

ARRANGEMENT AGREEMENT

THIS AGREEMENT made as of the 21st day of June, 2011.

BETWEEN:

SEARCHLIGHT CAPITAL CORP., a corporation existing under the
Business Corporations Act (British Columbia)

(hereinafter referred to as “**Searchlight**”)

OF THE FIRST PART

AND:

LED MEDICAL DIAGNOSTICS INC., a corporation existing under
the *Business Corporations Act* (British Columbia)

(hereinafter referred to as “**LED**”)

OF THE SECOND PART

WHEREAS:

- A. The Searchlight Board and LED Board have determined that it would be in the best interests of Searchlight and LED to combine the businesses carried on by each of them; and
- B. Searchlight and LED intend to effect the business combination by way of a plan of arrangement under Part 9, Division 5 of the BCBCA under which, among other things, Searchlight and LED will amalgamate and the shareholders of Searchlight and LED will receive common shares of the amalgamated company in exchange for their common shares of Searchlight and LED, as applicable, in accordance with the terms of the Plan of Arrangement attached hereto as Schedule “A”;
- C. The execution and delivery of this Agreement has been approved by the Searchlight Board and the LED Board;

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

ARTICLE 1

DEFINITIONS, INTERPRETATION AND SCHEDULES

1.1 Definitions

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

- (a) “**Agreement**” means this arrangement agreement, together with the schedules attached hereto, as amended or supplemented from time to time;
- (b) “**Amalco**” has the meaning set forth in section 2.4;
- (c) “**Amalco Shares**” means the common shares in the capital of Amalco;
- (d) “**Amalgamation**” means the amalgamation of the Amalgamating Companies as contemplated in this Agreement;
- (e) “**Amalgamation Application**” has the meaning ascribed thereto in the Plan of Arrangement;
- (f) “**Amalgamating Companies**” means Searchlight, LED, EMD and Visiotech;
- (g) “**Arrangement**” means the arrangement under the provisions of section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance therewith or made at the direction of the Court in the Final Order;
- (h) “**Arrangement Filings**” has the meaning set forth in subsection 3.4(a);
- (i) “**Arrangement Resolutions**” means collectively the LED Resolution and the Searchlight Resolution;
- (j) “**Bank Facilities**” means credit facilities currently or in the future established between LED and one or more Canadian chartered banks or credit unions provided for up to \$1 million in credit facilities and which may be fully secured;
- (k) “**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, in each case as now in effect and as may be amended from time to time prior to the Effective Date;
- (l) “**Business Day**” means a day which is not a Saturday, a Sunday or a statutory or civic holiday, or a day on which commercial banks are not open for business, in Vancouver, British Columbia;
- (m) “**Canadian GAAP**” means (i) prior to January 1, 2011, generally accepted accounting principles in Canada, and (ii) on and after January 1, 2011, generally accepted accounting principles applicable to publicly accountable enterprises under Part I of the CICA Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time;
- (n) “**Completion Deadline**” means the date by which the Arrangement is to be completed, which date shall not be later than 5:00 p.m. (Vancouver time) on September 30, 2011 or such later date as the parties may agree to in writing;
- (o) “**Court**” means the Supreme Court of British Columbia;
- (p) “**Effective Date**” means the date agreed to by LED and Searchlight in writing as the effective date of the Arrangement after all of the conditions precedent to the completion

of the Arrangement as set out in this Agreement have been satisfied or waived, including that the Final Order has been granted by the Court;

- (q) “**Effective Time**” means the time on the Effective Date as may be agreed to by the Parties and as denoted on the filings with Registrar;
- (r) “**EMD**” means EMD Systems Ltd., a corporation existing under the BCBCA;
- (s) “**Encumbrance**” means with respect to any property or asset, any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (t) “**Final Order**” means the final order of the Court, as such order may be amended at any time prior to the Effective Date, pursuant to section 291 of the BCBCA approving the Arrangement or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (u) “**Governmental Entity**” means any applicable
 - (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign,
 - (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or
 - (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (v) “**including**”, “**includes**” or similar expressions are not intended to be limiting and are deemed to be followed by the expression “without limitation”;
- (w) “**Interim Order**” means the interim order of the Court pursuant to section 291 of the BCBCA, as such order may be amended at any time prior to the Effective Date, made in connection with the Arrangement and providing for, among other things, the calling and holding of the Searchlight Meeting and LED Meeting;
- (x) “**Joint Proxy Circular**” means the management information circular to be prepared by Searchlight and LED for the Searchlight Meeting and the LED Meeting, including all information and documents incorporated by reference therein;
- (y) “**Law**” or “**Laws**” means all laws, bylaws, rules, regulations, orders, ordinances, protocols, codes, instruments, published policies, notices, directions and judgments or other requirements of any Governmental Entity, in each case having the force of Law;
- (z) “**LED**” means LED Medical Diagnostics Inc., a corporation existing under the BCBCA, and where the context of the Agreement requires, includes the Subsidiaries;

