

PRIZE MINING CORPORATION.

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MANAGEMENT PROXY CIRCULAR

with information as at July 16, 2019 *(except as otherwise indicated)*

This Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Prize Mining Corporation (the “Corporation”) for use at the annual general and special meeting (the “Meeting”) of its shareholders to be held on August 22, 2019 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Circular, references to the “Corporation”, “we” and “our” refer to Prize Mining Corporation. “Common Shares” means common shares without par value in the capital of the Corporation. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) are officers and/or directors of the Corporation. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy.

Registered Shareholders

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. A registered shareholder may submit a proxy using one of the following methods:

- (a) complete, date and sign the Proxy and return it to the Corporation's transfer agent, Computershare Trust Company of Canada ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 600, 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8; or
- (b) use a touch-tone phone to transmit voting choices to the toll free number given in the proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) log on to Computershare's website at, www.investorvote.com. Registered shareholders must follow the instructions provided on the website and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In all cases you must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Corporation's board of directors ("Board") at its discretion without notice.

Please note that in order to vote your Common Shares in person at the Meeting, you must attend the Meeting and register with the Scrutineer before the Meeting. If you have already submitted a Proxy, but choose to change your method of voting and attend the Meeting to vote, then you should register with the Scrutineer before the Meeting and inform them that your previously submitted proxy is revoked and that you personally will vote your Common Shares at the Meeting.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In Canada the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States (the "U.S."), under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depositary for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in Canada and in the United States. Broadridge mails a voting instruction form (a "VIF") in lieu of a Proxy provided by the Corporation. The VIF will name the same persons as the Corporation's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than any of the persons designated in the VIF to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative (which may be you), in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Meeting in order to have the Common Shares voted at the Meeting, or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares.**

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

Notice to Shareholders in the United States

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Provinces of Alberta and British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the Alberta *Business Corporations Act*, as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it using one of the following methods:

- (a) execute a proxy bearing a later date or execute a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or to the Corporation's office, located at 250 – 1199 West Hastings Street, Vancouver, British Columbia,

V6E 3T5, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (b) attend the Meeting in person and vote the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Board has fixed July 16, 2019 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of July 16, 2019, there were 157,735,565 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares. The Corporation is also authorized to issue an unlimited number of Preferred shares. There were no Preferred shares issued and outstanding as at July 16, 2019.

To the knowledge of the directors and executive officers of the Corporation, no person beneficially owns directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Corporation as at July 16, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar regulatory authority in the Canadian Provinces of Alberta and British Columbia are specifically incorporated by reference into, and form an integral part of, this Circular:

- Consolidated Annual Financial Statements and Management Discussion and Analysis for the fiscal year ended August 31, 2018 and 2017; and
- Audit Committee Charter attached as Schedule "B" to the Corporation's Management Proxy Circular as filed on SEDAR on March 7, 2012.

Copies of documents incorporated herein by reference may be obtained by a Shareholder upon request without charge from the Corporate Secretary of the Corporation at the address and telephone number above. These documents are also available via the internet at www.sedar.com.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast by shareholders present at the Meeting in person or by proxy is required to pass the ordinary resolutions described herein. Special resolutions require a majority of not less than two-thirds of the votes cast by shareholders present at the Meeting in person or by proxy.

If there are more nominees for election as directors or appointment of the Corporation's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

ELECTION OF DIRECTORS

At the Meeting, Shareholders will be asked to approve an ordinary resolution to confirm the number of directors to be elected at the Meeting be fixed at five (5).

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the *Alberta Business Corporations Act* ("ABCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Corporation, or if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at July 16, 2019:

Name of Nominee; Current Position with the Corporation and Province or State and Country of Residence	Position with and Name and Principal Business of each Corporation/Employer	Period as a Director of the Corporation	Common Shares Beneficially Owned or Controlled⁽¹⁾
Michael McPhie President, CEO and Director British Columbia, Canada	Business Executive. Mr. McPhie has been the CEO of Prize Mining Corporation since February 2018 and the CEO of Falkirk Resource Consultants Ltd; Chair of the Board of Ridley Terminals Inc., Managing Director of JDS Gold., Executive Chairman of IDM Mining Ltd., Interim CEO and Director of Independence Gold Corp. and Director of Strikepoint Gold Ltd.	Since July 4, 2017	1,520,000 ⁽²⁾
Raul Ramirez Morton ⁽⁷⁾ Director Nuevo Leon, Mexico	President and CEO of Molycomex, a private Mexican corporation; Chairman and CEO of Mexican Moly Mines S.A. de C.V., a privately held company	Since January 11, 2018	3,000,000 ⁽³⁾

Name of Nominee; Current Position with the Corporation and Province or State and Country of Residence	Position with and Name and Principal Business of each Corporation/Employer	Period as a Director of the Corporation	Common Shares Beneficially Owned or Controlled ⁽¹⁾
José Avina ⁽⁷⁾ Director Monterrey, Mexico	Regional Administration Manager of Rew Materials (Florida region), CFO of Vistas International Mortgage Company in the United States and CFO of Mexican Moly Mines and Scion Mines in Mexico.	Since December 31, 2018	Nil ⁽⁴⁾
Dallas Pretty ⁽⁷⁾ Director British Columbia, Canada	Principal of Synapse, a consultancy CFO and advisory services company; Director of Loop Insights Inc.; Former CFO of Inetco Systems Limited; Former interim CFO of Mimik Technology Inc.	Since February 25, 2019	Nil ⁽⁵⁾
Dino Minichiello Director British Columbia, Canada	Financial Consultant at Triumph Capital, a Canadian private equity and investment banking firm; Director of Quantum Cobalt Corp.; Director of Winston Resources Inc.	Since July 15, 2019	Nil ⁽⁶⁾

Notes:

- The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.
- Mr. McPhie holds options to purchase 700,000 common shares at an exercise price of \$0.20 expiring on October 18, 2023, options to purchase 1,250,000 common shares at an exercise price of \$0.05 expiring on July 16, 2024 and 2,400,000 restricted share units of which 1,400,000 restricted share units to receive common shares have vested as of the date hereof.
- Mr. Morton holds options to purchase 625,000 common shares at a purchase price of \$0.20 expiring on October 18, 2023 and options to purchase 1,250,000 common shares at an exercise price of \$0.05 expiring on July 16, 2024.
- Mr. Avina holds options to purchase 700,000 common shares at an exercise price of \$0.05 expiring on July 16, 2024.
- Mr. Pretty holds options to purchase 1,000,000 common shares at an exercise price of \$0.05 expiring on July 16, 2024.
- Mr. Minichiello holds options to purchase 500,000 common shares at an exercise price of \$0.05 expiring on July 16, 2024.
- Member of the Audit Committee.

None of the proposed nominees for election as a director of the Corporation are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Corporation acting solely in such capacity.

A shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Corporation. At the Meeting the above persons will be nominated for election as director as well as any person nominated pursuant to the Advance Notice Provision (see below). Only persons nominated by management pursuant to this Circular or pursuant to the Advance Notice Provision will be considered valid director nominees eligible for election at the Meeting.**

Advance Notice Provision

On October 31, 2013, the shareholders of the Corporation approved the adoption by the Corporation of By-Law No. 1A, Advance Notice By-Law for the Election of Directors, for the purpose of adopting advance notice provisions (the “**Advance Notice Provision**”). The Advance Notice Provision provides for advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the ABCA or (ii) a shareholder proposal made pursuant to the provisions of the ABCA.

Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Corporation applicable to directors and in effect during such person’s term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision, which was filed on SEDAR on November 1, 2013 and is available under the Corporation’s profile on SEDAR at www.sedar.com.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election of the Nominees.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.

Cease Trade Orders

Other than as disclosed herein, no proposed director of the Corporation is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

The Corporation was subject to a cease trade order (the “BCSC Cease Trade Order”) issued by the British Columbia Securities Commission (the “BCSC”) on January 7, 2019 for failure to file its annual financial statements, the related management’s discussion and analysis and the certification of the annual filings for the year ended August 31, 2018 (the “2018 Annual Financial Statements”). The Corporation subsequently filed its 2018 Annual Financial Statements on February 6, 2019 and on February 14, 2019 the Cease Trade

Order was lifted. During this period of BCSC Cease Trade Order, Michael McPhie, Raul Ramirez Morton and José Avina, three director nominees, were directors of the Corporation.

The Corporation was subject to a variation order (the “Variation Order”) issued by the Alberta Securities Commission (the “ASC”) on January 14, 2019 in order to adjourn the hearing for Notice of Application dated December 21, 2018 (the “Notice of Application”) with regard to an investigation by the ASC as to whether the Corporation contravened Alberta securities laws relating to continuous disclosure and capital raising exemptions, which Variation Order requires that all trading in securities of the Corporation cease and that the Corporation must cease trading in all securities and that all exemptions contained in Alberta securities laws do not apply to the Corporation pending the determination of the hearing. On February 12, 2019, the Corporation became subject to a Cease Trade Order issued by the ASC (the “ASC Cease Trade Order”) with respect to the Notice of Application. All restrictions relating to the trading in or purchasing of securities of the Corporation were removed by the ASC on February 15, 2019 and all matters pertaining to the investigation by the ASC were concluded. During this period of the Variation Order and the ASC Cease Trade Order, Michael McPhie, Raul Ramirez Morton and José Avina, three director nominees, were directors of the Corporation.

Bankruptcies

No proposed director of the Corporation is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Corporation has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties or Sanctions

No proposed director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

Davidson & Company LLP, of, 1200 – 609 Granville Street Vancouver, British Columbia, will be nominated at the Meeting for appointment as auditor of the Corporation at a remuneration to be fixed by the directors. **The Board recommends that you vote in favour of appointment of Davidson & Company LLP. Unless otherwise instructed, at the Meeting the proxyholders named in the Corporation’s form of Proxy or Voting Instruction Form will vote FOR the appointment of Davidson & Company LLP.**

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 “Audit Committees” (“NI 52-110”) requires the Corporation, as a venture issuer, to disclose annually in its management proxy circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Such disclosure is set forth below.

The Audit Committee’s Charter

The Audit Committee has a charter. A copy of the audit committee charter is attached as Schedule “B” to the Corporation’s management proxy circular as filed on SEDAR on March 7, 2012.

Composition of the Audit Committee

The members of the Audit Committee are:

Dallas Pretty (Chair)	Independent
Raul Ramirez Morton	Independent
José Avina	Independent

As contemplated by NI 52-110, each member of the audit committee are considered to be financially literate.

Relevant Education and Experience

Each member of the audit committee has adequate education and experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that have provided the member with:

- an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than Davidson & Company LLP.

Reliance on Certain Exemptions

The Corporation’s auditor, Davidson & Company LLP, has not provided any material non-audit services.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the audit committee charter.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Davidson & Company LLP to the Corporation to ensure auditor independence. Fees incurred with Davidson & Company LLP for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Year Ended August 31, 2018	Fees Paid to Auditor in Year Ended August 31, 2017
Audit Fees ⁽¹⁾	\$88,925	\$35,000
Audit-Related Fees ⁽²⁾	\$1,085	\$1,350
Tax Fees ⁽³⁾	\$6,750	\$8,300
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$96,760	\$44,650

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Corporation’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

Exemption

Under NI 52-110 the Corporation is a “venture issuer”, however, the Corporation is not relying upon the exemption pursuant to section 6.1 relating to Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110 as all three members of the Corporation’s Audit Committee are independent.

CORPORATE GOVERNANCE

Corporate Governance

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices; as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

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

The Board facilitates its independent supervision over management of the Corporation through frequent meetings of the Board at which members of management or non-independent directors are not in attendance and by retaining independent consultants where it deems necessary.

