Bruin Point 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 Karoo;
    - (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 Karoo 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 Karoo 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. Karoo shall use all 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 all other consents, approvals and authorizations as are required to be obtained by Karoo or the Karoo Subsidiaries 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 Karoo;
- (ii) 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;
  - (iii) 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 Karoo 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, Karoo advises Bruin Point in writing that it has received such advice and provides written details thereof to Bruin Point;
  - (iv) fulfill all conditions and satisfy all provisions of this Agreement and the Amalgamation required to be fulfilled or satisfied by Karoo; and
  - (v) co-operate with Bruin Point in connection with the performance by Bruin Point of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Karoo to pay or cause to be paid any monies to cause such performance to occur, other than as contemplated in this Agreement.
- (f) Karoo Debt. Karoo shall use its reasonable commercial efforts to settle the Karoo Debt to the satisfaction of Bruin Point prior to the Effective Date and shall not have outstanding any indebtedness, liabilities or obligations, secured or unsecured (whether absolute, accrued, contingent or otherwise), other than those reasonably incurred by Karoo in connection with the Amalgamation as determined by Bruin Point in its sole discretion acting reasonably;
  - (g) Keep Fully Informed. Subject to applicable Laws, Karoo shall use commercially reasonable efforts to conduct itself so as to keep Bruin Point fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business.
  - (h) Co-operation. Karoo 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 Laws.
  - (i) Representations. Karoo shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Karoo contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
  - (j) Closing Documents. Karoo 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 Bruin Point, all in form satisfactory to Bruin Point, acting reasonably.

- (k) Newco. In its capacity as the sole shareholder of Newco, Karoo shall:
- (i) take all such action as is necessary or desirable to cause Newco to satisfy its obligations hereunder, including without limitation, passing the 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 Bruin Point and Karoo, acting reasonably;
  - (ii) prior to the Effective Date, not cause or permit 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 Newco Shares to Karoo, 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 Bruin Point; and
  - (iii) after the Effective Date, cause Amalco to satisfy any obligations which Amalco may have to a Bruin Point Shareholder who exercises Dissent Rights.
- (l) Shares. Karoo will issue, at the Effective Time, Karoo Post-Consolidation Shares, in accordance with the terms hereof, to those Bruin Point Shareholders who are entitled to receive Karoo Post-Consolidation Shares pursuant to the Amalgamation.
- (m) Listing of Shares. Until the earlier of:
- (i) the Effective Time; and
  - (ii) the termination of this Agreement in accordance with Section 6.2,
- Karoo shall use its commercially reasonable efforts to ensure that the Karoo Common Shares, are continuously listed and posted for trading on the NEX board of the TSXV (it being expressly acknowledged that the trading of the Karoo Common Shares has been halted upon the announcement of the proposed transaction with Bruin Point).
- (n) Options. Karoo will take any and all action required to ensure that from and after the Effective Time each Bruin Point Option which is outstanding at the Effective Time is, at the Effective Time, exchanged for a new Karoo Replacement Option to acquire the number of Karoo Post-Consolidation Shares equal to the number of Bruin Point Common Shares subject to such Bruin Point Option immediately before the Effective Time, at an exercise price per Karoo Post-Consolidation Share equal to the exercise price per Bruin Point Common Share under such Bruin Point Option immediately before the Effective Time, including, without limitation, issuing such consolidated Karoo Post-Consolidation Shares to the holders of such Karoo Replacement Options upon the exercise thereof from time to time;
- (o) Warrants. Karoo will take any and all action required to ensure that from and after the Effective Time each Bruin Point Finder Warrant which is outstanding at the Effective Time is, at the Effective Time, exchanged for a new Karoo Replacement Warrant to acquire the number of Karoo Post-Consolidation Shares equal to the number of Bruin Point Common

Shares subject to such Bruin Point Finder Warrant immediately before the Effective Time, at an exercise price per Karoo Post-Consolidated Share equal to the exercise price per Bruin Point Common Share under such Bruin Point Finder Warrant immediately before the Effective Time, including, without limitation, issuing such Karoo Post-Consolidation Shares to the holders of such Karoo Replacement Warrants upon the exercise thereof from time to time;