- (aa) “**LED Agent Options**” means the aggregate of 240,000 outstanding agents options to acquire 240,000 LED Shares at an exercise price of US\$2.00 per LED Share granted to Integral Wealth Securities Limited, Blackmont Capital Inc. and Wolverton Securities Ltd. in consideration for services performed in respect of private placements of LED Shares;
- (bb) “**LED Board**” means the board of directors of LED;
- (cc) “**LED Financial Statements**” means the audited consolidated annual financial statements of LED for the fiscal years ended December 31, 2010, 2009 and 2008;
- (dd) “**LED Intellectual Property**” has the meaning set forth in section 4.1(s);
- (ee) “**LED Material Contracts**” means the following contracts, each as amended:
 - (i) the exclusive distribution and supply agreement with Henry Schein Inc. dated November 30, 2010; and
 - (ii) the manufacturing agreement with Creation Technologies LP dated August 27, 2010;
- (ff) “**LED Meeting**” means the special meeting of the LED Shareholders and holders of LED Options, including any adjournments or postponements thereof, to be called and held in accordance with the Interim Order, among other things, to consider and, if deemed advisable, to approve the Arrangement Resolution and all other matters requiring approval pursuant to the terms and conditions of this Agreement or the Interim Order;
- (gg) “**LED Options**” means the 2,005,000 outstanding options to purchase LED Shares, excluding the LED Agent Options;
- (hh) “**LED Plans**” has the meaning set forth in subsection 4.1(t);
- (ii) “**LED Resolution**” means the special resolution of the LED Shareholders approving the Arrangement in accordance with section 289(1)(a) of the BCBCA, substantially in the form and content set out in Schedule “A”;
- (jj) “**LED Share Certificate**” means a certificate representing LED Shares;
- (kk) “**LED Shareholders**” means the holders of LED Shares at the applicable time;
- (ll) “**LED Shares**” means the common shares in the capital of LED as currently constituted;
- (mm) “**LED Warrants**” means the 8,492,134 warrants to purchase LED Shares;
- (nn) “**Macquarie Options**” means the agent’s options to acquire 150,000 Searchlight Shares at an exercise price of \$0.20 per Searchlight Share granted to Macquarie Private Wealth Inc. in consideration for services performed in respect of the Searchlight’s initial public offering;
- (oo) “**Material Adverse Change**” means any one or more changes, events or occurrences, and “**Material Adverse Effect**” means any state of facts, which, in either case, either individually or in the aggregate, are, or would reasonably be expected to be, material and adverse to the business, assets or financial condition of LED or Searchlight, as the case

may be (and in this Agreement any reference to “**Material Adverse Change**” or “**Material Adverse Effect**” with respect to Searchlight or LED shall be deemed to mean a “**Material Adverse Change**” or “**Material Adverse Effect**” with respect to Searchlight or LED on a consolidated basis); provided, however, that changes, events or occurrences or any state of facts relating:

- (i) to changes in the capital markets generally (including, without limitation, any reduction in market indices) or changes in the markets or industries in which LED or Searchlight operates;
- (ii) to economic, business, regulatory or political conditions in general, or credit, financial or currency markets in general;
- (iii) to any acts of terrorism, sabotage, military action or war (whether or not declared) or any escalation or worsening thereof or arising directly as a result of any natural disaster;
- (iv) to Canadian GAAP or regulatory accounting requirements;
- (v) to a change in the market trading price of the Searchlight Shares, in the case of Searchlight;
- (vi) to the execution, announcement, existence or performance of this Agreement or the consummation of the transactions contemplated hereby;
- (vii) in the case of LED, any action or inaction taken by LED or the Subsidiaries to which Searchlight has consented to in writing or as expressly permitted by this Agreement;
- (viii) to any change or proposed change in Laws or in the interpretation, application or non-application of Laws by any Governmental Entity;
- (ix) to any matter disclosed in this Agreement; or

shall be deemed not to constitute a “**Material Adverse Effect**” or a “**Material Adverse Change**” and shall not be considered in determining whether a “**Material Adverse Effect**” or a “**Material Adverse Change**” has occurred, provided further that in the case of clause (d) above, the underlying cause of any such change (but excluding any changes, events or occurrences or any state of facts relating to the matters referred to in clauses (i) to (iv) or (vi)) may be considered in determining whether a “**Material Adverse Effect**” or a “**Material Adverse Change**” has occurred;

- (pp) “**Meetings**” means the LED Meeting and the Searchlight Meeting;
- (qq) “**Plan of Arrangement**” means the plan of arrangement substantially in the form and content of Schedule “B” attached hereto and any amendments or variations thereto made in accordance with the Plan of Arrangement or made at the direction of the Court in the Interim Order or the Final Order;
- (rr) “**Pooled Shareholders**” means all LED Shareholders who acquired their LED Shares for US \$0.20 or less;