Management is delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation’s business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, the Board examines the

effectiveness of the Corporation's internal control processes and management information systems. The Board reviews executive compensation and recommends stock option grants.

The Board is currently comprised of five members, four of whom are independent and one who is non-independent. The independent members of the Board are Messrs. Morton, Avina, Pretty and Minichiello. The non-independent director is Michael McPhie (President and CEO).

Directorships

Certain members of the Board are currently serving on boards of directors of other reporting companies (or equivalent) as set out below:

Name of Director	Name of Reporting Issuer	Exchange
Michael McPhie	Independence Gold Corp.	TSXV
Dallas Pretty	Loop Insights Inc.	TSXV
Dino Minichiello	Quantum Cobalt Corp.	CSE
	Winston Resources Inc.	CSE

Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Corporation's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Corporation's management and employees to give the directors additional insight into the Corporation's business.

Ethical Business Conduct

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

Nomination of Directors

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

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Corporation, this policy will be reviewed.

Compensation

The Board reviews the compensation of directors annually. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risk involved in being an effective director of the Corporation.

Other Board Committees

The Board has no committees at this time other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and audit committee. No formal policy has been established to monitor the effectiveness of each director, the Board and the audit committee.

STATEMENT OF EXECUTIVE COMPENSATION

GENERAL

The following compensation information is provided as required under Form 51-102F6V for Venture Issuers (the “Form”), as such term is defined in NI 51-102.

For the purposes of this Statement of Executive Compensation:

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries; and

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (“CFO”), including an individual performing functions similar to a CFO;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, requirements and was not acting in a similar capacity, at the end of that financial year.

During the financial year ended August 31, 2018, based on the definition above, the NEOs of the Corporation were Michael McPhie (President and CEO), Tom Pierce (CFO at August 31, 2018 financial year end), Anthony Jackson (former CFO), and Feisal Somji (Executive Chairman at August 31, 2018 financial year end).

The following statement of executive compensation also includes disclosure in respect of each person who served as a director of the Corporation in the year ended August 31, 2018. The Board members who were not also NEOs during the financial year ended August 31, 2018 were each of David Schmidt, Raul Ramirez Morton, Robert Archer and Feisal Somji.

As of the date of this Circular, Michael McPhie is the President, CEO and a director of the Corporation, Yuying Liang is the CFO, and Raul Ramirez Morton, José Avina, Dallas Pretty and Dino Minichiello are each a director of the Corporation.

Compensation Discussion and Analysis

The Board assumes responsibility for reviewing and monitoring compensation for the Corporation’s senior management, and as part of that mandate determines the compensation of the Corporation’s CEO and CFO. This report has been prepared by the CFO, and was subsequently reviewed and approved by the Board.

The Board has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that could reasonably be considered to have a possible material adverse effect on the Corporation. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Corporation, none of the executive officers or directors has purchased such financial instruments.

Philosophy and Objectives

Compensation for senior management of the Corporation is designed to ensure that the level and form of compensation achieves certain objectives, which are:

- to attract and retain qualified and effective executives;
- to motivate the short and long-term performance of these executives; and
- to align their interests with those of the Corporation's shareholders.

In compensating its senior management, the Corporation has employed a combination of base salary and equity participation through its share option plan.

Management and other services fees

In the Board's view, paying management fees and compensation for services which are competitive in the markets in which the Corporation operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies earning comparable revenues in a similar industry has been reviewed and compared over a variety of sources.

Equity Participation

The Corporation believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Corporation's Stock Option Plan and Restricted Share Unit Plan (the "RSU Plan"). Stock options ("Options") and Restricted Share Units ("RSUs") are granted to senior executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options are generally granted to senior executives, which vest immediately. RSUs are awarded to be credited to each Participant's Account in respect of the fiscal year in which they are awarded and are determined by dividing: (a) the dollar amount of the portion of the Participant's compensation which the Committee, in its sole discretion, determines to be paid as RSUs, by (b) the Fair Market Value per Common Share on the Award Date. Any fractional RSUs resulting from such calculations are rounded to the nearest whole number. For greater certainty, a fractional entitlement that is equal to or greater than 0.5 shall be rounded up to the next greater whole number and a fractional entitlement that is less than 0.5 shall be rounded down to the next lesser whole number. Vesting of RSUs is ultimately determined by the Committee, pursuant to the RSU Plan.

Compensation of Named Executive Officers and Directors

The Corporation's NEO compensation is reviewed annually and set by the independent members of the Board. Director compensation is also reviewed annually, but by the plenary Board. In respect of the two

most recently completed financial years, NEO and Director compensation was designed to compensate for services provided to the Corporation in the conduct of the Corporation's business activities as well as for general and administrative, (including accounting), services provided, which remuneration is determined with reference to market rates. Base cash compensation and variable cash compensation levels are based, in part, on market survey data provided to the Board by independent consultants. Options and RSUs granted, and any exercise or conversion of same, during the fiscal year ended August 31, 2018 are reported in the tables under the heading "*Option Based Awards*" below.

The business strategy of the Corporation is to acquire, explore and develop mining properties, and the Corporation completed its acquisition of the Manto Negro Copper project in December 2017 through its acquisition of Scion Mines S.A. de C.V.

The Corporation has undertaken active exploration programs on this and other mining properties and plans to continue with these efforts. To assist the Corporation as it executes on its business strategy, new directors and executive officers joined the Corporation in 2018 and new compensation arrangements were implemented for its executive officers. This program was designed by the independent Board members with a view to being competitive compared to the industry peers of the Corporation in attracting and retaining experienced personnel. A review and comparison of compensation programs of mining companies at a stage of development similar to the Corporation was undertaken as part of the process of designing the Corporation's compensation program. It is anticipated that the Board will appoint a Compensation Committee and that policies and practices to determine the compensation for the Corporation's directors and executive officers will be adopted during the current financial year.

No Hedging Policy

The Board is satisfied there were no identified risks arising from the Corporation's compensation plans or policies, which would have had a negative or material impact on the Corporation. The Corporation does not have any policy in place which permits an executive officer or director to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

Policies Made After August 31, 2018

No policies have been made since August 31, 2018 that would affect a reader's understanding of Director and NEO compensation.

Option-Based Awards

The Corporation has a 10% rolling number stock option plan in place, which was established to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board. The stock option plan is administered by the Board and provides that Options will be issued to directors, officers, employees or consultants of the Corporation or a subsidiary of the Corporation. The RSU Plan is administered by the Board or a committee of the Board, and provides that RSUs may be awarded to directors, employees or consultants of the Corporation or a subsidiary of the Corporation. Notwithstanding the foregoing, the Board reserves the right to restrict eligibility or otherwise limit the number of Persons eligible for participation pursuant to the RSU Plan.

Director and Named Executive Officer Compensation Excluding Compensation Securities

The compensation paid to the Directors and NEOs during the Corporation's two most recently completed financial years ended August 31, 2018 and August 31, 2017, is as set out below and expressed in Canadian dollars unless otherwise noted:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Michael McPhie , ⁽¹⁾ President, CEO and Director	2018	198,000	Nil	Nil	Nil	Nil	198,000
	2017	2,000	Nil	Nil	Nil	Nil	2,000
Tom Pierce , ⁽²⁾ (former CFO)	2018	45,900	Nil	Nil	Nil	Nil	45,900
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Raul Ramirez Morton , ⁽³⁾ Director	2018	25,000	Nil	Nil	Nil	Nil	25,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil
David Schmidt , ⁽⁴⁾ (former Director)	2018	75,000	Nil	Nil	Nil	Nil	75,000
	2017	90,000	Nil	Nil	Nil	Nil	90,000
Robert Archer , ⁽⁵⁾ (former Director)	2018	22,500	Nil	Nil	Nil	Nil	22,500
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Feisal Somji , ⁽⁶⁾ Executive Chairman and Director (former CEO)	2018	203,000	Nil	Nil	Nil	Nil	203,000
	2017	85,000	Nil	Nil	Nil	Nil	85,000
Anthony Jackson , ⁽⁷⁾ (former CFO)	2018	30,075	Nil	Nil	Nil	Nil	30,075
	2017	28,350	Nil	Nil	Nil	Nil	28,350

Notes:

1. Michael McPhie has been a director of the Corporation since July 4, 2017 and President and CEO since February 1, 2018.
2. Tom Pierce was CFO of the Corporation from February 1, 2018 until November 5, 2018, when Yuying Liang was appointed CFO.
3. Raul Ramirez Morton has been a director of the Corporation since January 11, 2018.
4. David Schmidt has been a director of the Corporation since April 11, 2017 and resigned as a director on December 27, 2018.
5. Robert Archer has been a director of the Corporation since March 19, 2018 and resigned as a director on December 27, 2018.
6. Feisal Somji resigned as President and CEO of the Corporation on February 1, 2018, was appointed as Executive Chairman on February 1, 2018 and resigned as a director and as Executive Chairman of the Corporation on December 27, 2018.
7. Anthony Jackson resigned as CFO of the Corporation on January 31, 2018.

Stock Options and Other Compensation Securities

The following table, discloses all compensation securities granted or issued to each NEO and Director of the Corporation or one of its subsidiaries in the financial year ended August 31, 2018 for services provided, directly or indirectly, to the Corporation or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant (dd/mm/yy)	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (dd/mm/yy)
Michael McPhie President, CEO and Director	Options RSUs	600,000 Nil	05/02/18 N/A	\$0.50 N/A	\$0.28 N/A	\$0.18 N/A	05/02/23 N/A
Tom Pierce (former CFO)	Options RSUs	400,000 Nil	05/02/18 N/A	\$0.50 N/A	\$0.28 N/A	\$0.18 N/A	05/02/23 N/A
Raul Romirez Morton Director	Options RSUs	400,000 Nil	05/02/18 N/A	\$0.50 N/A	\$0.28 N/A	\$0.18 N/A	05/02/23 N/A
David Schmidt (former Director)	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Robert Archer (former Director)	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Feisal Somji Executive Chairman and Director (former CEO)	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Anthony Jackson (former CFO)	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A

The following table, discloses each exercise of options and/or RSUs by a Director or a NEO of the Corporation during the financial year ended August 31, 2018.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised (#)	Exercise price per security (\$)	Date of exercise (dd/mm/yy)	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Michael McPhie President, CEO and Director	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Tom Pierce (former CFO)	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Raul Romirez Morton Director	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
David Schmidt (former Director)	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Robert Archer (former Director)	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
Feisal Somji (former Executive)	Options RSUs	Nil	N/A N/A	N/A	N/A	N/A	N/A

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised (#)	Exercise price per security (\$)	Date of exercise (dd/mm/yy)	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Chairman, Director and CEO)		Nil		N/A	N/A	N/A	N/A
Anthony Jackson (former CFO)	Options RSUs	Nil Nil	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A

Stock Option and Other Incentive Plans

Securities Authorized for Issuance under Equity Compensation Plans

During the fiscal year ended August 31, 2018, for executive compensation the Corporation relied upon cash compensation and augmented remuneration of officers and directors with equity compensation pursuant to the Corporation's Stock Option Plan and the RSU Plan.

Stock Option Plan

The following is a summary of the material terms of the Stock Option Plan:

The Corporation adopted, and the Shareholders approved, the current stock option plan (the "Option Plan") at the annual general and special meeting of its shareholders held March 30, 2012. A copy of the Option Plan is attached as Schedule "A" to the Management Information Circular dated March 7, 2012. The Common Shares of the Corporation are listed for trading on the TSX Venture Exchange (the "TSXV") and TSXV policies require a corporation with a stock option plan that reserves for issuance up to 10% of the corporation's issued and outstanding shares (a "rolling" plan) must seek annual shareholder approval for continuation of the rolling plan. The Option Plan was last approved by the shareholders on May 29, 2018.

