

AMALGAMATION AGREEMENT

THIS AGREEMENT is made effective as of December 31, 2024 (the “**Effective Date**”)

AMONG:

ARCLAND RESOURCES INC., a company incorporated under the laws of the Cayman Islands and having an office at 801 – 560 Cardero Street, Vancouver, BC V6G 3G1

(the “**Issuer**”)

AND:

1519301 B.C. LTD., a company incorporated under the laws of British Columbia and having an office at 801 – 560 Cardero Street, Vancouver, BC V6G 3G1

(“**Arcland Subco**”)

AND:

NEXT LITHIUM CORP., a company incorporated under the laws of British Columbia and having an office at 67 East 5th Avenue, Vancouver BC V5T 1G7

(“**NEXT**”)

WHEREAS:

- A. the Issuer is a “reporting issuer” in British Columbia and Alberta and its shares are listed for trading on the Exchange (as defined herein);
- B. Arcland Subco is a wholly-owned subsidiary of the Issuer;
- C. the Issuer and NEXT entered into a binding letter of intent dated October 4, 2024, as amended on November 26, 2024 (the “**LOI**”) pursuant to which the Issuer and NEXT agreed to enter into a definitive agreement to replace and supersede the LOI; and
- D. the Issuer, through Arcland Subco, wishes to acquire all of the outstanding securities of NEXT in exchange for securities of the Issuer by way of a three-cornered amalgamation under the BCBCA (as defined herein), upon the terms and conditions set forth herein such that, upon completion of the Amalgamation (as defined herein), the amalgamated company will be a wholly-owned subsidiary of the Issuer; and
- E. the parties wish to enter into this Agreement to set out the terms and conditions of the Amalgamation and matters related thereto, and to replace and supersede the LOI with this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the parties hereto do covenant and agree each with the other as follows:

1. INTERPRETATION

1.1 **Defined Terms.** The following terms have the following meanings in this Agreement, including the recitals and any schedules hereto, unless otherwise stated or unless there is something in the subject matter or context inconsistent therewith:

- (a) **"Affiliate"** has the meaning attributed to that term in the BCBCA;
- (b) **"Agreement"** means this agreement and includes any agreement amending this agreement or any agreement or instrument which is supplemental or ancillary thereof, and the expressions "above", "below", "herein", "hereto", "hereof" and similar expressions refer to this agreement;
- (c) **"Amalco"** means the corporation that will result from the Amalgamation and which will be a wholly-owned subsidiary of the Issuer after giving effect to the Amalgamation;
- (d) **"Amalco Shares"** means the common shares in the capital of Amalco;
- (e) **"Amalgamation"** means the amalgamation of NEXT and Arcland Subco pursuant to the provisions of the BCBCA and the terms hereof;
- (f) **"Amalgamation Affidavits"** means the affidavit of a director or officer of each of NEXT and Arcland Subco, required pursuant to section 277 of the BCBCA;
- (g) **"Amalgamation Application"** means the amalgamation application of NEXT and Arcland Subco (including the form of notice of articles of Amalco attached thereto) in respect of the Amalgamation, in the form attached hereto as Schedule B, to be filed with the Registrar;
- (h) **"Amalgamation Resolution"** means the resolution of the shareholders of NEXT approving the Amalgamation and, if required, the Transaction;
- (i) **"Arcland Subco"** has the meaning given to it in the recitals hereof;
- (j) **"Arcland Subco Shares"** means the common shares in the capital of Arcland Subco;
- (k) **"Applicable Law"** means, with respect to any Person, all applicable rules, policies, notices, orders and legislation of any kind whatsoever of any Governmental Authority, regulatory body or stock exchange;
- (l) **"BCBCA"** means the *Business Corporations Act* (British Columbia), as amended and restated from time to time;
- (m) **"Business"** means the business presently carried on by the Issuer or NEXT, as the case may be, as a going concern, and the intangible goodwill associated therewith and any and all interests of whatsoever kind and nature related thereto;
- (n) **"Business Day"** means any day except Saturday, Sunday or a statutory holiday in Vancouver, British Columbia or George Town, Cayman Islands;

- (o) **"Certificate of Amalgamation"** means the certificate of amalgamation to be issued by the Registrar under section 281(a) of the BCBCA giving effect to the Amalgamation;
- (p) **"Consolidation"** means the consolidation of the Issuer Shares on the basis of the Consolidation Ratio;
- (q) **"Consolidation Ratio"** means a ratio of X pre-Consolidation Issuer Shares to one (1) post-Consolidation Issuer Share, where $X = \frac{\text{Offering Price}}{10}$;
- (r) **"Closing"** means the completion of the Transaction on the Closing Date pursuant to the terms and conditions contained in this Agreement;
- (s) **"Closing Date"** means the date which is five (5) Business Days following the satisfaction or waiver by the applicable party hereto of the last of the conditions set forth in Article 7 (other than those conditions that by their nature are to be satisfied at Closing), or such later date as the Issuer and NEXT may mutually agree upon in writing;
- (t) **"Dissent Rights"** means the right to dissent provided by Division 2 of Part 8 of the BCBCA;
- (u) **"Dissenting Shareholder"** means any NEXT Shareholder who validly exercises their Dissent Rights in accordance with Article 12;
- (v) **"Documents"** means all contracts, agreements, documents, permits, licenses, certificates, plans, drawings, specifications, reports, compilations, analysis, studies, financial statements, budgets, market surveys, minute books, corporate records, corporate seals and any other documents or information of whatsoever nature relating to the Issuer or NEXT, as the case may be, and any all rights in relation thereto;
- (w) **"Effective Time"** means the time on the Closing Date that the Amalgamation becomes effective;
- (x) **"Encumbrance"** means, whether or not registered or registrable or recorded or recordable, and regardless of how created or arising:
 - (i) a mortgage, assignment of rent, lien, encumbrance, adverse claim, charge, restriction, title defect, security interest, hypothec or pledge, whether fixed or floating, against assets or property (whether real, personal, mixed, tangible or intangible), hire purchase agreement, conditional sales contract, title retention agreement, equipment trust or financing lease, and a subordination to any right or claim of others in respect thereof;
 - (ii) a claim, interest, or estate against or in assets or property (whether real, personal, mixed, tangible or intangible), including, without limitation, an easement, right-of-way, servitude or other similar right in property granted to or reserved or taken by any Person;
 - (iii) an option or other right to acquire any interest in, any assets or property (whether real, personal, mixed, tangible or intangible);

- (iv) a lien or charge for taxes, assessments, duties, fees, premiums, imposts, levies and other charges imposed by any lawful authority;
- (v) any other encumbrance of whatsoever nature and kind against assets or property (whether real, personal, mixed, tangible or intangible); or
- (vi) any agreement to create, or right capable of becoming, any of the foregoing;
- (y) **“Environmental Laws”** means all applicable federal, provincial, state, local and foreign laws, imposing liability or standards of conduct for, or relating to, the regulation of activities, materials, substances or wastes in connection with, or for, the protection of human health, safety, the environmental or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation);
- (z) **“Exchange”** means the TSX Venture Exchange, or such other stock exchange on which the Issuer Shares are primarily listed for trading from time to time;
- (aa) **“Fenix”** means Fenix Advanced Materials Inc.;
- (bb) **“Fenix Acquisition”** means the acquisition by NEXT from the Former Fenix Shareholders of all of the issued and outstanding common shares in the capital of Fenix in exchange for NEXT Shares pursuant to the terms of the Fenix Agreement;
- (cc) **“Fenix Agreement”** means the share exchange agreement dated August 31, 2024, among NEXT, Fenix, and the Former Fenix Shareholders;
- (dd) **“Former Fenix Shareholders”** means the Persons who beneficially and legally own all of the issued and outstanding common shares in the capital of Fenix on the Effective Date, and who will, following the closing of the Fenix Acquisition, beneficially and legally own NEXT Shares at the time of Closing;
- (ee) **“Founder”** means Kyle Stevenson;
- (ff) **“Governmental Authority”** means any government or governmental, administrative, regulatory or judicial body, department, commission, authority, tribunal, agency or entity;
- (gg) **“Interim Period”** means the period from and including the Effective Date though to and including the Effective Time;
- (hh) **“Issuer”** has the meaning given to it in the recitals hereof;
- (ii) **“Issuer Annual Statements”** means the audited financial statements of the Issuer for the year ended November 30, 2024, as and when filed on SEDAR+ with the applicable Canadian securities regulators;
- (jj) **“Issuer Consideration Securities”** means, collectively, the Issuer Consideration Shares and the Issuer Consideration Warrants;
- (kk) **“Issuer Consideration Shares”** means the post-Consolidation Issuer Shares to be issued by the Issuer to the NEXT Shareholders in exchange for the NEXT Shares at the Closing pursuant to the terms and conditions of this Agreement;

- (ll) **"Issuer Consideration Warrants"** means share purchase warrants, each exercisable to acquire one Resulting Issuer Share, to be issued by the Issuer to the NEXT Warrantholders in exchange for the NEXT Warrants at the Closing pursuant to the terms and conditions of this Agreement;
- (mm) **"Issuer Disclosure Record"** means the Issuer's financial statements, management information circulars, material change reports, technical reports, press releases and all other documents filed publicly by the Issuer on SEDAR+;
- (nn) **"Issuer Interim Statements"** means the unaudited financial statements of the Issuer for the period ended August 31, 2024, as filed on SEDAR+ with the applicable Canadian securities regulators;
- (oo) **"Issuer Shares"** means the common shares in the capital of the Issuer, of which 13,232,337 are issued and outstanding as of the Effective Date;
- (pp) **"LOI"** has the meaning given to it in the recitals hereof;
- (qq) **"Losses"** has the meaning given to it in Section 8.5;
- (rr) **"Material Adverse Change"** means any change (or any condition, event or development involving a prospective change) in the business, operations, results of operations, assets, capitalization, financial condition, licences, permits, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of the party referred to which is, or would reasonably be expected to be, materially adverse to the business of such party other than a change: (i) which has prior to the Effective Date been publicly disclosed or otherwise disclosed in writing to the other party; or (ii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere;
- (ss) **"NEXT"** has the meaning given to it in the recitals hereof;
- (tt) **"NEXT CD Amendment"** means any amendment of the terms of the NEXT Convertible Debentures necessary to ensure that the NEXT Convertible Debentures convert immediately prior to Closing into NEXT CD Units at a deemed conversion price per NEXT CD Unit equal to 50% of the Offering Price, without any further action required by the holders thereof;
- (uu) **"NEXT CD Units"** means the units of NEXT, each comprised of one (1) NEXT Share and one (1) NEXT Debenture Warrant, issuable on conversion of the NEXT Convertible Debentures;
- (vv) **"NEXT Convertible Debentures"** means the outstanding convertible debentures of NEXT as follows:
 - (i) existing convertible debentures in the aggregate principal amount of CA\$2,061,450 with a maturity date of April 1, 2025;
 - (ii) existing convertible debentures in the aggregate principal amount of US\$1,227,428 with a maturity date of April 1, 2025;
 - (iii) existing convertible debentures in the aggregate principal amount of US\$1,323,000 with a maturity date of October 3, 2025;