- (ss) “**Record Date**” means the date, which need not be the same date, established by the LED Board and Searchlight Board, respectively, as the date on which the central securities register is closed with respect to the entitlement of LED Shareholders and Searchlight Shareholders, respectively, to vote at the LED Meeting and Searchlight Meeting, respectively;
- (tt) “**Registrar**” means the “registrar” as defined in the BCBCA;
- (uu) “**Searchlight**” means Searchlight Capital Corp., a corporation existing under the BCBCA;
- (vv) “**Searchlight Board**” means the board of directors of Searchlight;
- (ww) “**Searchlight Disclosure Documents**” means the documents filed by or on behalf of Searchlight that are publicly available in electronic form on the System for Electronic Document Analysis and Retrieval, commonly known as “SEDAR”;
- (xx) “**Searchlight Documents**” has the meaning set forth in subsection 4.2(e);
- (yy) “**Searchlight Information**” means all information (including all financial information, historical, pro forma or otherwise) as may be reasonably requested by LED or as required by the Interim Order or applicable Laws to be disclosed in the Joint Proxy Circular and any amendment or supplement thereto with respect to Searchlight and its businesses and properties and the Searchlight Shares, including all information required for the Joint Proxy Circular to provide full, true and plain disclosure of all material facts relating to the securities of Searchlight to be issued pursuant to this Agreement, including under the Plan of Arrangement;
- (zz) “**Searchlight Option Plan**” means the stock option plan of Searchlight, as amended;
- (aaa) “**Searchlight Options**” means the 500,000 outstanding options to purchase Searchlight Shares governed by the Searchlight Option Plan, which shall be cancelled on the close of the Arrangement;
- (bbb) “**Searchlight Resolution**” means the special resolution of the Searchlight Shareholders approving the Arrangement in accordance with section 289(1)(a) of the BCBCA, substantially in the form and content set out in Schedule “A”;
- (ccc) “**Searchlight Shares**” means the common shares in the capital of Searchlight as currently constituted;
- (ddd) “**Searchlight Shareholders**” means, at any time, the registered holders of Searchlight Shares;
- (eee) “**Securities Authorities**” means the securities regulatory authorities in the jurisdictions of Canada in which Searchlight is a reporting issuer, as the case may be;
- (fff) “**Securities Laws**” means the Canadian provincial and territorial securities laws, regulations and rules issued under such laws, and the published regulations, rules, policy statements, orders, instruments (including national and applicable multilateral

instruments), notices and rulings of the securities commissions or equivalent securities regulatory bodies in the provinces and territories of Canada;

- (ggg) “**Straddle Period**” means any taxation period of LED or the Subsidiaries ending after the Effective Date which commenced prior to the Effective Date and includes a period prior to the Effective Date;
- (hhh) “**Subsidiaries**” means LED Dental Inc., LED Dental Ltd., EMD Systems Ltd. and Visiotech Diagnostics Inc., each a wholly-owned direct or indirect subsidiary of LED;
- (iii) “**Tax**” and “**Taxes**” means, with respect to any person, all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes (including taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan premiums, excise, severance, social security, workers’ compensation, employment insurance or compensation, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any Governmental Entity (domestic or foreign) on such person, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;
- (jjj) “**Tax Act**” means the *Income Tax Act* (Canada);
- (kkk) “**Tax Returns**” means all returns, schedules, elections, declarations, reports, information returns and statements required to be filed with any Governmental Entity relating to Taxes;
- (lll) “**TSXV**” means the TSXV Venture Exchange;
- (mmm) “**Visiotech**” means Visiotech Diagnostics Inc., a corporation existing under the BCBCA;
- (nnn) “**1933 Act**” means the *Securities Act of 1933*, as amended, of the United States of America; and
- (ooo) “**1934 Act**” means the *Securities Exchange Act of 1934*, as amended, of the United States of America.

In addition, words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires and all capitalized terms which are not otherwise defined in this Agreement shall have the meaning ascribed to them in the Plan of Arrangement.

1.2 Interpretation Not Affected by Headings

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

1.3 Number, Gender and Persons

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word person and all words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

1.4 Date for any Action

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

1.5 Statutory References

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

1.6 Currency

Unless otherwise stated, all references in this Agreement to amounts of money are expressed in lawful money of Canada.

1.7 Invalidity of Provisions

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

1.8 Accounting Matters

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

1.9 Knowledge

Where the phrase “to the knowledge of LED” is used, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the actual knowledge of Peter Whitehead, after reasonable inquiry. Where the phrase “to the knowledge of Searchlight” is used, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based on the actual knowledge of Praveen Varshney or Darryl Yea, after reasonable inquiry.

1.10 Plan of Arrangement

If there is any conflict or inconsistency between the provisions of this Agreement and the Plan of Arrangement, the provisions of the Plan of Arrangement shall govern.

1.11 Schedules

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

Schedule A	Form of Arrangement Resolutions
Schedule B	Plan of Arrangement
Schedule C	Information regarding Macquarie Options
Schedule D	Information regarding LED Options and LED Warrants

ARTICLE 2

THE ARRANGEMENT AND RELATED MATTERS

2.1 Arrangement

The parties agreed to carry out the Arrangement substantially on the terms as set out in the Plan of Arrangement, subject to such changes as may be mutually agreed to by the parties on the advice of their respective legal, tax and financial advisors.

As soon as commercially reasonably practicable, Searchlight and LED shall apply to the Court pursuant to section 291 of the BCBCA for an order approving the Arrangement and in connection with such application shall:

- (a) forthwith file, proceed with and diligently prosecute an application for an Interim Order under section 291 of the BCBCA providing for, among other things, the calling and holding of the Meetings for the purpose of considering and, if deemed advisable, approving the Arrangement Resolutions;
- (b) carry out the terms of the Interim Order in a timely manner and convene the Meetings on or before August 31, 2011 for the purpose of permitting the Searchlight Shareholders to consider and vote on the Searchlight Resolution and permitting the LED Shareholders and holders of LED Options to consider and vote on the LED Resolution;

- (c) subject to obtaining such approval of the Searchlight Shareholders and the LED Shareholders and holders of LED Options at the Meetings as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take the steps necessary to submit the Arrangement to the Court and apply for the Final Order; and
- (d) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions herein contained in favour of each party, forthwith proceed to file with the Registrar the Amalgamation Application and such other documents as may be required to give effect to the Arrangement pursuant to subsection 291 of the BCBCA.