Material Terms of the Option Plan

Pursuant to the Option Plan, Options may be granted in such numbers and with such vesting provisions as the Board may determine. The maximum term of the Options is ten (10) years. The price per share at which Common Shares may be purchased under an option ("Option") pursuant to the Option Plan shall be fixed when the Option is granted, provided that such price shall not be less than the price permitted by TSXV policies and the Option Plan. Once the exercise price has been determined and the Option has been granted, the exercise price of an Option may only be reduced, in the case of Options held by Insiders of the Corporation, if disinterested shareholder approval is obtained at a meeting of the shareholders.

In the event of the death of a participant on or prior to the expiry time of an Option, such Option may be exercised as to such number of the common shares in respect of which such option has not previously been exercised (including in respect of the right to purchase shares not otherwise vested as such time), by the legal personal representative of the participant at any time up to and including (but not after) a date one (1) year following the date of death of the participant or the expiry time of such Option, whichever occurs first.

The Option Plan limits the number of Common Shares which are available for purchase pursuant to Options to 10% of the issued and outstanding Common Shares as at the date of grant. In the event of the exercise or cancellation of any Options, the Corporation could make a further grant of Options, provided that the 10% maximum is not exceeded. In that regard, the Option Plan is a "rolling" stock option plan.

TSXV Policy 4.4 Incentive Stock Options requires that rolling stock option plans receive shareholder approval annually, at the Corporation's annual shareholder meeting. The Option Plan was last approved for continuation by the shareholders at the Corporation's annual shareholder meeting held May 29, 2018.

Restricted Share Unit Plan

The following is a summary of the key provisions of the RSU Plan, which summary is qualified in its entirety by the specific provisions of the RSU Plan attached as Schedule "A" to the Management Proxy Circular prepared for the annual general and special meeting of the shareholders held May 29, 2018 as filed under the Corporation's profile at www.sedar.com.

Nature and Administration of the RSU Plan

All Directors, Employees and Consultants (as defined in the RSU Plan) of the Corporation and its related entities ("Eligible Persons") are eligible to participate in the RSU Plan (as "Participants"), though the Corporation reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs. It shall be the responsibility of the Corporation and the Eligible Person to ensure that such Eligible Person is a *bona fide* Eligible Person.

Subject to certain restrictions, the Board and or its Compensation Committee (together the "Committee") may, from time to time, award RSUs to Eligible Persons and/or Eligible Persons may be awarded RSUs based upon certain Performance Criteria (if any). RSUs are credited to an account maintained for each Participant on the books of the Corporation as of the Award Date. The number of RSUs credited to each Participant's account in respect of a fiscal year are determined by dividing: (a) the dollar amount of the portion of the Participant's compensation which the Committee, in its sole discretion, determines to be paid as RSUs; by (b) the Fair Market Value (as defined in the RSU Plan) per Share on the award date or such higher price per Share as the Committee determines. Any fractional RSUs resulting from this calculation will be rounded to the nearest whole number.

The RSUs shall have a term, which shall be determined by the Committee on the date of award of the RSUs, which term shall not exceed ten (10) years from the award date.

Each award of RSUs vests on the date(s) and/or upon the satisfaction of Performance Criteria (each a "Vesting Date") specified by the Committee on the award date, and reflected in the applicable Award Notice (defined in the RSU Plan).

Rights and obligations under the RSU Plan can be assigned by the Corporation to a successor in the business of the Corporation, any corporation resulting from any amalgamation, reorganization, combination, merger or arrangement of the Corporation, or any corporation acquiring all or substantially all of the assets or the business of the Corporation. The RSUs are non-transferable and non-assignable by the Participant. Certificates representing RSUs will not be issued by the Corporation.

Credits for Dividends

A Participant's account will be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on Common Shares. The number of additional RSUs to be credited to a Participant's account is computed by dividing: (a) the dividends that would have been paid to such Participant if each RSU in the Participant's account on the relevant dividend record date had been a Share, by (b) the Fair Market Value of the Common Shares determined as of the date of payment of such dividend. Any fractional RSUs resulting from this calculation will be rounded to the nearest whole number. Any additional RSUs credited to the Participant's account will vest in proportion to and will be paid under the RSU Plan in the same manner as the RSUs to which they relate. Note that the Corporation is not obligated to pay dividends on Common Shares.

Acquisition of Vested RSUs

A holder of vested RSUs may acquire Common Shares representing such RSUs by delivering a Notice of Acquisition (defined in the RSU Plan) to the Corporation and a certified cheque or bank draft payable to the Corporation for the Applicable Withholding Amounts. Upon receipt of the Notice of Acquisition the Corporation shall issue, within ten (10) days one (1) Common Share for each RSU in the Participant's Account and included in the Notice of Acquisition.

Resignation, Termination, Leave of Absence or Death

Generally, if a Participant's employment or service is terminated, or if the Participant resigns from employment with the Corporation, then any RSUs credited to him or her under the RSU Plan which have not vested on or before the Separation Date (defined in the RSU Plan) for the Participant are forfeited, cancelled and terminated without payment. The Participant may, but only within the thirty (30) days following the Separation Date, deliver a completed Notice of Acquisition to the Corporation to acquire Common Shares for vested RSUs. Any vested RSUs, for which the Participant has not delivered a completed Notice of Acquisition, shall be forfeited and cancelled effective at 4:00 p.m. (Calgary time) on such 30th day.

In the event an Employee is terminated without Cause (defined in the RSU Plan), or a Director ceases to hold his or her position, any RSUs, which will vest within ninety (90) days of the Separation Date, will be deemed to have been vested on the Separation Date.

If a Participant's employment or service is terminated (otherwise than without Cause), within thirty (30) days of a termination, the Committee can: (i) accelerate the vesting of all or any portion of the Participant's RSUs and establish a payment date therefore; or (ii) determine that a Participant will continue to be a Participant, but subject to such terms and conditions (including vesting) if any, established by the Committee.

In the event a Participant takes a leave of absence other than an Approved Leave of Absence (defined in the RSU Plan), all RSUs granted to the Participant that have not then vested will terminate and be null and void, subject to applicable law and the Board's sole and absolute discretion to determine otherwise.

Upon the death of a Participant, any RSUs granted to a Participant which, as of the date of the death have not yet vested, shall immediately vest.

Control Change

In the event of a Control Change (defined in the RSU Plan), the Committee may:

- (a) cause the conversion or exchange of any outstanding RSUs into or for rights or other securities of substantially equivalent value (or greater value) in any entity participating in or resulting from a Control Change; or
- (b) accelerate the vesting of any or all outstanding RSUs to provide that outstanding RSUs are fully vested upon (or immediately prior to) the completion of the transaction resulting in the Control Change. If acceleration is effected, then the distribution in respect of the vested RSUs will be the earlier of (A) the date of the Control Change, and (B) the Distribution Date resulting from a regularly scheduled Vesting Date.

If, before completion of the Vesting Date with respect to any award of RSUs, a Participant of the RSU Plan is terminated in circumstances where the termination occurs:

- (a) subsequent to a Control Change and during the Control Change Period (defined in the RSU Plan);
or

(b) prior to the date on which a Control Change occurs and it is reasonably demonstrated that such termination:

A. was at the request of a third party who has taken steps reasonably calculated to effect a Control Change; or

B. otherwise arose in connection with or anticipation of a Control Change; and

(c) for any reason whatsoever other than death or termination for Cause,

then the award shall immediately vest on the Separation Date and the Payment Amount shall be equal to the number of Common Shares determined on the Separation Date multiplied by the number of RSUs in the Participant's account.

Adjustments

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to the Shareholders (other than the payment of dividends in respect of the Common Shares as contemplated in the RSU Plan), the account of each Participant and the RSUs outstanding under the RSU Plan will be adjusted in such manner, if any, as the Committee deems appropriate to preserve, proportionally, the interests of Participants.

Discretion to Permit Vesting

The Committee can, at any time, permit both the vesting of any or all RSUs held by a Participant, and the payment of the Payment Amount in respect of such RSUs. That being said, the Committee cannot authorize the vesting of an RSU or the payment of a Payment Amount beyond the Final Payment Date applicable to a particular RSU award.

Common Shares Reserved

Subject to adjustment as may be permitted under the RSU Plan, the maximum number of Common Shares which may be reserved for issuance under the Plan at any time shall be fixed at 5,941,686 Common Shares.

Limitations under the RSU Plan

Notwithstanding any other provision of this Plan, but subject to RSU grants approved by the disinterested shareholders of the Corporation:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to RSUs granted under the RSU Plan and other Security Based Compensation Arrangements shall not exceed ten percent (10%) of the issued and outstanding Common Shares as at the date of grant (on a non-diluted basis);
- (b) the maximum number of Common Shares which may be reserved for issuance to Insiders under the RSU Plan, together with any other Share Compensation Arrangement, may not exceed 10% of the issued and outstanding Common Shares from time to time;
- (c) the maximum number of RSUs that may be granted to Insiders under the RSU Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 2% of the issued and outstanding Common Shares calculated on the Award Date;
- (d) the maximum number of RSUs that may be granted to any one Insider under the RSU Plan, may not exceed 1% of the issued Common Shares calculated on the Award Date;

- (e) the maximum number of Common Shares which may be reserved for issuance to non-employee Directors under the RSU Plan, together with any other Share Compensation Arrangement, may not exceed 1% of the issued Common Shares calculated on the Award Date; and
- (f) the maximum number of RSUs that may be granted to any one Eligible Person under the RSU Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 5% of the issued Common Shares calculated on the Award Date.

The RSU Plan provides that the respective limits set out above may be exceeded, on a case by case basis, upon the approval of the disinterested shareholders of the Corporation.

Status of Terminated RSUs

For purposes of determining the number of Common Shares that remain available for issuance under the RSU Plan, the number of Common Shares underlying any grants of RSUs that are surrendered, forfeited, waived, repurchased by the Corporation and/or cancelled shall be added back to the Plan and again be available for future grant, whereas the number of Common Shares underlying any grants of RSUs that are issued shall not be available for future grant.

Amendment, Suspension, or Termination of Plan

Subject to applicable law, the Committee can, without notice or Shareholder approval amend, suspend or terminate the RSU Plan for any purpose which, in the good faith opinion of the Committee may be expedient or desirable. That being said, the Committee cannot materially adversely alter or impair any rights of a Participant or materially increase any obligations of a Participant with respect to RSUs previously awarded under the RSU Plan without the consent of the affected Participant.

If the RSU Plan is terminated or suspended, no new RSUs will be credited to the account of Participants. Previously credited RSUs will remain outstanding but will not be entitled to Dividend Equivalents (as such term is defined in the RSU Plan) following suspension or termination unless at the term of suspension or termination the Committee determines the entitlement to Dividend Equivalents should be continued.

The Committee shall not require the consent of any affected Participant in connection with a termination of the RSU Plan in which the vesting of all RSUs held by the Participant are accelerated and the Payment Amount (less Applicable Withholding Amount) is paid to the Participant in respect of all such RSUs.

Notwithstanding the foregoing, the Corporation will be required to obtain disinterested shareholder approval for any amendment related to (i) the number or percentage of issued and outstanding Common Shares available for grant under the Plan; (ii) a change in method of calculation of redemption of RSUs held by Eligible Persons; and (iii) an extension to the term for redemption of RSUs held by Eligible Persons.

The RSU Plan will terminate on the date upon which no further RSUs remain outstanding provided that such termination is confirmed by a resolution of the Committee.