- (iv) existing convertible debentures in the aggregate principal amount of USD\$664,500 with a maturity date of May 17, 2026;
- (v) existing convertible debentures in the aggregate principal amount of USD\$50,000 with a maturity date of July 30, 2026;
- (vi) existing convertible debentures in the aggregate principal amount of US\$3,500,000 with a maturity date of September 28, 2028; and
- (vii) convertible debentures in the aggregate principal amount of US\$29,185.87 to be issued effective December 31, 2024, with a maturity date of December 31, 2026,

each of which, assuming the successful completion of the NEXT CD Amendment, will convert immediately prior to Closing into NEXT CD Units at a deemed conversion price per NEXT CD Unit equal to 50% of the Offering Price, without any further action required by the holders thereof;

- (ww) **"NEXT Debenture Warrants"** means the share purchase warrants underlying the NEXT CD Units, each entitling the holder thereof to acquire one (1) NEXT Share at the Offering Price for a period of 24 months from Closing;
- (xx) **"NEXT Dissent Shares"** has the meaning ascribed thereto in Section 12.1;
- (yy) **"NEXT Financial Statements"** mean the financial statements of NEXT for the fiscal year ended June 30, 2024;
- (zz) **"NEXT Financing"** means one (1) or more private placements of NEXT PP Units for minimum gross aggregate proceeds of \$5,000,000, at a price per NEXT PP Unit equal to the Offering Price;
- (aaa) **"NEXT Material Contracts"** has the meaning ascribed thereto in Section 8.2(k);
- (bbb) **"NEXT Meeting"** means the (i) special meeting of NEXT Shareholders, including any adjournment or postponement thereof, to be held for the purpose of approving the Amalgamation Resolution and related matters, and (ii) the meeting of holders of NEXT Convertible Debentures, including any adjournment or postponement thereof, to be held for the purpose of approving the NEXT CD Amendment;
- (ccc) **"NEXT Outstanding Warrants"** means the 5,000,000 common share purchase warrants of NEXT outstanding as at the Effective Date, each entitling the holder thereof to acquire one (1) NEXT Share at an exercise price of US\$0.10 for a term ending 60 months following the Closing;
- (ddd) **"NEXT PP Units"** means the units issuable pursuant to the NEXT Financing, each comprised of one (1) NEXT Share and one-half of one (1) NEXT PP Warrant;
- (eee) **"NEXT PP Warrants"** the share purchase warrants underlying the NEXT PP Units, each entitling the holder thereof to acquire one (1) NEXT Share at a price of \$1.25 (or such other exercise price as may be approved by the Issuer in writing, acting reasonably) for a period of 24 months following Closing;
- (fff) **"NEXT Securityholders"** means the Persons who will, at Closing, beneficially and legally own the NEXT Shares, the NEXT Outstanding Warrants, the NEXT

Convertible Debentures and/or the NEXT Warrants (as applicable), as set forth and described in Schedule A to this Agreement (as updated from time to time);

- (ggg) **"NEXT Shareholders"** means the Persons who will, at Closing, beneficially and legally own the NEXT Shares, as set forth and described in Schedule A to this Agreement, as may be supplemented or amended before Closing for transfers or issuances of NEXT Shares;
- (hhh) **"NEXT Shares"** means the common shares in the capital of NEXT, of which 12,500,050 are issued and outstanding as at the Effective Date;
- (iii) **"NEXT Warrantholders"** means the Persons who will, at Closing, beneficially and legally own the NEXT Warrants, as set forth and described in Schedule A to this Agreement, as may be supplemented and/or amended before Closing for transfers or issuances of NEXT Warrants;
- (jjj) **"NEXT Warrants"** means, collectively, as applicable, the NEXT Outstanding Warrants, the NEXT PP Warrants and the NEXT Debenture Warrants;
- (kkk) **"Offering Price"** means \$1.00 per NEXT PP Unit, or such other price per NEXT PP Unit as may be approved by the Issuer in writing, acting reasonably;
- (lll) **"Outside Date"** means May 31, 2025 or such later date as may be mutually agreed by the Issuer and NEXT;
- (mmm) **"Permits"** means all licenses, permits and similar rights and privileges that are required and necessary under applicable legislation, regulations, rules and orders for the Issuer or NEXT, as the case may be, to own and operate their assets and Business or for the status and qualification of the Issuer or NEXT, as the case may be, to own and operate their assets and to carry on their Business;
- (nnn) **"Person"** means an individual, company, corporation, body corporate, partnership, joint venture, society, association, trust or unincorporated organization, or any trustee, executor, administrator, or other legal representative;
- (ooo) **"Registrar"** has the meaning attributed to that term in the BCBCA;
- (ppp) **"Regulatory Approval"** means any required approvals (or exemptive relief) under applicable Securities Laws in order to complete the Transaction (including any approval of the Exchange);
- (qqq) **"Representatives"** means the officers, directors, employees, advisers and agents of a Person and each Affiliate thereof, and **"Representative"** means any one of them;
- (rrr) **"Resulting Issuer"** means the Issuer upon completion of the Transaction, having Amalco as a wholly-owned subsidiary thereof;
- (sss) **"Resulting Issuer Shares"** means the common shares in the capital of the Resulting Issuer;
- (ttt) **"Securities Laws"** means the *Securities Act* (or its equivalent) in each of the provinces and territories of Canada and the respective regulations under such legislation together with applicable published rules, regulations, policy statements,

national instruments and memoranda of understanding of the securities regulatory authorities of such provinces and territories;

- (uuu) **"SEDAR+"** means the System for Electronic Document Analysis and Retrieval Plus developed by the Canadian Securities Administrators;
- (vvv) **"Stevenson Employment Agreement"** means the executive employment agreement dated June 1, 2023, entered into between NEXT and Kyle Stevenson;
- (www) **"Subco Consent Resolution"** has the meaning ascribed thereto in Section 2.1(b);
- (xxx) **"Tax Act"** means the *Income Tax Act* (Canada), as amended and restated from time to time;
- (yyy) **"Transaction"** means, collectively, the Amalgamation and all other transactions contemplated by this Agreement; and
- (zzz) **"Vertex Agreement"** means the share purchase agreement dated on or about the date hereof between Vertex Holdings (Argentina) Pty Ltd. and the Issuer.

1.2 **Schedules.** The following schedules attached hereto constitute a part of this Agreement:

Schedule A – NEXT Securityholders

Schedule B – Amalgamation Application

Schedule C – Articles of Amalco

1.3 **Schedule References.** Wherever any provision of any schedule to this Agreement conflicts with any provision in the body of this Agreement, the provisions of the body of this Agreement shall prevail. References herein to a schedule shall mean a reference to a schedule to this Agreement. References in any schedule to this Agreement shall mean a reference to this Agreement. References in any schedule to another schedule shall mean a reference to a schedule to this Agreement.

1.4 **Headings.** The headings in this Agreement are for reference only and do not constitute terms of this Agreement.

1.5 **Interpretation.** Whenever the singular or masculine is used in this Agreement the same shall be deemed to include the plural or the feminine or the body corporate as the context may require. As used in this Agreement, "or" is not exclusive and "including" is not limiting, whether or not non-limiting language (such as "without limitation") is used with reference to it.

1.6 **Currency.** Unless otherwise stated, all references to money in this Agreement shall be deemed to be references to the currency of Canada.

1.7 **Knowledge.** Where a representation or warranty is made in this Agreement on the basis of the knowledge or the awareness of the party, such knowledge or awareness consists only of the actual knowledge or awareness after due investigation, as of the date of this Agreement, of that party, if an individual or of the directors and senior executive officers of that party if it is a corporation or a similar entity, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed third party knowledge.

2. AMALGAMATION

2.1 Implementation Steps.

- (a) NEXT covenants that it shall call the NEXT Meeting for the purpose of approving the Amalgamation Resolution and the NEXT CD Amendment, or arrange for written approval in lieu of a meeting, as soon as reasonably practicable and, in any event, no later than February 15, 2025 or such other date as may be agreed by the Issuer and NEXT, each acting reasonably.
- (b) The Issuer covenants in favour of NEXT that it shall, in its capacity as the sole shareholder of Arcland Subco, approve and execute a written consent resolution (the “**Subco Consent Resolution**”) approving the Amalgamation as soon as reasonably practicable and, in any event, no later than February 15, 2025, or such other date as may be agreed to by the Issuer and NEXT, each acting reasonably.
- (c) Each of the Issuer, Arcland Subco and NEXT covenant to each other to use their commercially reasonable efforts to perform their respective obligations under this Agreement.

2.2 Securities Compliance. The Issuer and NEXT shall use commercially reasonable efforts to obtain all orders required from applicable Governmental Authorities and the Exchange to permit (subject to escrow or resale conditions imposed by the Exchange) the issuance of the Issuer Consideration Securities issuable pursuant to the Amalgamation in the applicable jurisdictions of Canada to residents of such jurisdictions of Canada without qualification with, or approval of, or the filing of any prospectus or similar document, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from, any Governmental Authority under any applicable Securities Laws, or the fulfillment of any other legal requirement in any such jurisdiction other than for any required filings under National Instrument 51-102 *Continuous Disclosure Obligations* or National Instrument 45-106 *Prospectus Exemptions* and any filings required by the Exchange.

2.3 Preparation of Filings.

- (a) The Issuer and NEXT shall co-operate in:
 - (i) the preparation of any application for any orders or documents reasonably deemed by the Issuer and NEXT to be necessary to discharge their respective obligations under Applicable Law in connection with this Agreement and the Transaction;
 - (ii) the taking of all such action as may be required under Applicable Law in connection with the issuance of the Issuer Consideration Securities; and
 - (iii) the taking of all such action as may be required under the BCBCA in connection with the Transaction.
- (b) Each of the Issuer and NEXT will, and will direct its Representatives and Affiliates and their respective Representatives, as applicable, to promptly furnish to the other party all information (including any information concerning its securityholders) as may be required in connection with Sections 2.1 and 2.2 and the provisions of Section 2.3(a). Each of the Issuer and NEXT covenants that no information furnished by it (to its knowledge in the case of information concerning its securityholders) to the other party in connection with the consummation of the

Transaction will contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished.