2.2 Prior Notice Regarding Filed Documents

Each of the parties shall permit the other party's counsel to review and comment upon drafts of all material to be filed by said party with the Court in connection with the Arrangement, and provide counsel to the other party on a timely basis with copies of any notice of appearance and evidence served on Searchlight or LED, as the case may be, or their respective counsels, in respect of the application for the Interim Order and/or the Final Order or any appeal therefrom and of any notice (written or oral) received by Searchlight or LED, as the case may be, indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order.

Searchlight and LED shall not file any material with the Court in connection with the Arrangement or serve any such material and shall not agree to modify or amend materials so filed or served except as contemplated hereby or with the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.

2.3 Pre-closing

Unless this Agreement is terminated pursuant to the provisions hereof, Searchlight and LED shall meet at the offices of Boughton Law Corporation, Suite 700, 595 Burrard Street, Vancouver, British Columbia at 4:00 p.m. on the day before the Effective Date or at such other time or on such other date as they may mutually agree upon and each of them shall deliver to the other party hereto:

- (a) the documents required or contemplated to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the Arrangement becoming effective; and
- (b) written confirmation as to the satisfaction or waiver of all of the conditions in its favour contained in this Agreement.

2.4 Plan of Arrangement

The Arrangement shall become effective at the Effective Time and at such time the Amalgamating Companies shall amalgamate and continue as one corporation ("**Amalco**") on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement. The parties agree that they will, subject to the conditions and limitations provided herein, use their reasonable commercial efforts to cause the Effective Date to occur on or prior to the Completion Deadline.

2.5 Closing

The closing of the Arrangement shall take place at the offices of Boughton Law Corporation, counsel to Searchlight at 10:00 a.m. (Vancouver Time) on the Effective Date.

2.6 U.S. Securities Matters

The Arrangement shall be structured such that, assuming each of the Searchlight Resolution and the LED Resolution approving the Arrangement is approved and the Final Order is obtained, the issuance of the Amalco Shares to the Searchlight Shareholders and the LED Shareholders under the Arrangement will not require registration under the 1933 Act, and the rules and regulations promulgated thereunder, in reliance on Section 3(a)(10) of the 1933 Act.

ARTICLE 3

IMPLEMENTATION OF THE ARRANGEMENT

3.1 Interim Order

The application referred to in subsection 3.1(a) will request that the Interim Order provide, among other things:

- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Meetings and for the manner in which such notice is to be provided;
- (b) that the requisite shareholder approval for the Arrangement will be:
 - (i) 66 2/3% of the votes cast on the Searchlight Resolution by Searchlight Shareholders present in person or by proxy at the Searchlight Meeting;
 - (ii) 66 2/3% of the votes cast on the LED Resolution by LED Shareholders present in person or by proxy at the LED Meeting; and
 - (iii) 66 2/3% of the votes cast on the LED Resolution by LED Shareholders and holders of LED Options present in person or by proxy at the LED Meeting voting together as a single class;
- (c) that in all other respects:
 - (i) the terms, conditions and restrictions of the Searchlight constating documents, including quorum requirements and other matters, will apply in respect of the Searchlight Meeting for the grant of Dissent Rights as contemplated in the Plan of Arrangement; and
 - (ii) the terms, conditions and restrictions of the LED constating documents, including quorum requirements and other matters, will apply in respect of the LED Meeting for the grant of Dissent Rights as contemplated in the Plan of Arrangement;
- (d) for notice requirements with respect to the presentation of the application to the Court for the Final Order;

- (e) that the Meetings may be adjourned or postponed from time to time by management of Searchlight or LED, as applicable, subject to the terms of this Agreement, without the need for additional approval of the Court; and
- (f) that the Record Date for Searchlight Shareholders or LED Shareholders, as applicable, entitled to notice of and to vote at the Meetings will not change in respect of any adjournment(s) of the Meetings.

Searchlight and LED will advise the Court of Amalco's intention to rely upon Section 3(a)(10) of the 1933 Act for an exemption from the registration requirements of the 1933 Act with respect to securities to be issued under the Arrangement based on the approval of the Arrangement by the Court.

As soon as commercially reasonably practicable after the execution and delivery of this Agreement, Searchlight and LED shall convene the Meetings and with the assistance of the other party, shall prepare the Joint Proxy Circular, as the case may be, together with any other documents required under the BCBCA or applicable Laws with respect to the Arrangement and shall cause the same to be sent to all Searchlight Shareholders and LED Shareholders and filed as required under the BCBCA and applicable Laws so that the Meetings may be held by no later than August 31, 2011.

3.2 Final Order

Subject to obtaining the approvals as contemplated by the Interim Order and as may be directed by the Court in the Interim Order, Searchlight and LED will, as soon as reasonably practicable thereafter, take all steps necessary to submit the Arrangement to the Court and apply for the Final Order in form and substance satisfactory to LED and Searchlight, acting reasonably.