Employment, Consulting and Management Agreements

As of February 1, 2005, the Corporation entered into a management and office services agreement with Somji Consulting Ltd. ("SCL") of Suite 810, 706 - 7 Avenue S.W., Calgary, Alberta T2P 0Z1, for the provision of services relating to management and administration of the Corporation. These services formerly included the services of Feisal Somji as the Corporation's CEO along with telephone and fax lines, internet, clerical and administrative support and bookkeeping. SCL is a Corporation controlled by Feisal Somji, the former CEO and President of the Corporation and the Executive Chairman and a director of the Corporation until December 27, 2018. Effective May 1, 2013, SCL agreed to a reduced monthly management fee of \$5,000 per month and a monthly office services fee of \$6,000 in respect of administrative and accounting services. Effective April 1, 2017, SCL and the Corporation agreed to an

increased monthly management fee of \$10,000 and a monthly office services fee of \$8,000 in respect of administrative and accounting services.

Effective June 1, 2018, the Corporation entered into a consulting agreement with Bridgemark Financial Corp. (“Bridgemark”) to provide professional consulting services for an annual term expiring May 31, 2019. Bridgemark is a corporation controlled by Anthony Jackson, who was CFO of the Corporation until January 31, 2018. For an annual fee of \$450,000 paid in advance by the Corporation, Bridgemark provides professional services concerning accounting and bookkeeping, financial reporting, corporate consulting and consulting concerning mergers, acquisitions and joint ventures.

Effective July 1, 2018, the Corporation entered into an employment agreement with Michael McPhie to be the Chief Executive Officer and President of the Corporation. Pursuant to the employment agreement Mr. McPhie shall devote substantially all of his business time and attention to the performance of his duties under the employment agreement. The Corporation shall pay Mr. McPhie an annual base salary of \$180,000 payable in equal bi-monthly installments of \$7,500, which shall be and is subject to deductions for taxes and other withholdings as required by law. The employment agreement entitles Mr. McPhie to participate in all of the Corporation’s health, medical and dental plans, and all other benefit plans that are made available to all of the Corporation’s employees and executives. In addition, the employment agreement provides for bonuses and performance incentives, which includes, but is not limited to, stock options and other stock based compensation, a signing bonus of \$70,000 in cash and 400,000 share incentive awards under the RSU Plan, annual performance-based cash bonus, 2,000,000 restricted share units under the RSU Plan. The Corporation will reimburse Mr. McPhie for all reasonable out-of-pocket expenses properly incurred by Mr. McPhie in the course of his employment. In the event Mr. McPhie’s employment is terminated without just cause, Mr. McPhie shall receive (i) any accrued and unpaid salary, bonuses and vacation pay, (ii) all reasonable expenses incurred by Mr. McPhie prior to the termination date but not yet reimbursed, (iii) a lump sum equal to 18 months of Mr. McPhie’s then annual base salary, and (iv) where possible and allowed, all health, medical and dental benefits for a period of 18 months commencing on the termination date, however, Mr. McPhie may elect to be paid an amount equal to the cost that he would have to pay in order to obtain comparable health, medical and dental benefits for such 18 month period, in which event such amount shall be paid to Mr. McPhie on the termination date. If there is a Change of Control (as defined in the employment agreement) and within one year of the Change of Control (i) the Corporation terminates the employment of Mr. McPhie other than for just cause, or (ii) a Triggering Event (as defined in the employment agreement) occurs and Mr. McPhie elects to terminate the employment agreement, Mr. McPhie shall be entitled to, in exchange for a release: (A) any accrued and unpaid salary, bonuses and vacation pay; (B) all reasonable expenses incurred by Mr. McPhie prior to the termination date but not yet reimbursed; (C) an amount equal to the greater of (I) 1.5 times Mr. McPhie’s annual base salary based on his annual base salary in effect on the date of the Change of Control, or (II) 1.5 times Mr. McPhie’s annual base salary based on his annual base salary in effect on the date of the termination of Mr. McPhie’s employment; plus (D) an amount equal to 1.5 times Mr. McPhie’s annual target bonus amount in effect on the Change of Control, if a target annual bonus has been set by the Board for Mr. McPhie. In addition, any share incentive award conferred upon Mr. McPhie by the Corporation shall fully vest on the date of the termination pursuant to a Change of Control as provided above, and shall remain exercisable until the earlier of: (i) the expiry date of such option or award; and (ii) the date that is 12 months from the date of such termination, notwithstanding the provisions of the associated stock option plan, share-based compensation award plan or any agreement thereunder and the payment of the amount payable, if any, to Mr. McPhie in respect of such share incentive award shall occur no later than 90 days following the termination date.

Pension Plan Benefits

The Corporation has no pension plan arrangements or benefits with respect to any of its NEOs, directors or employees.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Corporation were indebted to the Corporation as of the end of the most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Corporation, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries during the financial year ended August 31, 2018, or has any interest in any material transaction in the current year other than as set out under "Employment, Consulting and Management Agreements" above and herein below.

a) Purchase of services:

	August 31, 2018	August 31, 2017
Administration and accounting fees to a company controlled by an officer and director of the Corporation	\$ 125,000	\$ 80,000
Consulting fees to a company controlled by a director	\$ 122,500	\$ 90,000
Legal fees and share issue costs to a firm of which the Corporate Secretary is a partner	\$ 169,030	\$ 80,063

b) Key management compensation:

The compensation paid or payable to key management or companies controlled by them for director and/or management services is shown below:

	August 31, 2018	August 31, 2017
Fees reported as management fees to directors and companies controlled by an officer and director	\$ 351,975	\$ 127,000
Directors' fees	\$ 25,000	\$ -
Share-based payments	\$ 936,237	\$ 546,715

c) Prepaid expenses:

	August 31, 2018	August 31, 2017
Prepaid expenses to a company controlled by a director and an officer for consulting services	\$ 24,500	\$ 80,000

d) Accounts payable to related parties:

	August 31, 2018	August 31, 2017
Director and companies controlled by key management for management and support services and related out-of-pocket expenses	\$ 59,081	\$ -
Consulting fees to a director of the Corporation	<u>\$ -</u>	<u>\$21,000</u>
	\$ 59,081	\$ 21,000

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

During the year ended August 31, 2018, the Corporation recorded an impairment of receivables totaling \$nil (2017 - \$23,192) in respect of office lease payments recoverable from a company with a director and officer in common.

MANAGEMENT CONTRACTS

Except as set out herein there are no management functions of the Corporation, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

Continuance to British Columbia

The Corporation is currently governed by the *Business Corporations Act* (Alberta) (the “ABCA”). At the Meeting, shareholders of the Corporation will be asked to consider and, if deemed advisable, to approve, a special resolution (the “Continuance Resolution”) approving the continuance of the Corporation (the “Continuance”) from the Province of Alberta governed by the ABCA to the Province of British Columbia governed by the *Business Corporations Act* (British Columbia) (the “BCBCA”). To be effective, the Continuance Resolution must be approved by not less than two-thirds (2/3) of the votes cast at the Meeting.

The Continuance, if approved, will change the legal domicile of the Corporation and will affect certain of the rights of shareholders as they currently exist under the ABCA. Accordingly, shareholders should consult their own independent legal advisors regarding implications of the Continuance, especially from a tax perspective, which may be of particular importance to them.

Reasons for the Continuance

For corporate and administrative reasons the Board is of the view that it would be appropriate to continue the Corporation as a British Columbia company. The Corporation has no material assets in Province of Alberta. In addition, continuance under the BCBCA will provide the Corporation with more flexibility as it grows its business as there are no residency requirements for the directors of a company existing under the BCBCA. In addition, the BCBCA allows directors, if authorized by the Articles, to approve certain corporate changes such as an alteration of the share structure to effect a consolidation or share split or change the name of the Corporation.

Procedure to Effect the Continuance

In order to effect the Continuance, the following steps must be taken:

- a. the common shareholders must approve the Continuance Resolution at the Meeting, authorizing the Corporation to, among other things, file a Continuance Application with the registrar appointed under the BCBCA (the “BCBCA Registrar”);
- b. the Registrar of Corporations under the ABCA (the “ABCA Registrar”) must approve the proposed Continuance into British Columbia, upon being satisfied that the Continuance will not adversely affect creditors or shareholders of the Corporation;
- c. the Corporation must apply to the BCBCA Registrar for a certificate of continuance under the BCBCA; and
- d. the Corporation must file a notice of continuance with the ABCA Registrar, who will then issue a certificate of discontinuance.

Pursuant to the ABCA, the Corporation is deemed to cease to be a corporation within the meaning of the ABCA on and after the date on which it is deemed to be continued under the laws of the BCBCA pursuant to the issuance of the Certificate of Continuance from the BCBCA Registrar.

Effect of the Continuance

The Corporation is currently a corporation incorporated under the ABCA. Assuming that the Continuance Resolution is approved at the Meeting, it is expected that an application will be filed with the BCBCA Registrar for the continuance of the Corporation under the BCBCA and the procedures outlined above will begin as soon as practicable thereafter, as determined by the Board in its sole discretion, in order to give effect to the Continuance. Upon the issuance of a Certificate of Continuance under the BCBCA, the Continuance will become effective (the “Continuance Effective Date”) and the Corporation will become subject to the BCBCA as if it had been incorporated under the BCBCA and the Notice of Articles filed as part of the Continuance Application as well as the Articles that will be adopted in connection with the Continuance will become the constitutional documents of the Corporation. A copy of the proposed Articles are attached hereto as Schedule “A”. In addition, a copy of such Articles will be mailed, free of charge, to any shareholder who requests a copy, in writing, from the Corporation at the above address.

By operation of law, as of the Continuance Effective Date:

- a. the property of the Corporation prior to the Continuance continues to be the property of the Corporation;
- b. the Corporation continues to be liable for its obligations prior to the Continuance;
- c. an existing cause of action, claim or liability to prosecution is unaffected;
- d. a civil, criminal or administrative action or proceeding pending by or against the Corporation prior to the Continuance may continue to be prosecuted by or against the Corporation; and
- e. a conviction against, or ruling, order or judgement in favour of or against, the Corporation prior to the Continuance may be enforced by or against the Corporation.

Upon the Continuance becoming effective, the Corporation will be authorized to issue an unlimited number of Common Shares without nominal or par value. The Corporation as an Alberta corporation was also authorized to issue an unlimited number of preferred shares, however, upon Continuance the Corporation will only be authorized to issue an unlimited number of Common Shares as a British Columbia Corporation. The terms of the Common Shares following the Continuance will be substantially equivalent to the terms of the Common Shares immediately prior to the Continuance.

The Continuance will not affect the Corporation’s status as a reporting issuer under the securities legislation of the Provinces of Alberta and British Columbia, and the Corporation will remain subject to the requirements of such legislation.

Certain Corporate Differences Between the ABCA and BCBCA

In general terms, the BCBCA provides the Corporation’s shareholders substantively the same rights as are available to the Corporation’s shareholders under the ABCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions, and is consistent with corporate legislation in most other Canadian jurisdictions. There are, however, important differences concerning the qualifications of directors and certain shareholder remedies.

The following is a summary comparison of certain provisions of the BCBCA and the ABCA that pertain to rights of the Corporation’s shareholders. This summary is not intended to be exhaustive and the Corporation’s shareholders should consult their legal advisers regarding all of the implications of the

Continuance. A copy of the BCBCA and a copy of the Corporation's proposed Notice of Articles and Articles are available for review at the registered and records office of the Corporation.

Charter Documents

Under the BCBCA, the charter documents will consist of a Notice of Articles, which sets forth, among other things, the name of the Corporation, the amount and type of authorized capital, and indicates if there are any rights and restrictions attached to the shares, and Articles, which will govern the management of the Corporation following the Continuance. The Notice of Articles is filed with the BCBCA Registrar, and the Articles will be filed only with the Corporation's registered and records office.