- (p) Karoo Board. Prior to completion of the Amalgamation, Karoo shall use reasonable commercial efforts to obtain duly executed resignations and releases in favour of Karoo in the form and substance satisfactory to Bruin Point, acting reasonably, from each director and officer of Karoo who will no longer be serving in such capacity or capacities following completion of the Amalgamation such that upon the Effective Date, the Karoo Board and officers will have been re-organized to consist of four directors nominated by Bruin Point and the following officers:

Name	Position
David Sidoo	Chairman
Lawrence Pemble	Chief Executive Officer
Nick DeMare	Chief Financial Officer

#### 4.3 Mutual Covenants of Karoo and Bruin Point

- (a) Completion of Amalgamation. Each of the Parties agrees that, it shall complete the Amalgamation on the date that is seven (7) 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, Karoo shall use commercially reasonable efforts to cause the Karoo Board to approve resolutions to:

- (i) accept the resignations from the directors and officers of Karoo that will no longer be serving in such capacity following the completion of the Amalgamation;
  - (ii) change the composition of the Karoo Board such that it will be comprised of four directors nominated by Bruin Point; and
  - (iii) appoint the officers listed in Section 4.2(n).
- (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 (2) years from the date hereof. Prior to releasing any confidential

information, Karoo or Bruin Point, 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 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 law or any rule of a stock exchange or a similar organization to which it is bound.
- (d) Information for Filing Statement. In a timely and expeditious manner, Karoo shall provide to Bruin Point all information as may be reasonably requested by Bruin Point or as required by applicable Laws with respect to Karoo and its businesses and properties for inclusion in the Filing Statement and in any amendment or supplement thereto that complies in all material respects with all applicable Laws and containing all material facts relating to it required to be disclosed in the Filing Statement, and not containing any misrepresentation (as defined under applicable securities Laws) with respect thereto. Karoo shall fully cooperate with Bruin Point in the preparation of the Filing Statement and shall provide such assistance as Bruin Point may reasonably request in connection therewith.
- (e) Amendments. In a timely and expeditious manner, Karoo shall provide Bruin Point with information as requested by Bruin Point, acting reasonably, in order to prepare any amendments or supplements to the Filing Statement (which amendments or supplements shall be in a form satisfactory to each of the Parties, acting reasonably).
- (f) Exclusive Dealing. 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 or participate in any (confidential or otherwise) offer 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 Karoo and Bruin Point**

The respective obligations of Bruin Point and Karoo 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 Bruin Point Shareholder Approval shall have been obtained in accordance with the provisions of the BCBCA and the requirements of any applicable regulatory authority;
- (b) Karoo, as the sole holder of Newco Shares, shall have signed the Newco Resolution;
- (c) prior to the Effective Date, Bruin Point shall have completed the Bruin Point Financing;
- (d) at or prior to the Effective Time, Karoo shall have completed the Karoo Consolidation;
- (e) at or prior to the Effective Time, Karoo shall have completed the Name Change;
- (f) each of the Bruin Point Board, the Karoo Board and Newco shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Bruin Point and Karoo to permit the consummation of the Amalgamation and all other matters contemplated in this Agreement;
- (g) the TSXV shall have accepted notice for filing of and approved all transactions of Karoo contemplated herein or necessary to complete the Amalgamation, subject only to compliance with the usual requirements of the TSXV, as applicable;
- (h) the TSXV shall have conditionally approved the listing on the TSXV of the Karoo Post-Consolidation Shares to be issued pursuant to the Amalgamation and pursuant to the exercise of the Karoo Replacement Options and the Karoo Replacement Warrants, on terms and conditions acceptable to each of the Parties, acting reasonably;
- (i) Newco shall not have engaged in any business enterprise or other activity or had any assets or liabilities;
- (j) the Karoo Post-Consolidation Shares to be issued to persons in the United States pursuant to the Amalgamation and pursuant to the exercise of the Karoo Replacement Options and the Karoo Replacement Warrants shall be exempt from registration requirements under the 1933 Act pursuant to Rule 506 of Regulation D under the 1933 Act; and
- (k) the distribution of the Karoo Post-Consolidation Shares pursuant to the Amalgamation and pursuant to the exercise of the Karoo Replacement Options and the Karoo Replacement Warrants shall be exempt from prospectus and registration requirements under applicable securities Laws of Canada and, except with respect to persons deemed to be “control persons” of Karoo under such securities Laws, such Karoo Post-Consolidation Shares shall not be subject to any resale restrictions in Canada under such securities Laws, other than TSXV escrow and seed share matrix resale restrictions.