If the Final Order is obtained, subject to the satisfaction, waiver or release of the conditions set forth herein (as confirmed by each party to the other in writing), Searchlight and LED will, as soon as reasonably practicable thereafter, make any additional filings required under sections 292 and 294 of the BCBCA.

The notices of motion and related materials for the applications in respect of the Interim Order and the Final Order shall be in a form satisfactory to Searchlight and LED, each acting reasonably.

3.3 Information for Joint Proxy Circular and Arrangement Filings

Each of Searchlight and LED will furnish to the other all such information concerning it and its shareholders as may be reasonably required (and, in the case of its shareholders, available to it) for the completion of the actions described in this Article 3. Searchlight and LED will each promptly notify the other if at any time before the Effective Time it becomes aware that the Joint Proxy Circular or an application for an order or a consent described in this Article 3 contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Joint Proxy Circular or such application.

3.4 Preparation of Filings

LED covenants as follows that:

- (a) LED shall prepare any application for the orders, rulings and consents and any other documents reasonably deemed necessary by LED or Searchlight to discharge their

respective obligations under applicable Securities Laws and the Interim Order in connection with the Arrangement and the other transactions contemplated hereby including, if applicable, filings that are required under the BCBCA to be made with the Registrar in order for the Arrangement to be effective (the “**Arrangement Filings**”); and

- (b) LED shall take all such action as may be required under the BCBCA and the Interim Order in connection with the transactions contemplated by this Agreement and the Plan of Arrangement, and Searchlight will cooperate with LED in completion of the above.

3.5 Solicitation of Proxies

- (a) Subject to the terms of this Agreement, each of LED and Searchlight shall:
 - (i) take all commercially reasonable lawful actions to actively solicit votes in favour of the Arrangement Resolution;
 - (ii) recommend to all their respective shareholders that they vote in favour of the LED Resolution or Searchlight Resolution, as applicable; and
 - (iii) not withdraw, modify or qualify, or publicly propose to or publicly state that it intends to withdraw, modify or qualify in any manner adverse to each other such recommendation, except as expressly permitted by section 7.1;
- (b) LED will use commercially reasonable efforts to advise Searchlight, at least on a daily basis on each of the 10 Business Days prior to the date of the LED Meeting, as to the aggregate tally of the proxies received by LED in respect of the LED Resolution; and
- (c) Searchlight will use commercially reasonable efforts to advise LED, at least on a daily basis on each of the 10 Business Days prior to the date of the Searchlight Meeting, as to the aggregate tally of the proxies received by Searchlight in respect of the Searchlight Resolution.

3.6 LED Meeting

- (a) LED shall:
 - (i) hold the LED Meeting on or before August 31, 2011 in accordance with the terms of this Agreement and in accordance with the BCBCA and the Interim Order; and
 - (ii) diligently do all such acts and things as may be necessary to comply with, in all material respects, all applicable Laws (including without limitation the notice of articles and articles of LED) in relation to the LED Meeting.
- (b) Except as expressly provided herein or the Interim Order, LED shall not adjourn, postpone or cancel the LED Meeting (or propose to do so), except:
 - (i) if quorum is not present at the LED Meeting;
 - (ii) if required by applicable Laws; or
 - (iii) if otherwise agreed to in writing with Searchlight.

3.7 Searchlight Meeting

- (a) Searchlight shall:
 - (i) hold the Searchlight Meeting on or before August 31, 2011 in accordance with the terms of this Agreement and in accordance with the BCBCA and the Interim Order; and
 - (ii) diligently do all such acts and things as may be necessary to comply with, in all material respects, all applicable Laws (including without limitation Securities Laws and the notice of articles and articles of Searchlight) in relation to the Searchlight Meeting.
- (b) Except as expressly provided herein or the Interim Order, LED shall not adjourn, postpone or cancel the Searchlight Meeting (or propose to do so), except:
 - (i) if quorum is not present at the Searchlight Meeting;
 - (ii) if required by applicable Laws; or
 - (iii) if otherwise agreed to in writing with LED.

3.8 Implementation of Registrations and Filings

The parties hereto shall effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected in connection with the Plan of Arrangement, and in furtherance thereof.

3.9 Tax Election

The parties agree to assist any former LED Shareholders that so elect under the Plan of Arrangement to effect a joint election under section 85 of the Tax Act.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of LED

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

- (a) **Organization.**

LED's only subsidiaries, direct or indirect, are the Subsidiaries. LED and the Subsidiaries have been incorporated, are validly subsisting and have full corporate power and authority to own their property and assets and conduct their business as currently owned and conducted. LED and the Subsidiaries are registered, licensed or otherwise qualified as extra-provincial corporations or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by them requires them to be so registered, licensed or otherwise qualified, other

than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on LED.

All of the outstanding shares of the Subsidiaries are validly issued, fully paid and non-assessable. All of the outstanding shares of the Subsidiaries are owned directly by LED. Except pursuant to restrictions on transfer contained in the articles of the Subsidiaries, the outstanding shares of the Subsidiaries owned by LED are owned free and clear of all Encumbrances and LED is not liable to the Subsidiaries or to any creditor in respect of such shares.

There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of the Subsidiaries from LED. To the knowledge of LED, none of the outstanding LED Shares are subject to escrow restrictions, pooling arrangements, voting trusts or unanimous shareholder agreements, whether voluntary or otherwise.