Similarly, under the ABCA, the Corporation has Articles of Incorporation, which sets forth, among other things, the name of the Corporation and the amount and type of authorized capital and indicates if there are any rights and restrictions attached to the shares, and By-laws, which govern the management of the Corporation. The Articles of Incorporation are filed with the ABCA Registrar and the By-laws are filed only with the Corporation's registered and records office.

Except as otherwise described below and herein, the Continuance to British Columbia and the adoption of the Notice of Articles and Articles will not result in any substantive changes to the constitution, powers or management of the Corporation, except as otherwise described herein. A copy of the Articles that will be adopted in connection with the Continuance are attached hereto as Schedule "A".

Alterations of Share Structure and Change of Name

Under the BCBCA, if specified in the articles, the Board is provided with the flexibility to approve the alteration of the share structure of the Corporation to effect, among other things, the creation of classes of shares, a consolidation of its issued shares or an increase or decrease in the authorized share capital of the Corporation (collectively "Share Structure Alterations"). Under the ABCA, in order to effect Share Structure Alterations, a special resolution of the shareholders of the Corporation is required.

Similarly, under the BCBCA, the Board may resolve to change the name of the Corporation. Under the ABCA, in order to effect a change of name of the Corporation, a special resolution of the shareholders of the Corporation is required.

The Articles to be adopted by the Corporation upon Continuance will permit the board of directors to approve Share Structure Alterations and to approve a change of name of the Corporation without shareholder approval.

Amendments to Charter Documents

Any substantive change to the corporate charter of a company under the BCBCA, such as an alteration of the restrictions, if any, on the business carried on by the Corporation, or an alteration of the special rights and restrictions attached to issued shares requires a resolution passed by the majority of votes specified by the Articles of the company or, if the Articles do not contain such a provision, a special resolution passed by two-thirds of the votes cast on the resolution. The Articles proposed to be adopted by the Corporation provide that the foregoing changes may be approved by the shareholders by special resolution. In addition, other fundamental changes such as a proposed amalgamation or continuation of a company out of the jurisdiction require a special resolution passed by two-thirds of the votes cast on the resolution by holders of shares of each class entitled to vote at a general meeting of the company.

Under the ABCA such changes require a special resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration and, where certain specified rights of the holders of a class or series of shares are affected differently by the alteration than the rights of the holders of other classes of shares, or in the case of holders of a series of shares, in a manner different from other shares of the same class, a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class, or series, as the case may be, whether or not they are otherwise entitled to vote.

Sale of Undertaking

Under the BCBCA, a corporation may sell, lease or otherwise dispose of all, or substantially all, of the undertaking of the company if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution passed by the majority of votes that the Articles of the Corporation specify is required (being at least two-thirds and not more than three-quarters of the votes cast on the resolution) or, if the Articles do not contain such a provision, a special resolution passed by at least two-thirds of the votes cast on the resolution. Under the Articles proposed to be adopted by the Corporation, the special resolution will need to be passed by at least two-thirds of the votes cast on the resolution.

The ABCA requires approval of the holders of the shares of a corporation represented at a duly called meeting by not less than two-thirds of the votes cast upon a special resolution for a sale, lease or exchange of all or substantially all of the property (as opposed to the “undertaking”) of the corporation, other than in the ordinary course of business of the corporation. Each share of a corporation carries the right to vote in respect of a sale, lease or exchange of all or substantially all of the property of the corporation whether or not it otherwise carries the right to vote. Holders of shares of a class or series can vote only if that class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series. While the shareholder approval thresholds will be the same under the BCBCA and the ABCA, there are differences in the nature of the sale which requires such approval, i.e., a sale of all or substantially all of the “undertaking” under the BCBCA and of all or substantially all of the “property” under the ABCA.

Rights of Dissent and Appraisal

The BCBCA provides that shareholders who dissent to certain actions being taken by a company may exercise a right of dissent and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable in respect of:

- a. a resolution to alter the Articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- b. a resolution to adopt an amalgamation agreement;
- c. a resolution to approve an amalgamation into a foreign jurisdiction;
- d. a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- e. a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- f. a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- g. any other resolution, if dissent is authorized by the resolution; or

- h. any court order that permits dissent.

The ABCA contains a similar dissent remedy, subject to certain qualifications. Regarding (b) and (c) above, under the ABCA, there is no right of dissent in respect of an amalgamation between a corporation and its wholly-owned subsidiary, or between wholly-owned subsidiaries of the same corporation. The ABCA also contains a dissent remedy where a corporation resolves to amend its Articles to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of a class.

Oppression Remedies

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

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

On such an application, the court may make any interim or final order it considers appropriate including an order to prohibit any act proposed by the company.

The ABCA contains rights that are substantially broader in that they are available to a larger class of complainants. Under the ABCA, a shareholder, former shareholder, director, former director, officer, or former officer of a corporation or any of its affiliates, or any other person who, in the discretion of the court, is a proper person to seek an oppression remedy, may apply to the court for an order to rectify the matters complained of where in respect of a corporation or any of its affiliates, any act or omission of the corporation or its affiliates effects a result, the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the corporation or its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director, or officer.

Shareholder Derivative Actions

Under the BCBCA, a shareholder or director of a corporation may, with leave of the court, bring an action in the name and on behalf of the corporation to enforce a right, duty or obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such a right, duty or obligation.

A broader right to bring a derivative action is contained in the ABCA, and this right also extends to officers, former shareholders, former directors and former officers of a corporation or its affiliates, and any person, who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action. In addition, the ABCA permits derivative actions to be commenced, with leave of the court, in the name and on behalf of a corporation or any of its subsidiaries.

Requisite Approvals

Under the BCBCA, a company can establish in its articles the levels for various shareholder approvals, other than those levels that are prescribed by the BCBCA. The percentage of votes required for a special

resolution can be specified in the articles and may be no less than two-thirds and no more than three-quarters of the votes cast.

The ABCA does not provide flexibility with respect to the level of shareholder approval required for ordinary resolutions and special resolutions. Under the ABCA, an ordinary resolution must be passed by no less than a majority of the votes cast by shareholders entitled to vote with respect to the resolution and a special resolution must be passed by not less than two-thirds of the votes cast by the shareholders entitled to vote with respect to the resolution.

Shareholders' Proposals

A shareholder of a corporation incorporated under the ABCA who is entitled to vote may submit notice of a shareholder proposal. To be eligible to make a proposal, a person must:

- a. be a registered holder or beneficial owner of a prescribed number of shares for a prescribed period. Under the regulations currently in effect, the prescribed number of shares is the number of voting shares (i) that is equal to at least 1% of all issued voting shares of the corporation as of the day on which the registered holder or beneficial owner of the shares submits a proposal, or (ii) whose fair market value as determined as of the close of business on the day before the registered holder or beneficial owner of the shares submits the proposal is at least \$2,000. Under the regulations currently in effect, the prescribed period is the 6-month period immediately before the day on which the registered holder or beneficial owner of the shares submits the proposal;
- b. have the prescribed level of support of other registered holders or beneficial owners of shares. Under the regulations currently in effect, the prescribed level of support for the proposal by other registered holders or beneficial owners of shares is at least 5% of the issued voting shares of the corporation;
- c. provide to the corporation his or her name and address and the names and addresses of those registered holders or beneficial owners of shares who support the proposal; and
- d. continue to hold or own the prescribed number of shares up to and including the day of the meeting at which the proposal is to be made.

In comparison, a person submitting a proposal under the BCBCA must have been a registered owner or beneficial owner of one or more shares carrying the right to vote at general meetings and must have owned such shares for an uninterrupted period of at least two years before the date of signing the proposal. Similar to the requirements of the ABCA, the proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of: (a) at least 1% of the issued shares of the corporation that carry the right to vote at general meetings; or (b) shares with a fair market value exceeding an amount prescribed by regulation.

Requisition of Meetings

The BCBCA provides that one or more shareholders of a company holding not less than 5% of the issued voting shares of the company may give notice to the directors requiring them to call and hold a general meeting within four months. The ABCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting to require the directors to call and hold a meeting of shareholders of a company for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

Place of Meetings

The BCBCA provides that meetings of shareholders may be held at the place outside of British Columbia provided by the Articles, or approved in writing by the British Columbia Registrar of Companies before any such meeting is held, or approved by an ordinary resolution (provided such a location outside of British Columbia is not restricted as a location for meetings under the Articles).

The ABCA provides that meetings of shareholders may be held at the place outside of Canada provided by the Articles, or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Directors

Both the BCBCA and ABCA provide that a public company in the case of the BCBCA and a distributing corporation in the case of the ABCA must have a minimum of three directors.

While the BCBCA does not have any Canadian or provincial residency requirements for directors, the ABCA requires that at least 25% of the directors of a corporation must be resident Canadians.

Under the ABCA, directors may be removed by ordinary resolution whereas under the BCBCA, directors may be removed by a special resolution or, if the articles of a company otherwise provide that a director may be removed by a resolution of the shareholders entitled to vote at general meetings passed by less than a special majority or may be removed by some other method, by the resolution or method specified.

Status as a British Columbia Company

Currently, the Corporation's authorized capital consists of an unlimited number of Common Shares without nominal or par value, and an unlimited number of preferred shares without nominal or par value. If the Corporation's shareholders approve the Continuance, the Corporation will continue with an authorized capital consisting of an unlimited number of Common Shares without par value.

As an ABCA corporation, the Corporation's charter documents consist of Articles of Incorporation and By-laws and any amendments thereto to date. On completion of the Continuance, the Corporation will cease to be governed by the ABCA and will thereafter be deemed to have been formed under the BCBCA. As part of the Continuance Resolution, the Corporation's shareholders will be asked to approve the adoption of a Continuance Application/Notice of Articles and Articles, which comply with the requirements of the BCBCA, copies of which are available for review by the Corporation's shareholders at the Corporation's registered and records office.

Dissent Rights with Respect to the Continuance

In accordance with s. 191(1) of the ABCA, registered shareholders (as defined below) have the right to dissent to the Continuance and require the Corporation to pay the dissenting shareholder a sum representing the fair value of the dissenting shareholder's shares. This summary of s. 191(1) of the ABCA is expressly subject to the provisions of s. 191(1) of the ABCA. The Corporation is not required to notify, and will not notify, shareholders of the time periods within which action must be taken in order for shareholders to perfect their dissent rights. It is recommended that shareholders wishing to avail themselves of their dissent rights seek legal advice, as failure to comply strictly with the provisions of s. 191(1) of the ABCA may prejudice any such rights. A "registered shareholder" is a shareholder whose shares are registered in his or her name on the shareholder register maintained by the Corporation or by the registrar and transfer agent of the Corporation, Computershare Trust Company. If a shareholder holds his or her shares through an

investment dealer, broker or market intermediary and wishes to invoke his or her dissent rights, then such shareholder should make arrangements to register the shares directly in his or her name, or arrange for the registered shareholder to dissent on behalf of the beneficial shareholder. Any beneficial owner of shares who wishes to register the shares in his or her name is urged to consult with his or her legal or investment advisor, or the registrar and transfer agent of the Corporation at the following address:

Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

In the event that the Continuance Resolution is adopted at the Meeting, any shareholder who dissents (“a dissenting shareholder”) in respect of the Continuance in compliance with s. 191(1) of the ABCA, shall be entitled to be paid by the Corporation, a sum representing the fair value of the dissenting shareholder's shares. **No right of dissent or appraisal is available to holders of shares with respect to any other matter to be considered at the Meeting, other than the Continuance.**

A dissenting shareholder must deliver to the Corporation prior to the date of the Meeting at its registered office (Suite 1700, 421 7th Avenue S.W, Calgary AB T2P 4K9) or to the scrutineer of the Meeting prior to commencement of the Meeting, a written objection (“a dissent notice”) to the Continuance Resolution. A vote against the Continuance does not constitute a dissent notice. The ABCA does not provide for partial dissent and, accordingly, a dissenting shareholder may only dissent with respect to all of the shares held directly or on behalf of any one beneficial owner whose shares are registered in his or her name.