The foregoing conditions are for the mutual benefit of the Parties and may be waived by mutual consent of Karoo and Bruin Point 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 Bruin Point Conditions

The obligation of Bruin Point 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 Karoo Board shall have procured duly executed resignations and releases in favour of Karoo effective at the Effective Time from each director and executive officer of Karoo who will no longer be serving in such capacity or capacities following completion of the Amalgamation and shall have appointed nominees of Bruin Point to the Karoo Board effective at the Effective Time;
- (b) the representations and warranties made by Karoo 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 Karoo 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 Bruin Point, have a Material Adverse Effect on Karoo, and Karoo shall have provided to Bruin Point 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 Karoo 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;
- (c) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of Karoo;
- (d) Karoo shall have settled the Karoo Debt or otherwise resolved the settlement of the Karoo Debt to the satisfaction of Bruin Point prior to the Effective Date and shall not have outstanding any indebtedness, liabilities or obligations, secured or unsecured (whether absolute, accrued, contingent or otherwise), other than those reasonably incurred by Karoo in connection with the Amalgamation as determined by Bruin Point in its sole discretion acting reasonably;
- (e) Karoo shall have complied in all material respects with its covenants herein and Karoo shall have provided to Bruin Point a certificate of one officer thereof, certifying that, as of the Effective Date, it has so complied with their covenants herein;

- (f) Karoo and Tanzania Minerals Corp. will have entered into a termination agreement to terminate the Kalulu Option Agreement, effective prior to the Effective Date; and
- (g) the Karoo Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Karoo and Bruin Point to permit the consummation of the Amalgamation and the transactions to be completed by Karoo pursuant to the terms of this Agreement.

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

### 5.3 Karoo Conditions

The obligation of Karoo 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 Bruin Point 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 Bruin Point 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 Karoo, have a Material Adverse Effect on Bruin Point, and Bruin Point shall have provided to Karoo 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 Bruin Point 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) from the date of this Agreement to the Effective Date, there shall not have occurred a Material Adverse Change in respect of Bruin Point;
- (c) a technical report prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and acceptable to the TSXV shall have been prepared on behalf of Bruin Point in respect of the Carbon County Project by September 15, 2017;
- (d) the Bruin Point Financial Statements shall have been prepared by September 15, 2017;
- (e) Bruin Point shall have complied in all material respects with its covenants herein and Bruin Point shall have provided to Karoo a certificate of one officer thereof certifying that, as of the Effective Date, Bruin Point has so complied with its covenants herein; and

- (f) the Bruin Point Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Bruin Point to permit the consummation of the Amalgamation and the transactions to be completed by Bruin Point pursuant to the terms of this Agreement.

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

#### **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 Bruin Point Shareholder Approval and the execution of the Newco Resolution be amended by mutual written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the Bruin Point 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 Bruin Point Shareholder Approval, the exchange ratio for the Karoo Post-Consolidation Shares to be issued in exchange for Bruin Point Common Shares shall not be amended without the approval of the Bruin Point 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 Bruin Point, Karoo and Newco;
- (b) subject to Section 5.4:
  - (i) by Bruin Point, if any condition in Section 5.2 is not satisfied or waived in accordance with such section;
  - (ii) by Karoo, if any condition in Section 5.3 is not satisfied or waived in accordance with such section; or
  - (iii) by Bruin Point or by Karoo, 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) by Karoo if there is an intentional breach of the covenants of Bruin Point contained herein by Bruin Point or any of its directors, officers, employees, agents, consultants or other representatives, in each case, on or before the Effective Date;
- (d) by Bruin Point if there is an intentional breach of the covenants of Karoo contained herein by Karoo or any of its directors, officers, employees, agents, consultants or other representatives, in each case, on or before the Effective Date; or
- (e) by Karoo or by Bruin Point if the Amalgamation shall not have been completed by the Completion Deadline,