(b) **Capitalization.**

LED is authorized to issue an unlimited number of LED Shares and an unlimited number of preferred shares issuable in series. There are 31,208,523 LED Shares outstanding, an aggregate of 2,005,000 LED Shares are reserved for issue upon the exercise of the LED Options and 240,000 LED Shares are reserved for issue upon exercise of the LED Agent Options and no preferred shares outstanding. An aggregate of 8,492,134 LED Shares are reserved for issue upon the exercise of the LED Warrants. Details as to the LED Agent Options and LED Warrants are set out in Schedule "D" hereto. Except as described in the immediately preceding sentences, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating LED to issue or sell any shares of LED or any securities or obligations of any kind convertible into or exchangeable for any shares of LED, nor are there outstanding any share appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of LED, other than as set out in Peter Whitehead's employment agreement.

All outstanding LED Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. There are no outstanding bonds, debentures or other evidences of indebtedness of LED having the right to vote with the LED Shareholders on any matter. There are no outstanding contractual obligations of LED to repurchase, redeem or otherwise acquire any outstanding LED Shares or with respect to the voting or disposition of any outstanding LED Shares. LED has not given any guarantee of indebtedness or any other obligations of the Subsidiaries that remains outstanding and is not otherwise under any obligation to satisfy any liabilities of the Subsidiaries.

(c) **Authority.**

LED has the requisite corporate power and authority to enter into this Agreement and all other agreements and instruments to be executed by LED as contemplated by this Agreement, and to perform its obligations hereunder. The execution and delivery of this Agreement by LED and the completion by LED of the transactions contemplated by this Agreement have been authorized by the LED Board and, subject to LED Shareholder

approval of the Arrangement Resolution, no other board of directors or securityholder approvals on the part of LED are necessary to authorize this Agreement or to complete the transactions contemplated hereby other than in connection with the approval by the LED Board of the Joint Proxy Circular and related materials for the LED Meeting. This Agreement has been executed and delivered by LED and constitutes a legal, valid and binding obligation of LED, enforceable against LED in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by LED of this Agreement, the performance by LED of its obligations hereunder and the completion of the transactions contemplated hereby do not and will not:

- (i) result in a violation or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of, (A) the notice of articles or articles of LED, (B) any Law, or (C) any contract, agreement, licence or permit to which LED or the Subsidiaries are bound;
- (ii) give rise to any right of termination or acceleration of indebtedness, or cause any third person indebtedness owing by LED or the Subsidiaries to come due before its stated maturity or cause any available credit to cease to be available;
- (iii) result in the imposition of any Encumbrance upon any of the property or assets of LED, or restrict, hinder, impair or limit the ability of LED to conduct the business of LED as and where it is now being conducted or as and where it may be conducted in the future; or
- (iv) except as otherwise referred to in this Agreement, result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director, officer, employee or consultant of LED or increase any benefits otherwise payable under any pension or benefits plan of LED or result in the acceleration of the time of payment or vesting of any such benefits;

which would, individually or in the aggregate, have a Material Adverse Effect on LED. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person is required to be obtained by LED in connection with the execution and delivery of this Agreement or the consummation by LED of the transactions contemplated hereby other than (i) any approvals required by the Interim Order, including the LED Shareholder approval of the LED Resolution; (ii) the Final Order; (iii) filings under the BCBCA and filings with and approvals required by Securities Authorities, and (iv) any other consent, approval, order, authorization, declaration or filing which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on LED.

(d) **Directors' Approvals.**

The LED Board has approved the LED Resolution, and all members of the LED Board eligible to vote thereon have unanimously:

- (i) determined that the Arrangement is fair to the LED Shareholders and is in the best interests of LED;

- (ii) subject to the terms of this Agreement, determined that the LED Board will recommend that the LED Shareholders vote their LED Shares in favour of the LED Resolution; and
- (iii) authorized the entering into of this Agreement, and the performance by LED of its obligations under this Agreement.

(e) **Shareholder Rights Plan.**

LED has not entered into a shareholder rights plan agreement or similar agreement and does not have in place any plan for the protection of shareholders of a kind generally referred to as a shareholder rights plan.

(f) **Subsidiaries.**

The only material subsidiaries of LED are the Subsidiaries and LED does not own a direct or indirect interest in any other corporation or entity.

(g) **No Defaults.**

Each of LED and the Subsidiaries is not in default under and, to the knowledge of LED, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any contract, agreement or licence to which LED or the Subsidiaries is a party or by which it is bound which would, individually or in the aggregate, have a Material Adverse Effect on LED.

(h) **Absence of Changes.**

Since the date of the LED Financial Statements, other than as set out herein:

- (i) other than in connection with this Agreement and the Arrangement, LED and the Subsidiaries have conducted their respective business only in the ordinary and regular course of business consistent with past practice;
- (ii) other than in connection with this Agreement and the Arrangement, LED and the Subsidiaries have not incurred any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) which would, individually or in the aggregate, have a Material Adverse Effect on LED;
- (iii) LED has not incurred or suffered a Material Adverse Change;
- (iv) there has not occurred any destruction or loss that is not covered by insurance that would, individually or in the aggregate, have a Material Adverse Effect on LED;
- (v) there has not been any acquisition or sale by LED of any material property or assets thereof;
- (vi) there has not been any occurrence, assumption or guarantee by LED of any debt for borrowed money, any creation or assumption by LED of any Encumbrance, any making by LED of any loan, advance or capital contribution to or investment

in any other person (other than loans or advances made in the ordinary course of business, consistent with past practice) or any entering into, amendment of, relinquishment, termination or non-renewal by LED of any contract, agreement, licence, lease transaction, commitment or other right or obligation which would, individually or in the aggregate, have a Material Adverse Effect on LED;