Under s. 191(1) of the ABCA, after adoption of the Continuance Resolution, the Corporation or a dissenting shareholder who has sent a dissent notice, may make an application by way of an originating notice to the Court of Queen's Bench of Alberta (the “Court”) to fix the fair value of the shares held by a dissenting shareholder. The fair value is to be determined as of the close of business on the last business day before the date on which the Continuance Resolution was adopted. If an application is made to the Court, the Corporation shall, unless the Court otherwise orders, send to each dissenting shareholder at least ten (10) days before the date on which the application is returnable if the Corporation is the applicant, or within ten (10) days after the Corporation is served with a copy of the originating notice if a dissenting shareholder is the applicant, a written offer to pay an amount considered by the board of directors to be the fair value of the dissenting shareholder's shares. Every such offer is to be made on the same terms to every dissenting shareholder and is to be accompanied by a statement indicating how the fair value of the shares was determined by the board of directors.

Upon the occurrence of the earliest of: (i) the effective date of the Continuance Resolution; (ii) an agreement between a dissenting shareholder and the Corporation as to the payment to be made for the dissenting shareholder's shares; or (iii) a pronouncement of the Court fixing the fair value of the dissenting shareholders' shares, a dissenting shareholder ceases to have any rights as a shareholder, other than the right to be paid the fair value for his or her shares in the amount agreed to between the Corporation and the dissenting shareholder, or in the amount fixed by the Court, as the case may be. Until one of these events occurs, a dissenting shareholder may withdraw his or her dissent notice or the Corporation may rescind the Continuance Resolution and in either event, the dissent and appraisal proceedings in respect of such dissenting shareholder shall be discontinued. Section 191(20) of the ABCA provides that, notwithstanding the obligations of a corporation to pay a dissenting shareholder the fair value of the dissenting shareholder's shares, a corporation shall not make a payment to a dissenting shareholder if there are reasonable grounds for believing that the corporation is, or would after such payment, be unable to pay its liabilities as they become due, or the realizable value of the corporation's assets would by reason of such payment, be less than the aggregate of its liabilities. The Board may elect not to proceed with the transactions contemplated in the Continuance Resolution if any notices of dissent are received.

Approval of the Continuance

At the Meeting, the Corporation intends to seek shareholder approval for the Continuance of the Corporation into the Province of British Columbia. If the Continuance is approved by the shareholders of the Corporation, then the Corporation intends to implement the procedure outlined above, as determined by the Board in its sole discretion, in order to give effect to the Continuance.

The Continuance must be approved by special resolution in order to become effective. To pass, a special resolution requires a majority of not less than two-thirds of the votes cast by the shareholders present at the Meeting in person or by proxy.

Shareholders will be asked at the meeting to consider and, if thought fit, approve the Continuance Resolution transferring the Corporation's governing jurisdiction from Province of Alberta to the Province of British Columbia, as follows:

"BE IT RESOLVED, as a special resolution, that, subject to regulatory approval:

1. The Corporation is hereby authorized to apply to the Registrar of Corporations under the ABCA (the "ABCA Registrar") for authorization pursuant to Section 189 of the ABCA to discontinue from the ABCA and to apply to the British Columbia Registrar of Companies under the BCBCA for a Certificate of Continuation continuing the Corporation as if it had been incorporated under the BCBCA.
2. Any one or more of the directors or officers of the Corporation is hereby authorized to do, sign and execute all such further things, deeds, documents or writings necessary or desirable in connection with the application by the Corporation for the authorization by the Registrar, or any other matter relating to Section 189 of the ABCA.
3. Subject to and conditional upon the authorization of the ABCA Registrar pursuant to Section 189 of the ABCA:
 - a. any one or more directors or officers of the Corporation are hereby authorized and directed to make an application to the British Columbia Registrar of Companies for a Certificate of Continuation of the Corporation pursuant to Section 302 of the BCBCA and certify that the Corporation is in good standing and that the continuation will not adversely affect the shareholders' or creditors' rights; and
 - b. upon continuance, the Corporation will have as its Articles, in the form attached as Schedule "A" hereto, prepared in accordance with the requirements of the BCBCA including any amendments as determined by counsel to the Corporation to be reasonably necessary, in substitution for the existing By-Laws of the Corporation, which Articles are approved in all respects and any one director of the Corporation is authorized to sign the Articles as required by the BCBCA;
4. The Board is hereby authorized to abandon the application to continue without further authorization of the shareholders of the Corporation if, in its discretion, the Board deems such abandonment to be advisable; and
5. Any one director or officer of the Corporation is authorized and directed on behalf of the Corporation, to take all necessary steps and proceedings, including the execution of any documents required to be filed with the British Columbia Registrar of Companies and to execute, deliver and

file any and all declarations, agreements, documents and other instruments and do all such other acts and things as may be necessary or desirable to give effect to this special resolution.”

The Board recommends that the Shareholders vote in favour of the Continuance Resolution.

Unless the shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be voted against the Continuance Resolution, the persons named in the enclosed form of proxy will vote FOR the Continuance Resolution.

In order to be effected, the Continuance Resolution must be approved by two-thirds (2/3) of the votes cast at the Meeting in person or by proxy.

Approval of Name Change

The Corporation proposes to change the name of the Corporation to “Boundary Gold and Copper Mining Ltd.” or such other name that the Board may approve (the “Name Change”).

The Corporation has proposed the Name Change in order to better reflect the Corporation’s ongoing business. If approved, the effective date of the Name Change will be the date of issuance of a certificate of amendment by the ABCA Registrar in respect of the Name Change, which is expected to be obtained immediately following the Meeting or as soon as practicable thereafter. The Corporation is not forwarding letters of transmittal to Shareholders for their use in transmitting existing share certificates in exchange for new share certificates giving effect to the Name Change. Instead, in the event that the Name Change is approved by the requisite majority of Shareholders at the Meeting and articles of amendment are subsequently filed to give effect thereto, each existing certificate reflecting the current name of the Corporation shall continue to be a valid share certificate of the Corporation until such certificate is transferred, re-registered or otherwise exchanged.

The Name Change requires Shareholder approval by a “special resolution”, which is a resolution passed by a majority of not less than two-thirds of the votes cast by eligible Shareholders present in person or by proxy who vote in respect of that resolution at the Meeting. The Name Change is also subject to the Corporation obtaining all required regulatory approvals, including TSXV approval.

At the Meeting, Shareholders will be asked to consider, and if thought appropriate, to pass with or without variation, the following special resolution to amend the Articles of Incorporation of the Corporation to effect the Name Change:

“RESOLVED THAT:

1. the Articles of the Corporation be amended to change the name of the Corporation to “Boundary Gold and Copper Mining Ltd.” or such other name as the board of directors of the Corporation may approve;
2. the directors of the Corporation are hereby authorized to revoke this special resolution before it is acted on, without any further approval or authorization of the shareholders of the Corporation; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution.”

The Board of Directors unanimously recommends that shareholders ratify, confirm and approve the proposed change of the name of the Corporation to “Boundary Gold and Copper Mining Ltd.” by voting in favour of the Name Change.

Unless otherwise instructed, at the Meeting the proxyholders named in the Corporation's form of Proxy or Voting Instruction Form will vote FOR the Name Change.

Consolidation of Common Shares

At the Meeting, shareholders will be asked to approve, a share consolidation at a ratio of five (5) pre-consolidation Common Shares currently held for one (1) new post-consolidated Common Share.

Under TSX Venture Exchange policy, shareholder approval is required for any security consolidation which, when combined with any other security consolidation conducted by an issuer within the previous 24 months that was not approved by its shareholders, results in a cumulative consolidation ratio of greater than 10 to 1 over such 24 month period.

The Board proposes that shareholders approve a consolidation of its share capital on the basis of up to five (5) pre-consolidation Common Shares currently held for one (1) new post-consolidated Common Share. There are currently 157,735,565 Common Shares issued and outstanding in the capital of the Corporation.

Subsequent to the share consolidation, the Corporation will have 31,547,113 post-consolidated Common Shares.

In accordance with the ABCA, the Corporation is seeking shareholder approval to approve the share consolidation by way of special resolution of the shareholders.

Shareholders will be asked at the Meeting to approve the share consolidation of the Common Shares of the Corporation by "special resolution", which is a resolution passed by a majority of not less than two-thirds of the votes cast by eligible Shareholders present in person or by proxy who vote in respect of that resolution at the Meeting. The share consolidation is also subject to the Corporation obtaining all required regulatory approvals, including TSXV approval. The text of the share consolidation resolution is set out below:

"RESOLVED as an special resolution, that:

- (1) subject to the Corporation receiving regulatory approval, the consolidation of each of the issued and outstanding Common Shares of the Corporation by exchanging five (5) pre-consolidation Common Shares of the Corporation into one (1) post-consolidated Common Share, or such other in between ratio that the Board may deem adequate (the "Consolidation"),
- (2) any fractional shares resulting from the Consolidation of the Common Shares shall be converted such that each fractional Common Share remaining after conversion that is less than one-half of a Common Share be cancelled and each fractional Common share that is at least one-half of a Common Share be changed to one whole Common share pursuant to the provisions of Section 48(12) of the Alberta *Business Corporations Act*;
- (3) the board of directors of the Corporation is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the above consolidation ratio without further approval, ratification or confirmation by the shareholders;
- (4) upon the date determined by the directors, the resolution described herein shall be deposited at the Corporation's records office; and
- (5) the resolution will not be effective unless and until deposited at the Corporation's records office by direction of the Board."

The Board recommends that shareholders vote in favour of the Consolidation.

Unless otherwise instructed, at the Meeting the proxyholders named in the Corporation's form of Proxy or Voting Instruction Form will vote FOR the Consolidation.

The above resolution, if passed, will not become effective until the date of issuance of a certificate of amendment by the ABCA Registrar in respect of the Consolidation.

The proposed Consolidation will not alter or change in any way any shareholder's proportion of votes to total votes, however, the total votes capable of being cast by shareholder at a general meeting in the future will be reduced if the resolution is approved.

All outstanding options, restricted share units, warrants and other convertible securities of the Corporation outstanding as at the date of the completion of the Consolidation transaction will be adjusted in accordance with the consolidation ratio. The authorized share structure capital of the Corporation includes an unlimited number of Common Shares and on effecting the Consolidation there will continue to be an unlimited number of Common Shares.

Continuation of Stock Option Plan

To comply with the policies of the TSXV covering "rolling" option plans, continued grants under the Option Plan must be approved annually by the shareholders of the Corporation. At the Meeting shareholders will be asked to ratify and approve the Option Plan for continuation until the next annual general meeting of the Corporation.

As at July 16, 2019 there were 157,735,565 Common Shares issued and outstanding. Accordingly, under the Option Plan the Corporation has the authority to grant options to purchase up to a total of 15,773,556 Common Shares. As at the date of this Management Proxy Circular, options to purchase an aggregate of 11,600,000 Common Shares are granted and outstanding under the Option Plan, representing approximately 7.35% of the outstanding Common Shares in the capital of the Corporation.

Pursuant to TSXV Policies, continuation of the Option Plan requires annual shareholder approval at the annual general meeting of the Corporation by ordinary resolution. The Board is of the view that the Option Plan permits the Corporation to attract and maintain the services of executives, employees and other service providers with other companies in the industry.

The material terms of the Plan are described above (see above, *Stock Options and Other Incentive Plans – Material Terms of the Plan*). A copy of the Plan will be available for review at the Meeting.