2.4 Filing of Amalgamation Application. Subject to the rights of termination contained in Section 11 hereof, upon satisfaction or waiver of all conditions precedent to the Transaction, Arcland Subco and NEXT shall jointly file with the Registrar the Amalgamation Application and such other documents as are required to be filed under the BCBCA to give effect to the Amalgamation, pursuant to provisions of the BCBCA.

2.5 Effect of the Amalgamation. At the Effective Time, subject to receipt of the required Regulatory Approval, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

- (a) Arcland Subco and NEXT shall amalgamate to form Amalco and shall continue as one company under the BCBCA in the manner set out in Section 2.6 hereof and with the effect set out in section 270 of the BCBCA;
- (b) immediately upon the amalgamation of Arcland Subco and NEXT to form Amalco as set forth in Section 2.5(a):
 - (i) each one (1) NEXT Share (other than those held by a Dissenting Shareholder) issued and outstanding immediately before the Effective Time shall be exchanged for one (1) Issuer Consideration Share;
 - (ii) each one (1) NEXT Warrant (other than those held by a Dissenting Shareholder) issued and outstanding immediately before the Effective Time shall be exchanged for one (1) Issuer Consideration Warrant with each such Issuer Consideration Warrant having the same terms and conditions as the corresponding NEXT Warrant; and
 - (iii) each one (1) Arcland Subco Share outstanding immediately before the Effective Time shall be exchanged for one (1) Amalco Share and the Arcland Subco Shares shall be deemed to have been cancelled as of the Closing Date;
- (c) with respect to each NEXT Share exchanged in accordance with Section 2.5(b)(i)(b)(i):
 - (i) the NEXT Shareholders shall cease to be the holders of such NEXT Shares and the name of such NEXT Shareholder shall be removed from the register of holders of such NEXT Shares;
 - (ii) the NEXT Shares shall be deemed to have been cancelled as of the Closing Date, and all rights the NEXT Shareholders may have in or to any securities of NEXT shall automatically (without any further action) be absolutely terminated and cancelled; and
 - (iii) the NEXT Shareholders shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange or transfer such securities in accordance with Section 2.5(b)(i);

- (d) with respect to each NEXT Warrant exchanged in accordance with Section 2.5(b)(ii):
 - (i) the NEXT Warrantheolders shall cease to be the holders of such NEXT Warrants and the name of such NEXT Warrantheolders shall be removed from the applicable register of holders of such NEXT Warrants;
 - (ii) the NEXT Warrants shall be deemed to have been cancelled as of the Closing Date, and all rights the NEXT Warrantheolders may have in or to any securities of NEXT shall automatically (without any further action) be absolutely terminated and cancelled; and
 - (iii) the NEXT Warrantheolders shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange or transfer such securities in accordance with Section 2.5(b)(ii); and
- (e) each Dissenting Shareholder will cease to have any rights as a shareholder other than the right to be paid the fair value of the NEXT Dissent Shares held by the Dissenting Shareholder in accordance with sections 237 – 247 of the BCBCA,

provided that, none of the foregoing shall occur or shall be deemed to occur unless all of the foregoing occurs.

2.6 Amalgamated Company. Unless and until otherwise determined in the manner required by law, by Amalco or by its directors or the holder(s) of the Amalco Shares, the following provisions shall apply:

- (a) *Name.* The name of Amalco shall be “NEXT Lithium Holdings Inc.” or such other name as determined by the Issuer and NEXT.
- (b) *Registered Office.* The municipality where the registered office of Amalco shall be located is Vancouver. The registered office of Amalco shall be 801 – 560 Cardero Street, Vancouver, BC V6G 3G1.
- (c) *Business and Powers.* There shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise.
- (d) *Authorized Share Capital.* Amalco shall be authorized to issue an unlimited number of Amalco Shares.
- (e) *Share Restrictions.* Securities of Amalco may not be transferred without the prior written consent of the director(s) of Amalco.
- (f) *Initial Directors.* The initial sole director of Amalco and the prescribed address for such initial director shall be as follows:

<u>Name</u>	<u>Delivery Address</u>	<u>Mailing Address (if different)</u>
Kyle Stevenson	801 – 560 Cardero Street, Vancouver, BC V6G 3G1	n/a

- (g) *Initial Officers.* The sole initial officer of Amalco and the position for such initial officer shall be as follows:

<u>Name</u>	<u>Position</u>
Kyle Stevenson	President

or such other persons as the Issuer and NEXT may mutually agree.

- (h) *Articles.* The articles of Amalco shall be as set forth in Schedule C hereto, with such amendments thereto as NEXT and the Issuer may determine prior to the Effective Time.
- (i) *Fiscal Year.* The fiscal year end of Amalco shall be November 30th in each year, until changed by resolution of the board of directors of Amalco.

2.7 Stated Capital. The amount added to the stated capital of the Issuer in respect of the Issuer Consideration Shares issuable pursuant to Section 2.5 shall be equal to the paid-up capital (within the meaning of the Tax Act), determined immediately before the Effective Time, of the NEXT Shares exchanged for Issuer Consideration Shares pursuant to Section 2.5. The amount added to the capital of the Amalco in respect of the Amalco Shares shall be equal to the aggregate paid-up capital (within the meaning of the Tax Act), determined immediately before the Effective Time, of the Arcland Subco Shares and NEXT Shares (less the paid-up capital of any NEXT Dissent Shares).

2.8 Issuer Consideration Securities. At the Effective Time and in accordance with the terms of the Amalgamation, the Issuer Consideration Securities shall be issued as set forth and described in Schedule A and certificates or other instruments for such Issuer Consideration Securities shall be delivered to the addresses set forth in Schedule A, or as otherwise directed by the NEXT Securityholders in writing.

2.9 Fractional Shares. No fractional Issuer Consideration Shares will be issued. In the event that a NEXT Securityholder would otherwise be entitled to fractional Issuer Consideration Shares hereunder, the number of Issuer Consideration Shares issued to such securityholder shall be rounded down to the nearest whole number without any additional compensation. In calculating such fractional interests, all NEXT securities registered in the name of or beneficially held by such NEXT Securityholder or their nominee shall be aggregated.

2.10 Restriction on Resale. The NEXT Securityholders, if required by the Exchange or Applicable Law, in respect of their Issuer Consideration Shares, will enter into an escrow agreement in the prescribed form or accept their Issuer Consideration Shares with such legended resale restrictions as may be required by the Exchange or Applicable Law.

2.11 Consideration Warrants. The Issuer and NEXT acknowledge and agree that the Consideration Warrants will consist of:

- (a) up to 5,000,000 share purchase warrants of the Resulting Issuer, exercisable at a price of US\$0.10 for a period of 60 months from Closing, to be issued in exchange for the NEXT Outstanding Warrants;
- (b) such number of share purchase warrants of the Resulting Issuer, exercisable at a price equal to 50% of the Offering Price for a period of 24 months from Closing, to be issued in exchange for the NEXT Debenture Warrants; and

- (c) such number of share purchase warrants of the Resulting Issuer, exercisable at a price of \$1.25 (or such other exercise price as may be approved by the Issuer in writing, acting reasonably) for a period of 24 months from Closing, to be issued in exchange for the NEXT PP Warrants.

2.12 NEXT Convertible Debentures. The Issuer acknowledges and agrees that, assuming the successful completion of the NEXT CD Amendment, immediately prior to Closing all issued and outstanding NEXT Convertible Debentures shall be converted into NEXT CD Units in accordance with the terms of the NEXT Convertible Debentures, without any further action of the holders thereof.

2.13 NEXT Financing and Fenix Acquisition. The Issuer acknowledges and agrees that, if NEXT completes the NEXT Financing and the Fenix Acquisition on or before the Closing Date, each of the subscribers in the NEXT Financing and the Former Fenix Shareholders, respectively, shall become NEXT Securityholders for the purposes of this Agreement.

3. DIRECTORS AND OFFICERS OF RESULTING ISSUER

3.1 Directors and Officers. Effective as of the Closing and subject to prior Exchange approval, the Issuer's board of directors and management shall be reconstituted, such that the directors and officers of the Resulting Issuer will consist of:

Rafael Arganaraz	Director
Jamie Houssian	Director
Alex Langer	Director
Farhad Abasov	Director
Kyle Stevenson	Director, President and Chief Executive Officer

or such other persons as the Issuer and NEXT may mutually agree.

4. COVENANTS AND AGREEMENTS

4.1 Covenants of NEXT. NEXT covenants and agrees with the Issuer that it will:

- (a) permit Representatives of the Issuer, at their own cost, reasonable access during normal business hours to NEXT's Documents including, without limitation, all of the assets, contracts, financial records and minute books of NEXT, so as to permit the Issuer to make such investigation of NEXT as the Issuer deems reasonably necessary;
- (b) assist in the completion of any steps required in any other jurisdictions where NEXT holds assets, which the Issuer may deem reasonably necessary to complete the Transaction;
- (c) provide to the Issuer all such further documents, instruments and materials and do all such acts and things as may be reasonably required by the Issuer to seek the Regulatory Approval, including, without limiting the foregoing, all relevant information concerning it and its Business, assets, operations and financial

statements for inclusion in any public disclosure document to be prepared by the Issuer in connection with the Transaction;

- (d) during the Interim Period, except as contemplated by the Vertex Agreement, preserve and protect the goodwill, assets and undertaking of NEXT, and carry on the Business of NEXT in the ordinary course in a reasonable and prudent manner consistent with past practice;
- (e) use its commercially reasonable efforts to obtain all required third party consents, Permits, approvals, authorizations, filings, assignments or waivers and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfil its obligations hereunder and to carry out the Transaction, including obtaining any securityholder approvals, consents or agreements as may be required under applicable corporate laws, securities laws, the rules and policies of the Exchange and the constating documents of NEXT to be able to fulfill its obligations hereunder and in connection with the delivery of all of the NEXT Shares and the NEXT Warrants on Closing (including the NEXT Shares and the NEXT Warrants underlying the NEXT Convertible Debentures);
- (f) promptly advise the Issuer of any material communication (written or oral) from or claims brought by (or threatened to be brought by) any NEXT Shareholders exercising their Dissent Rights in opposition to the Amalgamation;
- (g) co-operate with the Issuer in the Issuer's efforts to obtain the Regulatory Approval with respect to:
 - (i) the Transaction; and
 - (ii) such other documents as the Issuer may reasonably request in order to obtain the Regulatory Approval;
- (h) use its commercially reasonable efforts to complete the NEXT Financing, such that the closing of the NEXT Financing will occur prior to or concurrently with the Closing;
- (i) use its commercially reasonable efforts to complete the Fenix Acquisition, such that the closing of the Fenix Acquisition will occur prior to the Closing;
- (j) comply with the terms hereof and faithfully and expeditiously seek to satisfy the conditions precedent set out Sections 7.1 and 7.2 so as to close the Transaction and all related transactions by the Closing Date;
- (k) during the Interim Period, except as otherwise permitted in this Agreement or pursuant to the exercise of any NEXT Warrants or conversion of NEXT Convertible Debentures, not issue any securities of NEXT or enter into any agreement or understanding with any other party to issue any securities of NEXT, without the prior written consent of the Issuer, such consent not to be unreasonably withheld;
- (l) during the Interim Period, except as contemplated by the Vertex Agreement, not directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, entertain or enter into negotiations with, any Person (other than the Issuer or a subsidiary of the Issuer), with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of NEXT;