- (vii) LED has not declared or paid any dividends or made any other distribution on any of the LED Shares;
 - (viii) LED has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding LED Shares;
 - (ix) other than in the ordinary and regular course of business consistent with past practice there has not been any increase in or modification of the compensation payable to or to become payable by LED to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including the granting of LED Options) made to, for or with any of such directors, officers, employees or consultants;
 - (x) there has not been any labour dispute or charge of unfair labour practice, any activity or proceeding by a labour union or representative thereof to organize any of the employees of LED or any campaign to solicit authorization from employees to be represented by such labour union;
 - (xi) LED has not effected any material change in its accounting methods, principles or practices; and
 - (xii) LED has not adopted any, or materially amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan.
- (i) **Consulting Agreements.**
- (i) LED is not a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to any director, officer, employee or consultant of LED other than Peter Whitehead;
 - (ii) LED does not have any employee or consultant whose employment or contract with LED cannot be terminated upon a maximum of 12 months' notice;
 - (iii) LED is not (A) a party to any collective bargaining agreement; (B) subject to any application for certification or, to the knowledge of LED, threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement; or (C) subject to any current, pending or, to the knowledge of LED, threatened strike or lockout;
 - (iv) LED is not subject to any claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or, to the knowledge of LED, threatened, or any litigation, actual or, to the knowledge of LED, threatened, relating to the

employment, or the termination of the employment, of any employee or independent contractor which, if determined in an adverse manner, would have a Material Adverse Effect on LED; and

- (v) to the knowledge of LED, LED has operated in accordance with all applicable Laws with respect to employment and labour matters, including, employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations and there are no current or, to the knowledge of LED, pending or threatened proceedings before any board or tribunal with respect to any of the matters listed herein which, if determined in an adverse manner, would have a Material Adverse Effect on LED.

(j) **Financial Matters.**

The LED Financial Statements were prepared in accordance with Canadian GAAP, consistently applied, and fairly present in all material respects the consolidated financial condition of LED at the respective dates indicated and the results of operations of LED for the periods covered on a consolidated basis and reflect adequate provision for the liabilities of LED on a consolidated basis in accordance with Canadian GAAP. LED does not have any liability or obligation (including liabilities or obligations to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, not reflected in the LED Financial Statements, except:

- (i) liabilities and obligations incurred in the ordinary course of business since the date of the LED Financial Statements;
- (ii) other than liabilities and obligations incurred in connection with this Agreement and the Arrangement, liabilities and obligations incurred outside of the ordinary course of business which do not in the aggregate exceed \$10,000;
- (iii) liabilities and obligations resulting from actions involving LED which have been publicly disclosed, or disclosed to Searchlight, by LED prior to the date hereof; and
- (iv) as may be indicated expressly in the notes thereto. There are reasonable grounds for believing that no creditor of LED will be materially prejudiced by the Arrangement.

(k) **Books and Records.**

The corporate records and minute books of LED and the Subsidiaries have been maintained substantially in accordance with all applicable Laws and are complete and accurate in all material respects. Financial books and records and accounts of LED and the Subsidiaries in all material respects:

- (i) have been maintained in accordance with good business practices on a basis consistent with prior years;
- (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of LED and the Subsidiaries; and

(iii) accurately and fairly reflect the basis for the consolidated financial statements of LED. LED has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that, in all material respects transactions are executed in accordance with the general or specific authorization of the management of LED, and transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP or any criteria applicable to such statements and to maintain accountability for assets and liabilities.

(l) **Litigation.**

To the knowledge of LED, there is no claim, assessment, reassessment, action, proceeding or investigation pending or threatened against LED or the Subsidiaries or affecting any of their properties or assets before any court or governmental or regulatory authority or body or other Governmental Entity. Neither LED nor the Subsidiaries nor any of their properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that restricts or may restrict the right or ability of LED or the Subsidiaries to conduct its business in all material respects as it has been carried on prior to the date hereof, that requires or may require the expenditure of an amount of money in the aggregate in excess of \$10,000 as a condition to or a necessity for the right or ability of LED or the Subsidiaries, or that would materially impede the consummation of the transactions contemplated by this Agreement.

(m) **Escrow.**

LED will use all commercially reasonable efforts to cause the principals of LED, any other holder of LED securities required by the TSXV and all Pooled Shareholders, in respect of their Amalco Shares, to enter into an escrow agreement in the prescribed form or voluntary pooling agreement (in the case of the Pooled Shareholders), or into such further or other agreement or documents as may be required by the TSXV.

(n) **Title to Assets.**

LED has good and valid title to all material assets reflected in the audited consolidated financial statements of LED for the financial year ended December 31, 2010 (or acquired after that date).

(o) **Material Contracts.**

There are no current or pending negotiations with respect to the renewal, termination or amendment of the LED Material Contracts. The LED Material Contracts constitute legal, valid and binding obligations of LED, enforceable against LED in accordance with their terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. LED is not in default under, and, to the knowledge of LED, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any contract, agreement or licence to which LED is a party or by which it is bound which would, individually or in the aggregate, have a Material Adverse Effect on LED.