"RESOLVED that the Corporation's 10% rolling stock option plan dated for reference March 30, 2012, be and is hereby ratified and approved for continuation until the next annual general meeting of the Corporation."

The Board recommends that you vote in favour of the above resolution.

Unless otherwise instructed, at the Meeting the proxyholders named in the Corporation's form of Proxy or Voting Instruction Form will vote to FOR ratifying and approving the Option Plan for continuation.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Corporation for the year ended August 31, 2018 and in the related management discussion and analyses all of which are filed on SEDAR at www.sedar.com. The report of the auditor and management's discussion and analysis are being mailed to shareholders requesting copies be mailed to them, together with the Notice of Meeting and this Management Proxy Circular and will be placed before the Meeting.

Additional information relating to the Corporation is filed on SEDAR www.sedar.com and is available upon request from the Corporate Secretary of the Corporation at Suite 250 – 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5, telephone number: 604-336-1327 or fax number 604-648-9109. Copies of documents will be provided free of charge to security holders of the Corporation. The Corporation

may require the payment of a reasonable charge from any person or company who is not a securityholder of the Corporation, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Management Proxy Circular.

The contents of this Management Proxy Circular and its distribution to shareholders have been approved by the Board.

DATED at Vancouver, British Columbia, July 16, 2019.

BY ORDER OF THE BOARD

“Michael McPhie”

Michael McPhie
President and Chief Executive Officer

SCHEDULE “A”

Continuation number: C _____

BOUNDARY GOLD AND COPPER MINING LTD.
(the “Company”)

The Company has as its articles on continuation the following articles.

Full name and signature of a director of the Company	Date of signing
<i>Signature of Director</i>	
<i>Please Print Name</i>	

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Continuation Number:

BUSINESS CORPORATIONS ACT
(British Columbia)

ARTICLES

of

BOUNDARY GOLD AND COPPER MINING LTD.
(the “Company”)

PART 1

INTERPRETATION

Definitions

1.1 In these Articles, unless the context otherwise requires:

- (a) “**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;
- (b) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (c) “**Interpretation Act**” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) “**legal personal representative**” means the personal or other legal representative of the shareholder;
- (e) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (f) “**seal**” means the seal of the Company, if any;
- (g) “**share**” means a share in the authorized share structure of the Company; and
- (h) “**special majority**” means the majority of votes described in §11.2 which is required to pass a special resolution.

Act and Interpretation Act Definitions Applicable

1.2 The definitions in the Act and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and except as the context requires otherwise, apply to

these Articles as if they were an enactment. If there is a conflict or inconsistency between a definition in the Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the Act will prevail. If there is a conflict or inconsistency between these Articles and the Act, the Act will prevail.

PART 2

SHARES AND SHARE CERTIFICATES

Authorized Share Structure

2.1 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.

Form of Share Certificate

2.2 Each share certificate issued by the Company must comply with, and be signed as required by, the Act.

Shareholder Entitled to Certificate, Acknowledgment or Written Notice

2.3 Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled on request, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all. If a shareholder is the registered owner of uncertificated shares, the Company must, within a reasonable time after the issue or transfer of such share, send to a holder of an uncertificated share a written notice containing the information required by the Act.

Delivery by Mail

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

Replacement of Worn Out or Defaced Certificate or Acknowledgement

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

- (a) cancel the share certificate or acknowledgment; and
- (b) issue a replacement share certificate or acknowledgment.

Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

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

- (a) proof satisfactory to it of the loss, theft or destruction; and
- (b) any indemnity the directors consider adequate.

Splitting Share Certificates

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

Certificate Fee

2.8 There must be paid to the Company, in relation to the issue of any share certificate under §2.5, §2.6 or §2.7, the amount, if any, not exceeding the amount prescribed under the Act, determined by the directors.

Recognition of Trusts

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

PART 3

ISSUE OF SHARES

Directors Authorized

3.1 Subject to the Act and the rights, if any, of the holders of issued shares of the Company, the Company may allot, issue, 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 consideration (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.

Commissions and Discounts

3.2 The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person's purchase or agreement to purchase shares of the Company

from the Company or any other person's procurement or agreement to procure purchasers for shares of the Company.

Brokerage

3.3 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.

Conditions of Issue

3.4 Except as provided for by the 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 §3.1.

Share Purchase Warrants and Rights

3.5 Subject to the 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.

PART 4

SHARE REGISTERS

Central Securities Register

4.1 As required by and subject to the Act, the Company must maintain in British Columbia a central securities register and may appoint an agent to maintain such register. The directors may appoint one or more agents, including the agent appointed to keep the central securities register, as transfer agent for shares or any class or series of shares and the same or another agent as registrar for shares or such class or series of 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.

PART 5

SHARE TRANSFERS

Registering Transfers

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

- (a) except as exempted by the Act, a written instrument of transfer in respect of the share has been received by the Company (which may be a separate document or endorsed on the share certificate for the shares transferred) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; 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 the right of the transferee to have the transfer registered.

Form of Instrument of Transfer

5.2 The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time or by the transfer agent or registrar for those shares.

Transferor Remains Shareholder

5.3 Except to the extent that the Act otherwise provides, the transferor of a share is deemed to remain the holder of it until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

Signing of Instrument of Transfer

5.4 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, or if the shares are uncertificated shares, then all of the shares registered in the name of the shareholder on the central securities register:

- (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.

Enquiry as to Title Not Required

5.5 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 transferred, of any interest in such shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

Transfer Fee

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

PART 6

TRANSMISSION OF SHARES

Legal Personal Representative Recognized on Death

6.1 In case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the Company shall receive the documentation required by the Act.

Rights of Legal Personal Representative

6.2 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, provided the documents required by the Act and the directors have been deposited with the Company. This §6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the name of the shareholder and the name of another person in joint tenancy.

PART 7

PURCHASE, REDEEM OR OTHERWISE ACQUIRE SHARES

Company Authorized to Purchase, Redeem or Otherwise Acquire Shares

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

Purchase When Insolvent

7.2 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.

Sale and Voting of Purchased Shares, Redeemed or Otherwise Acquired Shares

7.3 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.

Company Entitled to Purchase or Redeem Share Fractions

7.4 The Company may, without prior notice to the holders, purchase, redeem or otherwise acquire for fair value any and all outstanding share fractions of any class or kind of shares in its authorized share structure as may exist at any time and from time to time. Upon the Company delivering the purchase funds and confirmation of purchase or redemption of the share fractions to the holders' registered or last known address, or if the Company has a transfer agent then to such agent for the benefit of and forwarding to such holders, the Company shall thereupon amend its central securities register to reflect the purchase or redemption of such share fractions and if the Company has a transfer agent, shall direct the transfer agent to amend the central securities register accordingly. Any holder of a share fraction, who upon receipt of the funds and confirmation of purchase or redemption of same, disputes the fair value paid for the fraction, shall have the right to apply to the court to request that it set the price and terms of payment and make consequential orders and give directions the court considers appropriate, as if the Company were the "acquiring person" as contemplated by Division 6, Compulsory Acquisitions, under the Act and the holder were an "offeree" subject to the provisions contained in such Division, *mutatis mutandis*.

PART 8

BORROWING POWERS

8.1 The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as 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.

PART 9

ALTERATIONS

Alteration of Authorized Share Structure

9.1 Subject to §9.2 and the Act, the Company may by ordinary resolution (or a resolution of the directors in the case of §9.1(c) or §9.1(f)):

- (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 Act where it does not specify by a special resolution;

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

Special Rights and Restrictions

9.2 Subject to the Act and in particular those provisions of the Act relating to the rights of holders of outstanding shares to vote if their rights are prejudiced or interfered with, the Company may by ordinary resolution:

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

and alter its Notice of Articles and Articles accordingly.

Change of Name

9.3 The Company may by directors resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

Other Alterations

9.4 If the Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

PART 10

MEETINGS OF SHAREHOLDERS

Annual General Meetings

10.1 Unless an annual general meeting is deferred or waived in accordance with the 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.

Resolution Instead of Annual General Meeting

10.2 If all the shareholders who are entitled to vote at an annual general meeting consent in writing by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this §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.

Calling of Meetings of Shareholders

10.3 The directors may, at any time, call a meeting of shareholders.

Notice for Meetings of Shareholders

10.4 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 the Company is a public company, 21 days;

- (b) otherwise, 10 days.

Record Date for Notice

10.5 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 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 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.

Record Date for Voting

10.6 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 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.

Failure to Give Notice and Waiver of Notice

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

Notice of Special Business at Meetings of Shareholders

10.8 If a meeting of shareholders is to consider special business within the meaning of §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.

Place of Meetings

10.9 In addition to any location in British Columbia, any general meeting may be held in any location outside British Columbia approved by a resolution of the directors.

PART 11

PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

Special Business

11.1 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 Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

Special Majority

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

Quorum

11.3 Subject to the special rights and restrictions attached to the shares of any class or series of shares, and to §11.4, the quorum for the transaction of business at a meeting of shareholders is two persons

who are, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least five percent of the issued shares entitled to be voted at the meeting.

One Shareholder May Constitute Quorum

- 11.4 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.

Persons Entitled to Attend Meeting

11.5 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 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 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.

Requirement of Quorum

11.6 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.

Lack of Quorum

- 11.7 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.

Lack of Quorum at Succeeding Meeting

11.8 If, at the meeting to which the meeting referred to in §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 shall be deemed to constitute a quorum.

Chair

- 11.9 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.

Selection of Alternate Chair

11.10 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 may choose either one of their number or the solicitor of the Company to be chair of the meeting. If all of the directors present decline to take the chair or fail to so choose or if no director is present or the solicitor of the Company declines to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

Adjournments

11.11 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.

Notice of Adjourned Meeting

11.12 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.

Decisions by Show of Hands or Poll

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

Declaration of Result

11.14 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 §11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Motion Need Not be Seconded

11.15 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.

Casting Vote

11.16 In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

Manner of Taking Poll

11.17 Subject to §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.

Demand for Poll on Adjournment

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

Chair Must Resolve Dispute

11.19 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.

Casting of Votes

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

No Demand for Poll on Election of Chair

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

Demand for Poll Not to Prevent Continuance of Meeting

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

Retention of Ballots and Proxies

11.23 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.

PART 12

VOTES OF SHAREHOLDERS

Number of Votes by Shareholder or by Shares

12.1 Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under §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.

Votes of Persons in Representative Capacity

12.2 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.

Votes by Joint Holders

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

- (a) any one of the joint shareholders may vote at any meeting of shareholders, 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 of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

Legal Personal Representatives as Joint Shareholders

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

Representative of a Corporate Shareholder

12.5 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 any adjourned 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 §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 customary method of transmitting recorded messages.

Proxy Provisions Do Not Apply to All Companies

12.6 If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, then §12.7 to §12.15 are not mandatory, however the directors of the Company are authorized to apply all or part of such sections or to adopt alternative procedures for proxy form, deposit and revocation procedures to the extent that the directors deem necessary in order to comply with securities laws applicable to the Company.

Appointment of Proxy Holders

12.7 Every shareholder of the Company entitled to vote at a meeting of shareholders may, by proxy, appoint one or more (but not more than two) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

Alternate Proxy Holders

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

Proxy Holder Need Not Be Shareholder

12.9 A proxy holder need not be a shareholder of the Company.

Deposit of Proxy

12.10 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 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.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages, including through Internet or telephone voting or by email, if permitted by the notice calling the meeting or the information circular for the meeting.

Validity of Proxy Vote

12.11 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:

- (c) 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
- (d) 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.

Form of Proxy

12.12 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 undersigned):

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

Revocation of Proxy

12.13 Subject to §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.

Revocation of Proxy Must Be Signed

12.14 An instrument referred to in §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 the shareholder's legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under §12.5.

Production of Evidence of Authority to Vote

12.15 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.