- (m) during the Interim Period, not:
 - (i) enter into any material contract; or
 - (ii) incur or commit to incur any indebtedness for borrowed money, without the prior written consent of the Issuer (such consent not to be unreasonably withheld), except as contemplated by the Vertex Agreement;
- (n) make other necessary filings and applications under Applicable Law required on the part of it in connection the Transaction;
- (o) use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of it contained herein shall be true and correct in all material respects on and as of the Closing Date as if made on the Closing Date, except to the extent that such representations and warranties require modification to give effect to the Transaction or the transactions contemplated by the Vertex Agreement;
- (p) notify the Issuer immediately upon becoming aware that any of the representations or warranties of it contained herein are no longer true and correct in any material respect;
- (q) during the Interim Period, ensure that it complies in all material respects with the foregoing covenants of this Agreement; and
- (r) as soon as practicable following any changes to the NEXT Securityholders, deliver to the Issuer an updated Schedule A to this Agreement.

4.2 **Covenants of the Issuer.** The Issuer covenants and agrees with NEXT that the Issuer will:

- (a) permit Representatives of NEXT reasonable access during normal business hours to the Issuer's Documents including, without limitation, all of the assets, contracts, financial records and minute books of the Issuer, so as to permit NEXT to make such investigation of the Issuer as NEXT deems reasonably necessary;
- (b) take all corporate action necessary to approve and to permit the issuance of the Issuer Consideration Securities on Closing;
- (c) during the Interim Period, carry on the Business of the Issuer and the business of Arcland Subco in the ordinary course in a reasonable and prudent manner consistent with past practice;
- (d) use its commercially reasonable efforts to obtain, in a timely manner, the Regulatory Approval for the Transaction;
- (e) prior to Closing, use its commercially reasonable efforts to call a meeting of its shareholders for the purpose of approving, among other matters (i) the election of directors of the Issuer necessary to effect the facilitate the director and officer composition of the Issuer set forth in Section 3.1, and (ii) if required by the Exchange or Applicable Law, the Transaction;

- (f) use its commercially reasonable efforts to effect the Consolidation on or before Closing;
- (g) use its commercially reasonable efforts to obtain Exchange approval of the Resulting Issuer as a Tier 2 Issuer (as that term is defined in the policies of the Exchange);
- (h) during the Interim Period, not issue any securities and not enter into any agreement or understanding with any third party to issue any securities, without the prior written consent of NEXT, such consent not to be unreasonably withheld;
- (i) during the Interim Period, except as contemplated by the Vertex Agreement, not directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, entertain or enter into negotiations with, any Person (other than NEXT or a subsidiary of NEXT), with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of it;
- (j) comply with the terms hereof and faithfully and expeditiously seek to satisfy the conditions precedent set out in Sections 7.1 and 7.3 and to close the Transaction and related transactions by the Closing Date;
- (k) use its commercially reasonable efforts to conduct its affairs so that the representations and warranties of the Issuer contained herein shall be true and correct in all material respects on and as of the Closing Date as if made on the Closing Date, except to the extent that such representations and warranties require modification to give effect the Transaction;
- (l) during the Interim Period, use its reasonable commercial efforts to ensure that the Issuer Shares remain listed on the Exchange and that it remains in good standing under Applicable Law;
- (m) use its commercially reasonable efforts to obtain all consents, approvals, Permits, authorizations or filings as may be required under applicable corporate laws, securities laws, and the constating documents of the Issuer for the performance by the Issuer of its obligations under this Agreement prior to the Closing;
- (n) notify NEXT immediately upon becoming aware that any of the representations or warranties of it contained herein are no longer true and correct in any material respect;
- (o) take all such action as is necessary or desirable to cause Arcland Subco to satisfy its obligations hereunder, including without limitation, passing the Subco Consent Resolution, on or prior to the Closing Date, or such other date as may be agreed to by the Issuer and NEXT, acting reasonably;
- (p) prior to the Closing Date, not cause or permit Arcland Subco to issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities, 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 NEXT; and

- (q) during the Interim Period, ensure that it complies in all material respects with the foregoing covenants of this Agreement.

5. FINDER'S FEE

NEXT acknowledges and agrees that the Issuer may pay such finder's fees as it determines necessary or desirable in connection with the Transaction, subject to limitations pursuant to Applicable Law and the policies of the Exchange.

6. TRANSACTION EXPENSES

Each of the parties to this Agreement will bear all costs and expenses incurred by such party in negotiating and preparing this Agreement and in Closing and carrying out the transactions contemplated by this Agreement. All costs and expenses related to satisfying any condition or fulfilling any covenant contain in this Agreement will be borne by the party whose responsibility it is to satisfy the outstanding condition or fulfill the covenant in question.

7. CONDITIONS PRECEDENT

7.1 In Favour of all Parties. The obligations of all parties under this Agreement are subject to the fulfillment of the following conditions prior to the time of Closing or such other time as herein provided:

- (a) the Amalgamation Resolution, the NEXT CD Amendment, this Agreement and the transactions contemplated herein shall have been approved by the NEXT Shareholders as required by and in accordance with this Agreement and Applicable Law;
- (b) Dissent Rights shall not have been exercised with respect to the Amalgamation by NEXT Shareholders which in the aggregate represent 5% or more of the issued and outstanding NEXT Shares on the execution date of the Amalgamation Resolution;
- (c) if required by the Exchange, the approval of the shareholders of the Issuer of the Transaction;
- (d) the approval by the Issuer of the Subco Consent Resolution;
- (e) the completion of all transactions contemplated by the Vertex Agreement;
- (f) there being no prohibition at law against closing of the Transaction;
- (g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Consolidation;
- (h) all consents, orders and approvals required for the completion of the Transaction, including Regulatory Approvals, and transactions ancillary thereto shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to all of the parties hereto, acting reasonably;
- (i) this Agreement shall have not been terminated in accordance with Section 11 of this Agreement.

The conditions precedent set forth above are for the benefit of all parties and may only be waived in writing by the Issuer and NEXT, in whole or in part on or before the time of Closing.

7.2 In Favour of the Issuer. The Issuer's obligations under this Agreement are subject to the fulfilment of the following conditions prior to time of Closing or such other time as herein provided:

- (a) the board of directors of NEXT shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by NEXT, to permit the consummation of the Transaction and the NEXT Financing;
- (b) NEXT shall have materially complied with all of its covenants and agreements contained in this Agreement;
- (c) the representations and warranties of NEXT contained in this Agreement shall be true and correct in all material respects as if such representations and warranties had been made by NEXT as of the time of Closing;
- (d) completion of due diligence by the Issuer, its counsel or other Representatives on the business, assets, financial condition, and corporate records of NEXT, to the satisfaction of the Issuer, in its sole discretion;
- (e) the NEXT Financing shall have been completed prior to Closing or will be completed concurrently with Closing;
- (f) the Fenix Acquisition shall have been completed prior to Closing on terms acceptable to the Issuer, acting reasonably;
- (g) the Issuer will have determined in its sole judgment, acting reasonably, that no Material Adverse Change in the condition of NEXT has occurred during the Interim Period;
- (h) there being no debts or amounts owing to NEXT by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom NEXT does not deal at arm's length, except for any amounts advanced to such person for expenses incurred on behalf of NEXT in the ordinary course of its business or as otherwise disclosed in writing to the Issuer;
- (i) no inquiry or investigation (whether formal or informal) in relation to NEXT or its directors or officers, shall have been commenced or threatened by the Exchange, any relevant securities commission or similar regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a material adverse effect on the Resulting Issuer after giving effect to the Transaction;
- (j) there being no legal proceeding or regulatory actions or proceedings against NEXT which may, if determined against the interest of NEXT, cause a Material Adverse Change to NEXT; and
- (k) all corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto and other documents in connection with the Transaction (including documents to be delivered pursuant to Section 9.2) will be completed and satisfactory in form and substance to the Issuer and the Issuer's counsel, each acting reasonably, and the

Issuer will have received all executed counterpart original and certified or other copies of such documents as such counsel may reasonably request.

The conditions precedent set forth above are for the exclusive benefit of the Issuer and may be waived by it in whole or in part on or before the time of Closing.

7.3 In Favour of NEXT. The obligations of NEXT under this Agreement are subject to the fulfilment of the following conditions prior to time of Closing or such other time as herein provided:

- (a) the board of directors of each of the Issuer and Arcland Subco shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by the Issuer and Arcland Subco, to permit the consummation of the Transaction;
- (b) the Issuer shall have materially complied with all of its covenants and agreements hereunder to be performed and complied with on or before the time of Closing;
- (c) the representations and warranties of the Issuer contained in this Agreement shall be true and correct in all material respects as if such representations and warranties had been made by the Issuer as of the time of Closing;
- (d) completion of due diligence by NEXT, its counsel or other Representatives on the business, assets, financial condition, and corporate records of the Issuer, to the satisfaction of NEXT, in its sole discretion;
- (e) the Issuer shall have taken all steps necessary to effect the appointment of the directors and officers identified in Section 3.1;
- (f) the Consolidation shall have been completed prior to Closing or will be completed concurrently with Closing;
- (g) there being no debts or amounts owing to the Issuer by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom the Issuer does not deal at arm's length, except for any amounts advanced to such person for expenses incurred on behalf of the Issuer in the ordinary course of its business or as otherwise disclosed in writing to NEXT;
- (h) no inquiry or investigation (whether formal or informal) in relation to the Issuer or its directors or officers, shall have been commenced or threatened by the Exchange, any relevant securities commission or similar regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a material adverse effect on the Resulting Issuer after giving effect to the Transaction;
- (i) NEXT will have determined in its sole judgment, acting reasonably, that no Material Adverse Change in the condition of the Issuer has occurred during the Interim Period;
- (j) there being no legal proceeding or regulatory actions or proceedings against the Issuer which may, if determined against the interest of the Issuer, cause a Material Adverse Change to the Issuer;

- (k) the completion of the Transaction is in compliance in all material respects with all Applicable Law and the policies of the Exchange; and
- (l) all corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto and other documents in connection with the Transaction (including documents to be delivered pursuant to Section 9.3), will be completed and satisfactory in form and substance to NEXT and NEXT's counsel, each acting reasonably, and they will have received all executed counterpart original and certified or other copies of such documents as such counsel may reasonably request.