provided that any termination by a Party in accordance with the paragraphs above shall be made by such Party delivering written notice thereof to the other Party or parties hereto 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 party hereto to which the notice is to be given at the following address or sent by facsimile to the following numbers or to such other address or facsimile number 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 facsimile 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 Bruin Point:

Bruin Point Energy Limited.  
Suite 1300 – 1090 West Georgia Street  
Vancouver, BC V6E 3V7

Attention: Nick DeMare  
Fax: (604) 683-1585  
Email: [ndemare@chasemgt.com](mailto:ndemare@chasemgt.com)

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

Axium Law Corporation  
Suite 910 – 800 West Pender Street  
Vancouver, BC V6C 2V6

Attention: Michael Varabioff  
Fax: (604) 692-4900  
Email: [mvarabioff@axiumlaw.com](mailto:mvarabioff@axiumlaw.com)

(b) if to Karoo or Newco:

Karoo Exploration Corp.  
Suite 800 – 580 Hornby Street  
Vancouver, BC V6C 3B6

Attention: James Walchuck  
Email: [jwalchuck@shaw.ca](mailto:jwalchuck@shaw.ca)

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

Northwest Law Group  
Suite 704 – 595 Howe Street  
Vancouver, BC V6C 2T5

Attention: Charles Hethey  
Fax: (604) 687-6650  
Email: [cch@stocklaw.com](mailto:cch@stocklaw.com)

## **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, Bruin Point (if Karoo is the breaching party) or Karoo (if Bruin Point 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**

The parties agree that each party shall pay for its costs incurred in connection with this Agreement and the transactions contemplated hereby, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the party hereto incurring such expense and that nothing in this Agreement shall be construed so as to prevent the payment of such expenses, whether or not the Amalgamation is completed. The provisions of this Section 7.3 shall survive the termination of this Agreement.

## **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 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 non-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 facsimile, 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 facsimile, 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 Bruin Point shall have any personal liability whatsoever (other than in the case of fraud, negligence or wilful misconduct) to Karoo under this Agreement or any other document delivered in connection with this Agreement or the Amalgamation by or on behalf of Bruin Point.
- (b) No director or officer of Karoo shall have any personal liability whatsoever (other than in the case of fraud, negligence or wilful misconduct) to Bruin Point under this Agreement or any other document delivered in connection with this Agreement or the Amalgamation by or on behalf of Karoo.