PART 13

DIRECTORS

First Directors; Number of Directors

13.1 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 Act. The number of directors, excluding additional directors appointed under §14.8, is set at:

- (a) subject to §(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 a resolution of the directors (whether or not previous notice of the resolution was given); and
 - (ii) the number of directors in office pursuant to §14.4;
- (c) if the Company is not a public company, the most recently set of:
 - (i) the number of directors set by a resolution of the directors (whether or not previous notice of the resolution was given); and

- (ii) the number of directors in office pursuant to §14.4.

Change in Number of Directors

13.2 If the number of directors is set under §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; or
- (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 then the directors, subject to §14.8, may appoint directors to fill those vacancies.

Directors' Acts Valid Despite Vacancy

13.3 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.

Qualifications of Directors

13.4 A director is not required to hold a share as qualification for his or her office but must be qualified as required by the Act to become, act or continue to act as a director.

Remuneration of Directors

13.5 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.

Reimbursement of Expenses of Directors

13.6 The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

Special Remuneration for Directors

13.7 If any director performs any professional or other services for the Company that in the opinion of the directors is outside the ordinary duties of a director, or if a director is otherwise specially occupied in or about the Company's business, the director may be paid remuneration fixed by the directors, or, at the option of the directors, fixed by ordinary resolution, and such remuneration may be either in addition to, or substitution for, another other remuneration that the director is entitled to receive.

Gratuity, Pension or Allowance on Retirement of Director

13.8 Unless otherwise determined by ordinary resolution, the directors may cause the Company to pay a gratuity or pension or allowance on retirement to a director who has held a salaried office or place of profit with the Company or to the director's spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 14

ELECTION AND REMOVAL OF DIRECTORS

Election at Annual General Meeting

14.1 At every annual general meeting and in every unanimous resolution contemplated by §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 §(a), but are eligible for re-election or re-appointment.

Consent to be a Director

14.2 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 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 Act.

Failure to Elect or Appoint Directors

14.3 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 §10.2, on or before the date by which the annual general meeting is required to be held under the Act; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by §10.2, to elect or appoint any directors;

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

- (a) when his or her successor is elected or appointed; and
- (b) when he or she otherwise ceases to hold office under the Act or these Articles.

Places of Retiring Directors Not Filled

14.4 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 but their term of office shall expire when 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.

Directors May Fill Casual Vacancies

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

Remaining Directors Power to Act

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

Shareholders May Fill Vacancies

14.7 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.

Additional Directors

14.8 Notwithstanding §13.1 and §13.2, between annual general meetings or by unanimous resolutions contemplated by §10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this §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 §14.8.

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

Ceasing to be a Director

14.9 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 §14.10 or §14.11.

Removal of Director by Shareholders

14.10 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.

Removal of Director by Directors

14.11 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.

Nomination of Directors

14.12 (a) Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):

- (i) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;
- (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (iii) by any person (a “**Nominating Shareholder**”) (A) who, at the close of business on the date of the giving of the notice provided for below in this §14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (B) who complies with the notice procedures set forth below in this §14.12.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must give

- (i) timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this §14.12; and
- (ii) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in §14.12(d).

(c) To be timely under §14.12(b)(i), a Nominating Shareholder’s notice to the Corporate Secretary of the Company must be made:

- (i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and
 - (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
 - (iii) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this §14.12(c).
- (d) To be in proper written form, a Nominating Shareholder’s notice to the Corporate Secretary of the Company, under §14.12(b)(i) must set forth:
- (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (D) a statement as to whether such person would be “independent” of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination and (E) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
 - (ii) as to the Nominating Shareholder giving the notice, (A) any information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws, and (B) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.
- (e) To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in this §14.12 and the candidate for nomination, whether nominated by the board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in

effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

(f) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this §14.12; provided, however, that nothing in this §14.12 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(g) For purposes of this §14.12:

(i) **"Affiliate"**, when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;

(ii) **"Applicable Securities Laws"** means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;

(iii) **"Associate"**, when used to indicate a relationship with a specified person, shall mean (A) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (B) any partner of that person, (C) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (D) a spouse of such specified person, (E) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (F) any relative of such specified person or of a person mentioned in clauses (D) or (E) of this definition if that relative has the same residence as the specified person;

(iv) **"Derivatives Contract"** shall mean a contract between two parties (the "Receiving Party" and the "Counterparty") that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "Notional Securities"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

(v) “**Meeting of Shareholders**” shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;

(vi) “**owned beneficially**” or “**owns beneficially**” means, in connection with the ownership of shares in the capital of the Company by a person, (A) any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (B) any such shares as to which such person or any of such person’s Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (C) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty’s Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person’s Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (C) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (D) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and

(vii) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

(h) Notwithstanding any other provision to this §14.12, notice or any delivery given to the Corporate Secretary of the Company pursuant to this §14.12 may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

- (i) In no event shall any adjournment or postponement of a Meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in §14.12(c) or the delivery of a representation and agreement as described in §14.12(e).

PART 15

ALTERNATE DIRECTORS

Appointment of Alternate Director

15.1 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.

Notice of Meetings

15.2 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.

Alternate for More than One Director Attending Meetings

15.3 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 directors, 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.

Consent Resolutions

15.4 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.

Alternate Director an Agent

15.5 Every alternate director is deemed to be the agent of his or her appointor.

Revocation or Amendment of Appointment of Alternate Director

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

Ceasing to be an Alternate Director

15.7 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) the term of his appointment expires, or his or her appointor revokes the appointment of the alternate directors.

Remuneration and Expenses of Alternate Director

15.8 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.

PART 16

POWERS AND DUTIES OF DIRECTORS

Powers of Management

16.1 The directors must, subject to the 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 Act or by these Articles, required to be exercised by the shareholders of the Company. Notwithstanding the generality of the foregoing, the directors may set the remuneration of the auditor of the Company.

Appointment of Attorney of Company

16.2 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.

Remuneration of an Auditor

16.3 The directors may from time to time set the remuneration of an auditor.

PART 17

INTERESTS OF DIRECTORS AND OFFICERS

Obligation to Account for Profits

17.1 A director or senior officer who holds a disclosable interest (as that term is used in the 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 Act.

Restrictions on Voting by Reason of Interest

17.2 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.

Interested Director Counted in Quorum

17.3 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.

Disclosure of Conflict of Interest or Property

17.4 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 Act.

Director Holding Other Office in the Company

17.5 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.

No Disqualification

17.6 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.

Professional Services by Director or Officer

17.7 Subject to the 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.

Director or Officer in Other Corporations

17.8 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 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.

PART 18

PROCEEDINGS OF DIRECTORS

Meetings of Directors

18.1 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.

Voting at Meetings

18.2 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 has a second or casting vote.

Chair of Meetings

18.3 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.

Meetings by Telephone or Other Communications Medium

18.4 A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person; or
- (b) by telephone or 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 §18.4 is deemed for all purposes of the Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

Calling of Meetings

18.5 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.

Notice of Meetings

18.6 Other than for meetings held at regular intervals as determined by the directors pursuant to §18.1, 48 hours' notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in §24.1 or orally or by telephone.

When Notice Not Required

18.7 It is not necessary to give notice of a meeting of the directors to a 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 has waived notice of the meeting.

Meeting Valid Despite Failure to Give Notice

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

Waiver of Notice of Meetings

18.9 Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and 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. 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.

Quorum

18.10 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 a majority of the directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

Validity of Acts Where Appointment Defective

18.11 Subject to the 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.

Consent Resolutions in Writing

18.12 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 have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article 18 may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this §18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 19

EXECUTIVE AND OTHER COMMITTEES

Appointment and Powers of Executive Committee

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

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

Appointment and Powers of Other Committees

19.2 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 §(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 §(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

Obligations of Committees

19.3 Any committee appointed under §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.

Powers of Board

19.4 The directors may, at any time, with respect to a committee appointed under §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.

Committee Meetings

19.5 Subject to §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 §19.1 or §19.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

PART 20

OFFICERS

Directors May Appoint Officers

20.1 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.

Functions, Duties and Powers of Officers

20.2 The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

Qualifications

20.3 No person may be appointed as an officer unless that person is qualified in accordance with the 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.

Remuneration and Terms of Appointment

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

PART 21

INDEMNIFICATION

Definitions

21.1 In this Part 21:

- (a) “**eligible party**”, in relation to a company, means an individual who:
 - (i) is or was a director, alternate director or officer of the Company;
 - (ii) is or was a director, alternate director or officer of another corporation
 - (A) at a time when the corporation is or was an affiliate of the Company, or
 - (B) at the request of the Company; or

(iii) at the request of the Company, is or was, or 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;

and includes, except in the definition of “eligible proceeding”, and §163(1)(c) and (d) and §165 of the Act, the heirs and personal or other legal representatives of that individual;

(b) “**eligible penalty**” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(c) “**eligible proceeding**” means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Company or an associated corporation

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

and shall include any other proceeding or action contemplated by the Act; and

(d) “**expenses**” has the meaning set out in the Act and includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding; and

(e) “**proceeding**” includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

Mandatory Indemnification of Eligible Parties

21.2 Subject to the Act, the Company must indemnify each eligible party and the heirs and legal personal representatives of each eligible party 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 eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this §21.2.

Indemnification of Other Persons

21.3 Subject to any restrictions in the Act, the Company may agree to indemnify and may indemnify any person (including an eligible party) against eligible penalties and pay expenses incurred in connection with the performance of services by that person for the Company.

Authority to Advance Expenses

21.4 The Company may advance expenses to an eligible party to the extent permitted by and in accordance with the Act.

Non-Compliance with Act

21.5 Subject to the Act, the failure of an eligible party of the Company to comply with the Act or these Articles or, if applicable, any former *Companies Act* or former Articles does not, of itself, invalidate any indemnity to which he or she is entitled under this Part 21.

Company May Purchase Insurance

21.6 The Company may purchase and maintain insurance for the benefit of any eligible party person (or his or her heirs or legal personal representatives of any eligible party) against any liability incurred by any eligible party.

PART 22

DIVIDENDS

Payment of Dividends Subject to Special Rights

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

Declaration of Dividends

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

No Notice Required

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

Record Date

22.4 The directors must 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.

Manner of Paying Dividend

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

Settlement of Difficulties

22.6 If any difficulty arises in regard to a distribution under §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 money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

When Dividend Payable

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

Dividends to be Paid in Accordance with Number of Shares

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

Receipt by Joint Shareholders

- 22.9 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.

Dividend Bears No Interest

- 22.10 No dividend bears interest against the Company.

Fractional Dividends

- 22.11 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.

Payment of Dividends

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

Capitalization of Retained Earnings or Surplus

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

PART 23

ACCOUNTING RECORDS AND AUDITORS

Recording of Financial Affairs

- 23.1 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 Act.

Inspection of Accounting Records

23.2 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.

Remuneration of Auditor

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

PART 24

NOTICES

Method of Giving Notice

24.1 Unless the Act or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by:

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

Deemed Receipt of Mailing

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

- (e) mailed to a person by ordinary mail to the applicable address for that person referred to in §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;
- (f) faxed to a person to the fax number provided by that person referred to in §24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (g) emailed to a person to the e-mail address provided by that person referred to in §24.1 is deemed to be received by the person to whom it was e-mailed on the day that it was emailed.

Certificate of Sending

24.3 A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with §24.1 is conclusive evidence of that fact.

Notice to Joint Shareholders

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

Notice to Legal Personal Representatives and Trustees

24.5 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 §(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.

Undelivered Notices

24.6 If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to §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.

PART 25

SEAL

Who May Attest Seal

25.1 Except as provided in §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.

Sealing Copies

25.2 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 §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.

Mechanical Reproduction of Seal

25.3 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 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 §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.