The conditions precedent set forth above are for the exclusive benefit of NEXT and may be waived by NEXT, in whole or in part on or before the time of Closing.

8. REPRESENTATIONS AND WARRANTIES

8.1 Concerning the Issuer. In order to induce NEXT to enter into this Agreement and complete their respective obligations hereunder, the Issuer represents and warrants to NEXT that:

- (a) the Issuer is a valid and subsisting company incorporated under the laws of the Cayman Islands, and Arcland Subco is a valid and subsisting company incorporated under the laws of British Columbia;
- (b) each of the Issuer and Arcland Subco is duly registered and licenced to carry on business in the jurisdictions in which it carries on business or owns property where so required by the laws of that jurisdiction and is not otherwise precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document;
- (c) each of the Issuer and Arcland Subco is in material compliance with all Applicable Laws in the jurisdictions in which it carries on business and which may materially affect it, it has not received a notice of non-compliance with any such laws, regulations and statutes and nor does it know of any facts that could give rise to a notice of such non-compliance, and it is not aware of any pending change or contemplated change to any Applicable Law or governmental position that would materially affect the Business of the Issuer or the Business or legal environment under which the Issuer operates;
- (d) the Issuer is a "reporting issuer" in British Columbia and Alberta as that term is defined in applicable Securities Laws, is not in material default of any requirement of applicable Securities Laws and is not noted as being a "defaulting reporting issuer" (or any analogous terms) in any such jurisdiction;
- (e) the Issuer Shares are listed on the Exchange, and the Issuer is not in material default of any requirement contained in its listing agreement with the Exchange;
- (f) the Issuer and Arcland Subco each have full corporate power and authority to carry on its Business as now carried on by it, to enter into this Agreement and will have at the time of Closing, full power and authority to complete the Transaction and related transactions and to carry out its obligations hereunder. This Agreement has been, and the Transaction will be at the time of Closing, duly authorized by all necessary shareholder (if applicable) and corporate action on the part of the Issuer and Arcland Subco, and this Agreement constitutes a valid and binding obligation of the Issuer and Arcland Subco in accordance with its terms, subject, however, to

limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;

- (g) as of the Effective Date, the authorized capital of the Issuer consists of an unlimited number of common shares, of which 13,232,337 Issuer Shares are issued and outstanding as fully paid and non-assessable. No Person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any unissued shares in the capital of the Issuer or any other security convertible into or exchangeable for any such shares, or to require the Issuer to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital;
- (h) there are no securities of the Issuer outstanding, other than the Issuer Shares, which have the right to vote generally, or are convertible into or exchangeable for securities having the right to vote generally (as applicable), with the holders of Issuer Shares on any matter. There are no outstanding contractual or other obligations of the Issuer to repurchase, redeem or otherwise acquire any of the Issuer's securities. There are no outstanding bonds, debentures or other evidences of indebtedness of the Issuer having the right to vote with the holders of the outstanding Issuer Shares on any matters;
- (i) the Issuer Disclosure Record does not contain any misrepresentations (as such term is defined in applicable Securities Laws) and does not omit to state a material fact (as such term is defined in applicable Securities Laws) which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (j) all financial statements filed in the Issuer Disclosure Record, including the Issuer Interim Statements and the Issuer Annual Statements, have been prepared in accordance with International Financial Reporting Standards, and present fairly in all material respects the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Issuer, as of the date thereof, and there has been no Material Adverse Change in the financial position of the Issuer since the date of the Issuer Interim Statements and the Business of the Issuer has been carried on in the usual and ordinary course consistent with past practice since the date thereof;
- (k) the auditors of the Issuer, DeVisser Gray LLP are independent chartered professional accountants as required under Applicable Law;
- (l) the Issuer has complied in all material respects with the requirements of all Applicable Law and administrative policies and directions, including, without limitation, applicable Securities Laws, in relation to the issue of its securities;
- (m) the Issuer is not a party to any actions, suits or proceedings which could materially affect its financial condition, and to the best of the Issuer's knowledge, no such actions, suits or proceedings are contemplated or, to the best of the Issuer's knowledge, have been threatened;
- (n) there are no judgments against the Issuer or Arcland Subco which are unsatisfied, nor are there any consent decrees or injunctions to which the Issuer or Arcland Subco is subject;

- (o) other than the anticipated cessation of trading in connection with the Transaction, no order ceasing, halting or suspending trading in securities of the Issuer nor prohibiting the sale of such securities has been issued to and is outstanding against the Issuer; and no investigations or proceedings for such purposes are pending or threatened;
- (p) the Issuer and Arcland Subco have filed all federal, provincial, local and foreign tax returns which are required to be filed, or have requested extensions thereof, and have each paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, or any amounts due and payable to any Governmental Authority, to the extent that any of the foregoing is due and payable;
- (q) there are no liens for taxes on the assets of the Issuer or Arcland Subco, except for taxes not yet due, and there are no audits of any of the tax returns of the Issuer or Arcland Subco, and there are no claims which have been or may be asserted relating to any such tax returns;
- (r) the Issuer does not have any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any Person with which it does not deal at "arm's length" (as such term is used in the Tax Act), except as may be publicly disclosed in the Issuer Disclosure Record;
- (s) the Issuer does not have any material outstanding indebtedness or liabilities and is not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person that are material to the Issuer, other than those specifically identified in the Issuer Interim Statements, and if applicable the Issuer Annual Statements, and as may be publicly disclosed in the Issuer Disclosure Record, or incurred in the ordinary course of business since the date of the Issuer Interim Statements;
- (t) the Issuer has not taken and shall not take any action which would be expected to result in the delisting or suspension of the Issuer Shares on or from the Exchange and the Issuer has complied and shall comply, in all material respects, with the rules and regulations thereof;
- (u) the Issuer has and will have by Closing, or as soon as practicable thereafter, filed all documents that are required to be filed under the continuous disclosure provisions of applicable Securities Law, including annual and interim financial information, press releases disclosing material changes and material change reports;
- (v) the execution and delivery of this Agreement by the Issuer and Arcland Subco and the performance of their obligations under this Agreement will not:
 - (i) conflict with, or result in the breach or the acceleration of any indebtedness under, or constitute default under the constating documents of the Issuer or Arcland Subco, as the case may be, or any indenture, mortgage, agreement, lease, licence, contract, permit or other instrument of any kind whatsoever to which the Issuer or Arcland Subco, as the case may be, is a party or by which it is bound, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which the Issuer is bound;

- (ii) result in the violation of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever by the Issuer or Arcland Subco, as the case may be; or
 - (iii) violate the constating documents of the Issuer or Arcland Subco, as the case may be, or any resolutions of the directors or shareholders of the Issuer;
- (w) the financial books, records and accounts of the Issuer and Arcland Subco have in all material respects, been maintained in accordance with Applicable Law, in accordance with applicable accounting standards and, in each case, are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of the Issuer and Arcland Subco and accurately and fairly reflect the basis for all financial statements filed in the Issuer Disclosure Record, including the Issuer Interim Statements, and if applicable the Issuer Annual Statements;
- (x) except as disclosed in the Issuer Disclosure Record or as disclosed to NEXT in respect of Arcland Subco, there are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of the Issuer, threatened affecting the Issuer or Arcland Subco or affecting their respective property or assets at law or in equity before or by any Governmental Authority, including matters arising under Environmental Laws. Neither the Issuer, Arcland Subco nor their respective assets or properties are subject to any outstanding material judgment, order, writ, injunction or decree;
- (y) to the knowledge of the Issuer, the Issuer and Arcland Subco have in all material respects complied with and are not in violation of any Applicable Law;
- (z) to the best of the Issuer's knowledge, the Issuer does not have, and has not at any time had, any employees; and
- (aa) upon their issuance, the Issuer Consideration Securities will be validly issued and outstanding as fully paid and non-assessable securities of the Issuer registered in accordance with the instructions provided in Schedule A, free and clear of all liens, charges or Encumbrances of any kind whatsoever other than those imposed by applicable Securities Law or the Exchange, or as otherwise contemplated in this Agreement.

8.2 Concerning NEXT. In order to induce the Issuer to enter into this Agreement and complete its obligations hereunder NEXT represents and warrants to the Issuer that:

- (a) NEXT is a valid and subsisting company incorporated and validly existing under the laws of British Columbia;
- (b) NEXT is duly registered and licenced to carry on business in the jurisdictions in which it carries on business or owns property where so required by the laws of that jurisdiction and is not otherwise precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document;
- (c) NEXT has full corporate power and authority to carry on its Business as now carried on by it, and has full power and authority to enter into this Agreement, and will have at the time of Closing full power and authority to complete the Transaction and related transactions and to carry out its obligations hereunder. This Agreement

has been, and the Transaction will be at the time of Closing, duly authorized by all necessary shareholder and corporate action on the part of NEXT, and this Agreement constitutes a valid and binding obligation of NEXT in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered;

- (d) NEXT is in material compliance with all Applicable Law in the jurisdictions in which it carries on business and which may materially affect NEXT, it has not received a notice of non-compliance with any such laws, regulations and statutes and nor does it know of any facts that could give rise to a notice of such non-compliance, and it is not aware of any pending change or contemplated change to any Applicable Law or governmental position that would materially affect the Business of NEXT or the Business or legal environment under which NEXT operates;
- (e) as of the Effective Date, the authorized capital of NEXT consists of an unlimited number of common shares, of which 12,500,050 NEXT Shares, registered in the names of the NEXT Shareholders as set forth on Schedule A, are issued and outstanding as fully paid and non-assessable, and, to the knowledge of NEXT, such shares are free and clear of all trading restrictions (except pursuant to Applicable Law, or as provided for herein and in the articles or notice of articles of NEXT), liens, charges or Encumbrances of any kind whatsoever. As of the Effective Date, no Person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any unissued shares in the capital of NEXT or any other security convertible into or exchangeable for any such shares, or to require NEXT to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital other than pursuant to the NEXT Convertible Debentures (including the underlying securities thereto), the NEXT Outstanding Warrants and the Fenix Agreement;
- (f) immediately prior to Closing, the number of NEXT Shares issued and outstanding will be approximately X, where $X = \text{the sum of (i) 12,500,050, being the number of NEXT Shares issued and outstanding as at the Effective Date, plus (ii) the number of NEXT Shares issuable upon conversion of the aggregate principal amount of the NEXT Convertible Debentures outstanding as at the Effective Date, plus (iii) the number of NEXT Shares issuable upon conversion of the accrued and unpaid interest payable on the aggregate principal amount of the NEXT Convertible Debentures outstanding as at the Closing Date; plus (iv) the product of: } 5,221,328 / \text{Offering Price, being the number of NEXT Shares issuable upon closing of the Fenix Acquisition; plus (v) 5,000,000, being the number of NEXT Shares to be issued in the NEXT Financing, provided that, (x) for the purposes of calculating clause (ii), it is assumed that NEXT will not repay any of the aggregate principal amount of the NEXT Convertible Debentures outstanding as at the Effective Date prior to Closing, (y) for the purposes of calculating clauses (ii) and (iii), it is assumed that any NEXT Convertible Debentures denominated in United States dollars will be converted to Canadian dollars at an exchange rate equal to the prevailing exchange rate on the date of conversion, and (z) for the purposes of calculating clause (iv), it is assumed that the purchase price adjustment mechanism set forth in Section 2.03 of the Fenix Agreement will be effected by NEXT prior to Closing, such that the number of NEXT Shares issued to the Former Fenix Shareholders reflects the exchange ratio set forth in Section 2.5(b)(i);$