**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.

**KAROO EXPLORATION CORP.**

Per: “James Walchuck”  
Authorized Signatory

James Walchuck  
Name

Chairman of the Board  
Title

**BRUIN POINT ENERGY LIMITED**

Per: “David Sidoo”  
Authorized Signatory

David Sidoo  
Name

Director  
Title

**1131663 B.C. LTD.**

Per: “James Walchuck”  
Authorized Signatory

James Walchuck  
Name

Director  
Title

## SCHEDULE A

### FORM OF BRUIN POINT RESOLUTION

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

1. The amalgamation (the “**Amalgamation**”) under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Bruin Point Energy Limited (the “**Company**”), Karoo Exploration Corp. (“**Karoo**”) and 1131663 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Karoo, pursuant to the terms and conditions contained in the amalgamation agreement (the “**Amalgamation Agreement**”) dated September 12, 2017 (as the same may be or has been modified or amended), in substantially the form attached hereto as Schedule A is hereby authorized and approved.
2. The execution and delivery by the Company of the Amalgamation Agreement, substantially in the form attached hereto as Schedule A, is hereby authorized 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 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 Bruin Point Energy Limited (the “**Company**”), Karoo Exploration Corp. (“**Karoo**”) and 1131663 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Karoo, pursuant to the terms and conditions contained in the amalgamation agreement (the “**Amalgamation Agreement**”) dated September 12, 2017, 2017 (as the same may be or has been modified or amended), in substantially the form attached hereto as Schedule A is hereby authorized and approved.
2. The execution and delivery by the Company of the Amalgamation Agreement, substantially in the form attached hereto as Schedule A, is hereby authorized 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 C**  
**FORM OF AMALGAMATION APPLICATION**

See Attached Document

# AMALGAMATION APPLICATION

BUSINESS CORPORATIONS ACT, section 266

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 EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S 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 THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
1.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
2.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
4.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED 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

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

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

**SCHEDULE D**

**FORM OF ARTICLES OF AMALCO**

See Attached

**Schedule “B”**

**BRUIN POINT ENERGY LIMITED**

(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> <hr/> <i>[Please Print Full name of Director or Officer]</i> <hr/> <i>[Please Print Relationship to Company]</i>	<hr/> _____, 2017

**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 acknowledgment 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:

- (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.

### **9.1 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.

### **9.2 Change of Name**

The Company may by resolution of the board of directors 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.

### **9.3 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, 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 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.

### **10.7 Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. 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 Failure to Give Notice and Waiver of Notice**

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

## **10.9 Notice of Special Business at Meetings of Shareholders**

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

- (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:

<p><b>(NAME OF COMPANY)</b> (the “Company”)</p> <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;">Signed [month, day, year]</p> <p style="text-align: right;">_____ [Signature of shareholder]</p> <p style="text-align: right;">_____ [Name of shareholder—printed]</p>
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**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.

#### **14.12 Nominations of directors**

- (a) Except as provided by applicable laws, only persons who are nominated in accordance with the procedures set forth in this Article 14.12 shall be eligible for election as directors of the Company.
- (b) Nominations of persons for election to the board of directors of the Company may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors. Only persons who are eligible under the *Business Corporations Act* and who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company:
  - (i) by or at the direction of the board of directors of the Company, including pursuant to a notice of meeting;

- (ii) by or at the direction or request of one or more shareholders pursuant to a valid “proposal” made in accordance with Division 7 of Part 5 of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with section 167 of the *Business Corporation Act*; or
  - (iii) by any person (a “Nominating Shareholder”):
    - (A) who, at the close of business on the date the Nominating Shareholder gives the notice provided for in Article 14.12(e) below and at the close of business on the record date for notice of such meeting, (i) is entered in the central securities register of the Company as a holder of one or more common shares carrying the right to vote at such meeting or (ii) beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such ownership that is satisfactory to the Company, acting reasonably. In cases where a Nominating Shareholder is not an individual, the notice set forth in Article 14.12(e) must be signed by an authorized representative, being a duly authorized director, officer, manager, trustee or partner of such entity who provides such evidence of such authorization that is satisfactory to the Company, acting reasonably; and
    - (B) who complies with the notice procedures set forth below in this Article 14.12.
  - (c) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof to the Company that is both timely (in accordance with Article 14.12(d)) and in proper written form (in accordance with Article 14.12(d)) by delivering such notice to the registered office of the Company.
  - (d) To be timely, a Nominating Shareholder’s notice to the Company must be made:
    - (i) in the case of an annual meeting of shareholders, not less than 55 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 65 days after the date (the “Notice Date”) on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and
    - (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
- The time periods for the giving of a Nominating Shareholder’s notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders, or the reconvening of any adjourned or postponed meeting of shareholders, or the announcement thereof commence a new time period for the giving of such notice.
- (e) To be in proper written form, a Nominating Shareholder’s notice to the Company must set forth:
    - (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:

- (A) the name, age, business address and residential address of the person;
  - (B) the present principal occupation or employment of the person and the principal occupation or employment history within the five years preceding the effective date of the notice;
  - (C) the citizenship of such person;
  - (D) the number of common shares of the Company which are directly or indirectly controlled or directed or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and also as of the date of such notice;
  - (E) the amount and material terms of any other securities, including any options, warrants or convertible securities, in the capital of the Company which are directly or indirectly controlled or directed or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and also as of the date of such notice;
  - (F) a personal information form in the form prescribed by the TSX Venture Exchange, or any other similar forms required by any applicable stock exchange on which the shares of the Company trade;
  - (G) confirmation that such person is not prohibited or disqualified from acting as a director under Applicable Securities Laws (as defined below), the *Business Corporations Act* or any other legislation; and
  - (H) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitation of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws; and
- (ii) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws.
- (f) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- (g) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the *Business Corporations Act* or the discretion of the chair of the meeting. The chair of the meeting shall have the power and duty to determine whether a

nomination was made in accordance with the procedures set forth in this Article 14.12 and, if any proposed nomination is not in compliance with this Article 14.12, to declare that such defective nomination shall be disregarded.

- (h) For the purposes of this Article 14.12:
- (i) “Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;
  - (ii) “business day” shall mean any day, other than Saturday, Sunday or any statutory holiday in the City of Vancouver, British Columbia; and
  - (iii) “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by or on behalf of the Company under its profile on SEDAR, the System of Electronic Document Analysis and Retrieval, at [www.sedar.com](http://www.sedar.com).
- (i) Notwithstanding any other provision of this Article 14.12, notice given to the registered office of the Company pursuant to this Article 14.12 may only be given by personal delivery or facsimile transmission and shall be deemed to have been given and made only at the time it is:
- (i) physically delivered to the registered office of the Company; or
  - (ii) sent by facsimile transmission to the registered office of the Company (provided that receipt of confirmation of such transmission has been received); and
- where such delivery or electronic communication is made on a day which is a not a business day or is made later than 4:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- (j) Notwithstanding the foregoing, the board of directors of the Company may, in its sole discretion, waive any requirement in this Article 14.12.
- (k) This Article 14.12 does not apply while the Company is, or becomes, a company which is not a reporting issuer as defined in the *Securities Act* (British Columbia).

## **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.

## AMENDING AGREEMENT

THIS AGREEMENT is made as of the 20<sup>th</sup> day of November, 2017.

AMONG:

**KAROO EXPLORATION CORP.**, a corporation existing under the British Columbia *Business Corporations Act*

(“**Karoo**”)

AND:

**BRUIN POINT ENERGY LIMITED**, a corporation existing under the British Columbia *Business Corporations Act*

(“**Bruin Point**”)

AND:

**1131663 B.C. LTD.**, a corporation existing under the British Columbia *Business Corporations Act*

(“**Newco**”)

(Karoo, Bruin Point and Newco are collectively referred to as the “**Parties**” and individually, a “**Party**”)

**WHEREAS:**

- A. The Parties entered into an amalgamation agreement dated September 12, 2017 (the “**Amalgamation Agreement**”) pursuant to which Karoo and Bruin Point propose to complete a business combination by way of an amalgamation of Bruin Point and Newco under the provisions of the BCBCA; and
- B. The Parties wish to amend the Amalgamation Agreement on the terms set out in this Amending Agreement.

**NOW THEREFORE** in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

1. **DEFINITIONS AND INTERPRETATION**

- 1.1 **Capitalized Terms.** Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the Amalgamation Agreement.

2. **AMENDMENTS TO THE AMALGAMATION AGREEMENT**

- 2.1 The meaning of the term “**Bruin Point Financing**” in subsection 1.1(p) of the Amalgamation Agreement is amended such that the reference to “9,200,000” is deleted and replaced with the term “13,110,000” and the reference to “\$2,300,000” is deleted and replaced with the words “\$3,277,500 or such other amount as the parties may agree”.