- (g) all securities of NEXT have been issued in compliance with all Applicable Law, including where applicable Securities Laws. As of the Effective Date, there are no securities of NEXT other than the NEXT Shares, NEXT Convertible Debentures (including the underlying securities thereto) and the NEXT Outstanding Warrants which have the right to vote generally, or are convertible into or exchangeable for securities having the right to vote generally, with the holders of NEXT Shares on any matter. There are no outstanding contractual or other obligations of NEXT to repurchase, redeem or otherwise acquire any of NEXT's securities. There are no outstanding bonds, debentures or other evidences of indebtedness of NEXT having the right to vote with the holders of the outstanding NEXT Shares on any matters;
- (h) no financial, marketing, sales or operational information by NEXT provided to the Issuer contains any misrepresentations (as such term is defined in applicable Securities Laws) or omits to state a material fact (as such term is defined in applicable Securities Laws) which, as at the date thereof, was required to be stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (i) all financial statements of NEXT have been prepared in accordance with International Financial Reporting Standards, present fairly in all material respects the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of NEXT and, as of the date thereof, except as contemplated by the Vertex Agreement, there has been Material Adverse Change in the financial position of NEXT since the date of the NEXT Financial Statements and the business of NEXT has been carried on in the usual and ordinary course consistent with past practice since the date thereof;
- (j) NEXT has complied fully in all material respects with the requirements of all Applicable Law and administrative policies and directions, including, without limitation, applicable Securities Laws, in relation to the issue of its securities;
- (k) NEXT has made available to the Issuer for inspection true and complete copies of all material contracts to which NEXT is a party and that are currently in force (the "**NEXT Material Contracts**"). Without limitation, the NEXT Material Contracts include the Stevenson Employment Agreement and the Fenix Agreement. The NEXT Material Contracts are in full force and effect, and NEXT is entitled to all rights and benefits thereunder in accordance with the terms thereof. All the NEXT Material Contracts are valid and binding obligations, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. NEXT has complied in all material respects with all terms of the NEXT Material Contracts, has paid all amounts due thereunder if, as and when due, has not waived any rights thereunder and no material default or breach exists in respect thereof on the part of NEXT or, to the knowledge of NEXT, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, could constitute such a default or breach or trigger a right of termination of any of the NEXT Material Contracts;
- (l) except as disclosed to the Issuer in writing, there are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of NEXT, threatened affecting NEXT or affecting its property or assets at law or in equity before or by any Governmental Authority, including matters arising under

Environmental Laws. NEXT's assets and properties are not subject to any outstanding material judgment, order, writ, injunction or decree;

- (m) NEXT has obtained and is in compliance with all Permits required by Applicable Law necessary to conduct the Business of NEXT as now being conducted. To the knowledge of NEXT, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with the Permits as are necessary to conduct the Business of NEXT;
- (n) NEXT is not a party to any actions, suits or proceedings which could materially affect its Business or financial condition, and to the best of NEXT's knowledge, no such actions, suits or proceedings are contemplated or have been threatened;
- (o) there are no judgments against NEXT which are unsatisfied, nor are there any consent decrees or injunctions to which NEXT is subject;
- (p) NEXT is not subject to any regulatory decision or order prohibiting or restricting transfer of its securities;
- (q) to the best of NEXT's knowledge, there are no material liabilities of NEXT, whether direct, indirect, absolute, contingent or otherwise, except as disclosed in the financial statements of NEXT, and disclosed in NEXT's business records provided to the Issuer and related to the ordinary course of business;
- (r) NEXT does not have any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any Person with which it does not deal at "arm's length" (as such term is used in the Tax Act);
- (s) to the best of NEXT's knowledge, NEXT is not aware of any material contingent tax liabilities of NEXT of any kind whatsoever or any grounds which would prompt a reassessment of NEXT;
- (t) NEXT does not have any material outstanding indebtedness or liabilities and is not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person that are material to NEXT, other than those specifically disclosed to the Issuer in writing prior to the Effective Date, or incurred in the ordinary course of business;
- (u) the financial books, records and accounts of NEXT have, in all material respects, been maintained in accordance with Applicable Law, in accordance with applicable accounting standards and, in each case, are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of NEXT and accurately and fairly reflect the basis for all financial statements of NEXT, including the NEXT Financial Statements;
- (v) the execution and delivery of this Agreement and the performance of NEXT's obligations under this Agreement will not:
 - (i) conflict with, or result in the breach or the acceleration of, any indebtedness under, or constitute default under, the charter or constating documents of NEXT, or any indenture, mortgage, agreement, lease, licence or other instrument of any kind whatsoever to which NEXT is a party, or by which

each one of them is bound, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which each one of them is bound;

- (ii) result in the violation of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever by NEXT; or
- (iii) violate the constating documents of NEXT, or any resolutions of the directors or shareholders of NEXT;
- (w) to the knowledge of NEXT, NEXT has in all material respects complied with and is not in violation of any Applicable Law;
- (x) the NEXT Shares are, and at Closing the NEXT Shares shall be, validly issued, fully paid and non-assessable, and, to the knowledge of NEXT, such NEXT Shares are, and at Closing shall be, be free and clear of all trading restrictions (except pursuant to Applicable Law, or as provided for herein and in the articles or notice of articles of NEXT), liens, charges or Encumbrances of any kind whatsoever;
- (y) the NEXT Shares, the NEXT Convertible Debentures and the NEXT Outstanding Warrants are the only issued and outstanding “securities” of NEXT (as that term is defined in the *Securities Act* (British Columbia)); and
- (z) since the date of the NEXT Financial Statements, there has not been any Material Adverse Change of any kind whatsoever to the financial position or condition of NEXT or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business, assets of NEXT or the right or capacity of NEXT to carry on its business.

8.3 Concerning the Founder. In order to induce the Issuer and Arcland Subco to enter into this Agreement and complete their respective obligations hereunder, the Founder represents and warrants to each of the Issuer and Arcland Subco solely with respect to himself that, to the best of his knowledge, upon due inquiry, the aggregate financial liabilities of NEXT as of the Closing, excluding normal course trade payables, and professional fees incurred to arm’s length consultants for accounting and legal advice, will not exceed the liabilities indicated in the NEXT Financial Statements by greater than \$[REDACTED – *Commercially Sensitive Information*]. The Founder will indemnify and save each of the Issuer and Arcland Subco harmless from any payments required to be made by the Issuer or Arcland Subco in amounts which exceed the amount represented herein.

8.4 Survival. The representations and warranties made by the parties under this Section 8 are true and correct as of the Effective Date and shall be true and correct at the time of Closing as though they were made at that time, and should such not be the case, the parties to whom the representations and warranties were made shall be entitled, for a period of one year following the Closing, to seek remedy against that party for any such misrepresentation or breach of warranty. After the expiration of such period, as applicable, no party shall have any further liability with respect to any breach of any representation or warranty contained herein, except for those alleged breaches for which notice has been given prior to the end of such period, as applicable.

8.5 Indemnity. The Issuer and Arcland Subco agree to indemnify and save harmless NEXT, and NEXT similarly agrees to indemnify and save harmless each of the Issuer and Arcland Subco, from and against all losses, claims, actions, causes of action and liabilities, including legal fees and disbursements, of any and all nature whatsoever (“**Losses**”), which the other may suffer, sustain or incur or which may be brought, made or asserted against the other as the result of any

inaccuracy in any representation and warranty made in this Agreement by the indemnifying party, or which may be suffered or incurred as a result of, in respect of or arising out of any non-fulfillment of any covenant or agreement on the part of such indemnifying party, subject to the following limitations:

- (a) there shall be no obligation to indemnify in respect of a claim not made in writing within either:
 - (i) the applicable survival period, if any, specified in Section 8.4; or
 - (ii) the period of 180 days from the date upon which the party claiming the indemnity first learned of the facts giving rise to the claim;
- (b) NEXT shall not be considered to be in breach of any representation or warranty concerning the assets or liabilities of NEXT by reason of an inaccuracy in aggregate assets or aggregate liabilities which occurs in good faith and does not exceed \$[REDACTED – Commercially Sensitive Information]; and
- (c) the Issuer and Arcland Subco shall not be considered to be in breach of any representation and warranty concerning the assets or liabilities of the Issuer or Arcland Subco by reason of an inaccuracy in aggregate assets or aggregate liabilities, which occurs in good faith and does not exceed \$[REDACTED – Commercially Sensitive Information].

8.6 Limitations on Representations and Warranties. The parties shall not be deemed to have made any representation or warranty other than as expressly made in Sections 8.1 – 8.3 hereof. Notwithstanding anything to the contrary contained herein, no party hereto shall be liable for any Losses resulting from or relating to any inaccuracy in or breach of any representation or warranty in this Agreement if the party seeking indemnification for such Losses had actual or constructive knowledge of such breach or inaccuracy before Closing.

9. CLOSING

9.1 Closing Date. The Closing shall take place electronically at the time of Closing, or at such other time, date or manner as NEXT and the Issuer may mutually agree.

9.2 Deliveries by NEXT. At the time of Closing, upon the fulfillment or waiver of all of the conditions set out in Section 7, NEXT shall deliver to the Issuer the following documents:

- (a) consents to act for the proposed directors described in Section 3.1;
- (b) a certified true copy of the register of shareholders of Fenix, showing NEXT as the sole shareholder of Fenix;
- (c) a certified true copy of the resolutions of the directors of NEXT evidencing that NEXT has approved this Agreement and all of the transactions of NEXT contemplated hereunder;
- (d) a certified true copy of the Amalgamation Resolution evidencing that the NEXT Shareholders have approved the Amalgamation Resolution;
- (e) a copy of the Amalgamation Affidavit of NEXT;
- (f) a copy of the Amalgamation Application signed by NEXT;

- (g) a certificate of good standing for NEXT dated within two (2) Business Days of the Closing Date;
- (h) a certificate of a director or senior officer of NEXT, in a form satisfactory to the Issuer, acting reasonably, evidencing the satisfaction of each of the conditions contained in Sections 7.2(b) and 7.2(c);
- (i) evidence to the reasonable satisfaction of the Issuer of the completion of purchase price adjustment process set forth in Section 2.03 of the Fenix Agreement;
- (j) such other materials that are, in the opinion of the Issuer acting reasonably, required to be delivered by NEXT in order for it to meet its obligations under this Agreement; and
- (k) evidence satisfactory to the Issuer and its legal counsel, acting reasonably, of the completion of all corporate proceedings of NEXT and all other matters which, in the reasonable opinion of counsel for the Issuer, are necessary in connection with the Transaction.

9.3 Deliveries by the Issuer. At the time of Closing on the Closing Date, upon the fulfilment or waiver of all of the conditions set out in Section 7, the Issuer shall deliver to NEXT:

- (a) evidence of Regulatory Approval of the Transaction, including the Consolidation;
- (b) evidence of any shareholder approvals required by the Exchange in respect of the Transaction;
- (c) releases and resignations of the directors and officers of the Issuer in order to reconstitute the Issuer's board of directors and management as contemplated in Section **Error! Reference source not found.**;
- (d) evidence satisfactory to NEXT of the appointment of the directors and officers identified in Section 3.1;
- (e) a certified true copy of the Subco Consent Resolution evidencing that the Issuer has approved the Subco Consent Resolution;
- (f) a copy of the Amalgamation Affidavit of Arcland Subco;
- (g) a copy of the Amalgamation Application signed by Arcland Subco;
- (h) certificates of good standing (or equivalent) for Issuer and Arcland Subco dated within two (2) Business Days of the Closing Date;
- (i) a certificate of a director or senior officer of NEXT, in a form satisfactory to the Issuer, acting reasonably, evidencing the satisfaction of each of the conditions contained in Sections 7.3(b) and 7.3(c);
- (j) certificates or other instruments representing the Issuer Consideration Securities as contemplated in Section 2.8;
- (k) such other materials that are, in the opinion of NEXT acting reasonably, required to be delivered by the Issuer in order for NEXT to meet its obligations under this Agreement; and

- (l) evidence satisfactory to NEXT and its legal counsel, acting reasonably, of the completion of all corporate proceedings of the Issuer and all other matters which, in the reasonable opinion of counsel for NEXT, are necessary in connection with the Transaction.

10. ORDINARY COURSE

Until the time of Closing, except as contemplated by the Vertex Agreement, neither NEXT nor the Issuer shall, without the prior written consent of the other party or as expressly contemplated herein, enter into any contract in respect of its Business or assets, other than in the ordinary course of business, and each of NEXT and the Issuer shall continue to carry on its Business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing, the Transaction and the NEXT Financing, and, without limitation, but subject to the above exceptions, shall maintain payables and other liabilities at levels consistent with past practice, shall not engage in any extraordinary material transactions and shall make no distributions, dividends or special bonuses, shall not repay any shareholders' loans, or enter into or renegotiate any employment or consulting agreement with any senior officer, in each case without the prior written consent of the other.

11. TERMINATION

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

- (a) by the mutual written consent of the Issuer and NEXT;
- (b) by either the Issuer or NEXT, if there shall be any Applicable Law that makes consummation of the Amalgamation illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent Governmental Authority enjoining the Issuer or NEXT from consummating the Amalgamation shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;
- (c) by either the Issuer or NEXT, if the Closing Date does not occur on or prior to the Outside Date provided, however, that the right to terminate this Agreement under this Section 11.1(c) shall not be available to any party whose failure or whose affiliate's failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date;
- (d) by the Issuer if any condition set out in Section 7.1 or 7.2 has not been satisfied (or is incapable of being satisfied) or has not been waived on or before the Outside Date; provided that, the right to terminate this Agreement under this Section 11.1(d) shall not be available to any party whose failure or whose Affiliate's failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date;
- (e) by NEXT if any condition set out in Section 7.1 or 7.3 has not been satisfied (or is incapable of being satisfied) or has not been waived on or before the Outside Date; provided that, the right to terminate this Agreement under this Section 11.1(e) shall not be available to any party whose failure or whose Affiliate's failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date;

- (f) by the Issuer if there is a material breach by NEXT of any of its representations, warranties, covenants or agreements contained in this Agreement that could reasonably be expected to cause a condition set forth in Section 7.1 or 7.2 which has not been waived to be incapable of being satisfied on or before the Outside Date;
- (g) by the Issuer or NEXT if the NEXT Shareholders fail to approve the Amalgamation Resolution in the manner required by Applicable Law; or
- (h) by NEXT if there is a material breach by the Issuer or Arcland Subco of any representation, warranty, covenant or agreement contained in this Agreement that could reasonably be expected to cause a condition set forth in Section 7.1 or 7.3 which has not been waived to be incapable of being satisfied on or before the Outside Date.

11.2 Effect of Termination. If this Agreement is terminated in accordance with the provisions of Section 11.1, no party shall have any further liability to perform its obligations hereunder except for the provisions of this Section 11.2, Sections 5 and 14; provided that neither the termination of this Agreement nor anything contained in this Section 11.2 shall relieve any party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants and agreements made herein.

12. DISSENTING SHAREHOLDERS

12.1 Right of Dissent. The NEXT Shareholders may exercise Dissent Rights in respect of the Amalgamation pursuant to, in the manner set forth in, and in strict compliance with section 242 of the BCBCA. The NEXT Shareholders who duly exercise their Dissent Rights with respect to their NEXT Shares (the “**NEXT Dissent Shares**”), will:

- (a) if they are ultimately entitled to be and are paid fair value for their NEXT Dissent Shares, be deemed to have transferred their NEXT Dissent Shares to NEXT immediately prior to the Effective Time for cancellation and the certificates representing same shall cease to represent any right or claim of any nature or kind; or
- (b) if they are not ultimately entitled, for any reason, to be paid fair value for their NEXT Dissent Shares, be deemed to have participated in the Amalgamation on the same basis as a NEXT Shareholder who did not exercise the Dissent Rights, and shall receive Issuer Consideration Shares in exchange for their NEXT Shares on the same basis as every other NEXT Shareholder in accordance with Section 2.5(b)(i), always provided that in no case will the Issuer or Amalco be required to recognize such persons as holding NEXT Shares at or after the Effective Time.

12.2 Notice of Dissent. NEXT shall provide prompt notice to the Issuer of any NEXT Shareholder's exercise or purported exercise of Dissent Rights.

12.3 Conditions to Dissent. In no circumstances shall NEXT, the Issuer or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those NEXT Shares in respect of which such rights are sought to be exercised. For greater certainty, in no case shall NEXT, the Issuer or any other Person be required to recognize Dissenting Shareholders as holders of NEXT Shares after the Effective Time, and the names of such Dissenting Shareholders shall be removed from the central securities register of NEXT as of the Effective Time. In addition to any other restrictions under section 246 of the BCBCA, NEXT

Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Amalgamation Resolution shall not be entitled to exercise Dissent Rights.

12.4 Subco Dissent Rights. The Issuer, being the sole shareholder of Arcland Subco and having full notice and knowledge of the Dissent Rights and the details of the Amalgamation, hereby waives its Dissent Rights as a shareholder of Arcland Subco in respect of the Amalgamation in accordance with section 239 of the BCBCA.

13. STANDSTILL AGREEMENT

From the date of the acceptance of this Agreement until the earlier of: (i) completion of the Transaction, (ii) the earlier termination of this Agreement pursuant to Section 11, or (iii) the Outside Date, each of NEXT and the Issuer agrees that it will not, directly or indirectly, and will not authorize or permit any Representative or agent thereof to, directly or indirectly, (a) solicit, initiate, encourage, engage in or respond to any inquiry or proposal regarding any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its assets, any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights or interest therein or thereto or rights or options to acquire any material number of treasury securities or any type of similar transaction which would or could, in any case, constitute or result in a de facto change of control of either party or the disposition of substantially all of its assets (each an “**Acquisition Proposal**”), (b) encourage or participate in any discussions or negotiations regarding any Acquisition Proposal, (c) agree to, approve or recommend an Acquisition Proposal, or (d) enter into any agreement related to an Acquisition Proposal, in each case other than the Transaction or the transactions contemplated by the Vertex Agreement.

14. PUBLIC DISCLOSURE

14.1 Restrictions on Disclosure. No disclosure or announcement, public or otherwise, in respect of this Agreement or the Transaction will be made by the Issuer or NEXT without the prior written agreement of the other party as to timing, content and method, provided that the obligations herein will not prevent the Issuer or NEXT from making, after consultation with the other, such disclosure as its counsel advises is required by Applicable Law, including the rules and policies of the Exchange or as is required to carry out the Transaction or the obligations of the Issuer or NEXT.

14.2 Confidentiality. Except with the prior written consent of the other party, each of the Issuer and NEXT and their respective Representatives and Affiliates will hold all information received from the Issuer or NEXT, as applicable concerning any of the Issuer, the securityholders of the Issuer, NEXT and the NEXT Securityholders in strictest confidence and shall not be disclosed or used by the recipients thereof, except such information and documents available to the public or as are required to be disclosed by Applicable Law, including the rules and policies of the Exchange. All such information in written or electronic form and documents will be promptly returned to the party originally delivering them in the event that the transactions provided for in this Agreement are not completed.

15. GENERAL

15.1 Time. Time and each of the terms and conditions of this Agreement shall be of the essence of this Agreement and any waiver by the parties of this paragraph or any failure by them to exercise any of their rights under this Agreement shall be limited to the particular instance and shall not extend to any other instance or matter in this Agreement or otherwise affect any of their rights or remedies under this Agreement.

15.2 Entire Agreement. This Agreement constitutes the entire Agreement between the parties hereto in respect of the matters referred to herein and there are no representations, warranties, covenants or agreements, expressed or implied, collateral hereto other than as expressly set forth or referred to herein. In particular, upon the execution and delivery of this Agreement, the LOI is hereby terminated and of no further force and effect.

15.3 Further Assurances. The parties hereto shall execute and deliver all such further documents and instruments and do all such acts and things as any party may, either before or after the Closing, reasonably require of the others in order that the full intent and meaning of this Agreement is carried out. The provisions contained in this Agreement which, by their terms, require performance by a party to this Agreement subsequent to the Closing, shall survive the Closing.