- 2.2 Subsection 1.1(q) of the Amalgamation Agreement is deleted in its entirety. The following is added as subsection 1.1(q) of the Amending Agreement: “**Bruin Point Finder’s Fee Shares**” means an aggregate of 880,000 Bruin Point Common Shares to be issued to an arm’s length finder on the Effective Date as a finder’s fee in connection with the Amalgamation;”.
- 2.3 Section 1.1(z) of the Amalgamation Agreement is amended by deleting “November 30, 2017” and replacing it with “December 15, 2017”.
- 2.4 Subsection 1.1(tt) of the Amalgamation Agreement is deleted in its entirety.
- 2.5 Subsection 1.1(zz) of the Amalgamation Agreement is deleted in its entirety.
- 2.6 Subsection 2.1(c)(iv) of the Amalgamation Agreement is deleted in its entirety.
- 2.7 Subsection 3.1(b) of the Amalgamation Agreement is amended such that the reference to “the Bruin Point Finder Warrants” is deleted in its entirety and replaced with “and the Bruin Point Finder’s Fee Shares”.
- 2.8 Subsection 3.1(v) of the Amalgamation Agreement is amended such that the reference to “Karoo Finder’s Fee Shares” is deleted and replaced with the term “Bruin Point Finder’s Fee Shares”.
- 2.9 Subsection 3.2(aa) of the Amalgamation Agreement is amended such that reference to “, other than the issuance of the Karoo Finder’s Fee Shares” is deleted in its entirety.
- 2.10 Subsection 4.1(c)(i) of the Amalgamation Agreement is amended such that reference to “, and the issue of the Bruin Point Common Shares upon the exercise of the Bruin Point Finder Warrants” is deleted in its entirety.
- 2.11 Subsection 4.2(o) of the Amalgamation Agreement is deleted in its entirety.
- 2.12 Subsection 4.2(p) of the Amalgamation Agreement is amended such that the following table:

<b>Name</b>	<b>Position</b>
David Sidoo	Chairman
Lawrence Pemble	Chief Executive Officer
Nick DeMare	Chief Financial Officer

is deleted in its entirety and replaced with the following table:

<b>Name</b>	<b>Position</b>
David Sidoo	Non-Executive Chairman
Frank Jacobs	President and Chief Executive Officer
Lawrence Pemble	Chief Financial Officer, Chief Operating Officer and Corporate Secretary

- 2.13 Subsection 5.1(h) of the Amalgamation Agreement is amended such that reference to “and the Karoo Replacement Warrants” is deleted in its entirety.
- 2.14 Subsection 5.1(j) of the Amalgamation Agreement is amended such that reference to “and the Karoo Replacement Warrants” is deleted in its entirety.

- 2.15 Subsection 5.1(k) of the Amalgamation Agreement is amended such that reference to “and the Karoo Replacement Warrants” is deleted in its entirety.
- 2.16 Subsection 7.1(a) of the Amalgamation Agreement is amended such that reference to “1300” is deleted in its entirety and replaced with the term “1305”.

**3. GENERAL**

- 3.1 Other than as amended hereby, the provisions of the Amalgamation Agreement continue in full force and effect and are hereby confirmed by the Parties.
- 3.2 This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, excluding any conflict of laws rules or principles embodied therein that would permit or require the application of the laws of another jurisdiction.
- 3.3 The rights and benefits of this Amending Agreement will inure to the benefit of and be enforceable by each Party’s successors and assigns.
- 3.4 This Amending Agreement may be executed in counterpart and delivered by facsimile or other means of electronic reproduction, and each copy so executed and delivered will be deemed to be an original, and all such counterparts together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Amending Agreement has been executed by the Parties hereto.

**KAROO EXPLORATION CORP.**

*“James Walchuck”*

Per: \_\_\_\_\_  
Name: James Walchuck  
Title: CEO

**BRUIN POINT ENERGY LIMITED**

*“David Sidoo”*

Per: \_\_\_\_\_  
Name: David Sidoo  
Title: President

**1131663 B.C. LTD.**

*“James Walchuck”*

Per: \_\_\_\_\_  
Name: James Walchuck  
Title: Director