15.4 Amendments. No alteration, amendment, modification or interpretation of this Agreement or any provision of this Agreement shall be valid or binding upon the parties hereto unless such alteration, amendment, modification or interpretation is in writing, executed by NEXT and the Issuer.

15.5 Notices. Any notice, request, demand, election and other communication of any kind whatsoever to be given under this Agreement shall be in writing and shall be delivered by hand, e-mail or mail to the Issuer or NEXT (on its own behalf and on behalf of the NEXT Securityholders) at their following respective addresses:

(a) To the Issuer or Arcland Subco:

Arcland Resources Inc.
801 – 560 Cardero Street
Vancouver, BC
V6G 3G1

Attention: Robert Ferguson
Email: [REDACTED – Personal Information]

with a copy to:

Cozen O'Connor LLP
2501 – 550 Burrard Street
Vancouver, BC V6C 2B5

Attention: Brian Fast
Email: bfast@cozen.com

(b) To NEXT:

NEXT Lithium Corp.
67 East 5th Avenue
Vancouver, BC
V5T 1G7

Attention: Kyle Stevenson
Email: [REDACTED – Personal Information]

with a copy to:

McMillan LLP
1500 – 1055 West Georgia Street
Vancouver, BC V6E 4N7

Attention: Desmond Balakrishnan
Email: desmond.balakrishnan@mcmillan.ca

or to such other addresses as may be given in writing by the Issuer or NEXT, in the manner provided for in this paragraph, and the party sending such notice should request acknowledgment of delivery and the party receiving such notice should provide such acknowledgment. Notwithstanding whether or not a request for acknowledgment has been made or replied to, whether or not delivery has occurred will be a question of fact. If a party can prove that delivery was made as provided for above, then it will constitute delivery for the purposes of this Agreement whether or not the receiving party acknowledged receipt.

15.6 Assignment. This Agreement may not be assigned by any party hereto without the prior written consent of all of the parties hereto.

15.7 Governing Law. This Agreement shall be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties hereby irrevocably and unconditionally attorn to the jurisdiction of the courts of British Columbia.

15.8 Counterparts. This Agreement may be signed by fax, e-mail (scan) or other means of electronic transmission and in counterpart, and each copy so signed shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

15.9 Severability. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

15.10 Number and Gender. Unless the context of this Agreement otherwise requires, to the extent necessary so that each clause will be given the most reasonable interpretation, the singular number will include the plural and vice versa, the verb will be construed as agreeing with the word so substituted, words importing the masculine gender will include the feminine and neutral genders, words importing persons will include firms and corporations and words importing firms and corporations will include individuals.

15.11 Enurement. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors, permitted assigns, trustees, representatives, heirs and executors.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the Effective Date.

ARCLAND RESOURCES INC.

Per: "Robert Ferguson"
Authorized Signatory

1519301 B.C. LTD.

Per: "Robert Ferguson"
Authorized Signatory

NEXT LITHIUM CORP.

Per: "Kyle Stevenson"
Authorized Signatory

SCHEDULE A

**NEXT SECURITYHOLDERS AS OF THE DATE OF THIS AGREEMENT, AND AS MAY BE SUPPLEMENTED AND/OR AMENDED
BEFORE CLOSING**

[REDACTED – Personal Information]

SCHEDULE B

AMALGAMATION APPLICATION

(See attached.)

Telephone: 1 877 526-1526
www.bcregistryservices.gov.bc.ca

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

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 Executive Coordinator of the BC Registry Services 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 NEXT Lithium Holdings Inc. is the name reserved for the amalgamated company. The name reservation number is: NR,

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. 1519301 BC LTD.	BC1519301	
2. NEXT LITHIUM CORP.	BC1330301	
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.

NEXT Lithium Holdings Inc.

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

Stevenson

Kyle

DELIVERY ADDRESS

801 - 560 Cardero Street, Vancouver

PROVINCE/STATE

BC

COUNTRY

Canada

POSTAL CODE/ZIP CODE

V6G 3G1

MAILING ADDRESS

801 - 560 Cardero Street, Vancouver

PROVINCE/STATE

BC

COUNTRY

Canada

POSTAL CODE/ZIP CODE

V6G 3G1

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
801 - 560 Cardero Street, Vancouver	BC	V6G 3G1
MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE	PROVINCE	POSTAL CODE
801 - 560 Cardero Street, Vancouver	BC	V6G 3G1

E RECORDS OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE	PROVINCE	POSTAL CODE
801 - 560 Cardero Street, Vancouver	BC	V6G 3G1
MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE	PROVINCE	POSTAL CODE
801 - 560 Cardero Street, Vancouver	BC	V6G 3G1

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 (✓)
Common	✓		✓				✓

SCHEDULE C

ARTICLES OF AMALCO

(See attached.)

**NEXT LITHIUM HOLDINGS INC.
(the “Company”)**

The Company has as its articles the following articles.

Full name and signature of each incorporator	Date of signing
_____	_____, 2025

Incorporation Number: _____

**NEXT LITHIUM HOLDINGS INC.
(the “Company”)**

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ARTICLES

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (a) “appropriate person” has the meaning assigned in the *Securities Transfer Act*;
- (b) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (c) “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;
- (d) “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;
- (e) “legal personal representative” means the personal or other legal representative of the shareholder;
- (f) “protected purchaser” has the meaning assigned in the *Securities Transfer Act*;
- (g) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (h) “seal” means the seal of the Company, if any;
- (i) “securities legislation” means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; “Canadian securities legislation” means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and “U.S. securities legislation” means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934;
- (j) “Securities Transfer Act” means the *Securities Transfer 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.

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

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

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

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

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

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

2.6 Replacement of Lost, Destroyed or Wrongly Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

- (a) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;
- (b) provides the Company with an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (c) satisfies any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights on the indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 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 represented by the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 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 2.8, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.10 Recognition of Trusts

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

3. ISSUE OF SHARES

3.1 Directors Authorized

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

3.2 Commissions and Discounts

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

3.3 Brokerage

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

3.4 Conditions of Issue

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

- (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 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

Subject to the *Business Corporations Act*, a transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (a) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (b) in the case of a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (c) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
- (d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

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 or the transfer agent for the class or series of shares to be transferred.

5.3 Transferor Remains Shareholder

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

5.4 Signing of Instrument of Transfer

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder 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, if appropriate evidence of appointment or incumbency within the meaning of s. 87 of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. ACQUISITION OF COMPANY'S SHARES

7.1 Company Authorized to Purchase or Otherwise Acquire Shares

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

7.2 No Purchase, Redemption or Other 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 Purchased, Redeemed or Otherwise Acquired Shares

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

- (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 the directors 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 the directors 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 special resolution:

- (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 its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or

- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

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

9.2 Special Rights or Restrictions

Subject to the *Business Corporations Act*, the Company may by special 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.

9.3 Change of Name

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

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

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

10.2 Resolution Instead of Annual General Meeting

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

10.3 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders to be held at such time and place as may be determined by the directors.

10.4 Notice for Meetings of Shareholders

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

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

10.5 Notice of Resolution to which Shareholders May Dissent

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

- (a) if and for so long as the Company is 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) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

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

10.7 Record Date for Voting

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

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

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 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) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

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

11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.4, 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 entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

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

- (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 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any other persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting, but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

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

11.7 Lack of Quorum

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

- (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 of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 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 the 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 the meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

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

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

- (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, 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 be received:
 - (i) 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) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;
- (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 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;
- (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; or
- (d) the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

12.7 When Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.8 to 12.16 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

12.8 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 proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.9 Alternate Proxy Holders

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

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 any adjourned meeting; or
- (b) unless the notice provides otherwise, be received at the meeting, by the chair of the meeting or adjourned meeting or to a person designated by the chair of the meeting or adjourned meeting.

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

12.11 Validity of Proxy Vote

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

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

12.12 Form of Proxy

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

[name of company]

(the "Company")

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

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

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is 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 or any adjourned meeting at which the proxy is to be used; or
- (b) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.14 Revocation of Proxy Must Be Signed

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

- (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; or
- (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.

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Part 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at such meeting and any such determination made in good faith shall be final, conclusive and binding upon such meeting.

12.16 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 (b) and (c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the most recently 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 not a public company, the most recently 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 Articles 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; and
- (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 dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

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

- (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 (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 10.2, 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 10.2, to elect or appoint any directors;

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

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

14.4 Places of Retiring Directors Not Filled

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

14.5 Directors May Fill Casual Vacancies

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

14.6 Remaining Directors' Power to Act

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

14.7 Shareholders May Fill Vacancies

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

14.8 Additional Directors

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

- (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 a lawyer for the Company; or
- (d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

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

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

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

15.2 Notice of Meetings

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

15.3 Alternate for More Than One Director Attending Meetings

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

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

- (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.

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:

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

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

18.5 Calling of Meetings

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

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, or as provided in Article 18.7, 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 or unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

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

18.11 Validity of Acts Where Appointment Defective

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

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents in writing to the resolution.

A consent in writing under this Article 18.12 may be by any written instrument, fax, email or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the 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, during the intervals between meetings of the board of directors all of the directors' powers are delegated to the executive committee, 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 (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 (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 the 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) delegate to 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 a 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;
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of 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 Permitted Indemnification

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 or, if applicable, any former *Companies Act*, does not invalidate any indemnity to which he or she is entitled under this Part 21.

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 Part 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 consider appropriate.

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 5:00 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

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

22.6 Settlement of Difficulties

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

- (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 retained earnings or surplus so capitalized or any part thereof.

23. ACCOUNTING RECORDS AND AUDITOR

23.1 Recording of Financial Affairs

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

23.2 Inspection of Accounting Records

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

23.3 Remuneration of Auditor

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

24. NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provide 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; and

- (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; and
 - (iii) in any other case, the delivery address of the intended recipient;
- (c) unless the intended recipient is the auditor of the Company, 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) unless the intended recipient is the auditor of the Company, 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 notice, statement, report or other record that is:

- (a) 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;
- (b) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (c) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

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 of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

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

24.5 Notice to Legal Personal Representatives and Trustees

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

- (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 (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.

24.6 Undelivered Notices

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

25. SEAL

25.1 Who May Attest Seal

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

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

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. PROHIBITIONS

26.1 Definitions

In this Part 26:

- (a) “security” has the meaning assigned in the *Securities Act* (British Columbia); and
- (b) “transfer restricted security” means:
 - (i) a share of the Company;
 - (ii) a security of the Company convertible into shares of the Company; or
 - (iii) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the “private issuer” exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the “private issuer” exemption.

26.2 Application

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

26.3 Consent Required for Transfer of Shares or Transferred Restricted Securities

No share or other transfer restricted 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.