(p) **Environmental.**

All operations and properties of LED have been, and are now, in compliance with all environmental Laws and all environmental approvals, except where the failure to be in compliance would not, individually or in the aggregate, have a Material Adverse Effect on LED. LED is not aware of or subject to:

- (i) any proceeding, application, order or directive which relates to environmental health or safety matters, and which may require any work, repairs, construction or expenditures; or
- (ii) any demand or notice with respect to the breach or alleged breach of any environmental Laws applicable to LED, including any requirement respecting the use, storage, treatment, transportation or disposition of hazardous substances;

(q) **Insurance.**

Other than customary insurance, including liability and directors' and officers' insurance, LED does not have any policies of insurance in force as of the date hereof naming LED as an insured.

(r) **Tax Matters.**

- (i) Each of LED and the Subsidiaries has filed or caused to be filed in a timely manner, or will, on or prior to the Effective Date, file or cause to be filed in a timely manner, all material Tax Returns required to be filed by it on or before the Effective Date (all of which Tax Returns are correct and complete in all material respects) and each has paid, collected, deducted, withheld and remitted, or caused to be paid, collected, deducted, withheld and remitted, all Taxes that are due and payable or required to be remitted on or before the Effective Date. LED has provided adequate accruals in accordance with Canadian GAAP in its most recently published consolidated financial statements for all accrued and unpaid Taxes of LED and the Subsidiaries for the period covered by such financial statements, whether or not shown as being due on any Tax Returns.
- (ii) Since such publication date, no material liability for Taxes not reflected in such financial statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued other than in the ordinary course of business. The provision for Taxes in such financial statements is sufficient for the payment of all accrued and unpaid Taxes of LED and the Subsidiaries for any period ending on or before the Effective Date and that portion of any Straddle Period up to and including the Effective Date.
- (iii) To the knowledge of LED, there are no material proposed (but unassessed) additional Taxes and there are no discussions, audits, assertions or claims now pending or, to the knowledge of LED, threatened in respect of Taxes by any Governmental Entity in connection with any of the Tax Returns or otherwise. No waiver of any statute of limitations has been given or requested with respect to LED or the Subsidiaries. No lien for Taxes has been filed on any property or assets of LED or the Subsidiaries other than for Taxes not yet due and payable. LED has conducted itself in such a manner as to evidence all facts and

circumstances required to maintain the validity of any tax advice or opinion received in connection with its corporate structure and has conducted its business in such a manner so as to maintain all positions taken in its tax filings, including Tax Returns.

- (iv) Each of LED and the Subsidiaries are currently not subject to tax in any jurisdiction in which they do not file Tax Returns.

(s) **Intellectual Property.**

To the knowledge of LED, LED and the Subsidiaries own, or are validly licensed or otherwise have the right to use, all patents, patent rights, trademarks, trade names, service marks, copyrights, know how and other proprietary intellectual property rights that are material to the conduct of the business of LED (referred to in this subsection as the “**LED Intellectual Property**”). There are no claims, proceedings, actions or investigations to the knowledge of LED pending, or threatened relating to or affecting any rights of LED in the LED Intellectual Property and no party has challenged any of the registrations or applications for registration of the LED Intellectual Property.

(t) **Employee Compensation and Benefits.**

- (i) LED has complied, in all material respects, with all of the terms of, and all applicable Laws in respect of, all employee compensation and benefit obligations of LED arising under or relating to each of the employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon LED (collectively referred to in this subsection as the “**LED Plans**”).
- (ii) No action has been taken, no event has occurred and no condition or circumstance exists that has resulted in or could reasonably be expected to result in any LED Plan maintained by or binding upon LED being ordered or required to be terminated or wound up in whole or in part or having its registration under applicable legislation refused or revoked, or being placed under the administration of any trustee or receiver or regulatory authority or being required to pay any Taxes, fees, penalties or levies in excess of \$10,000 under applicable Laws. There are no actions, suits, claims (other than routine claims for payment of benefits in the ordinary course), trials, demands, investigations, arbitrations or other proceedings which are pending or, to the knowledge of LED, threatened in respect of any of the LED Plans maintained by or binding upon LED or any of its assets.

(u) **U.S. Matters.**

LED:

- (i) is a “foreign private issuer” as defined in Rule 3b-4 under the 1934 Act;
- (ii) has no class of securities registered or required to be registered under section 12 of the 1934 Act; and

(iii) is not required, and will not be required as a result of the Arrangement, to file reports under section 13 or 15(d) of the 1934 Act.

(v) **Compliance with Laws.**

Each of LED and the Subsidiaries has complied with and is not in violation of any applicable Law other than such non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on LED.

(w) **Licences.**

LED and the Subsidiaries own, possess, or have obtained and are in compliance with, all licences, permits (including licences and permits required under environmental Laws), registrations, certificates, orders, grants and other authorizations of or from all Governmental Entities necessary to conduct their business as now conducted or as proposed to be conducted, other than those for which the failure to own, possess, obtain or to be in compliance with would not individually or in the aggregate have a Material Adverse Effect on LED.

(x) **Certain Contracts.**

LED is not a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree which purports to:

- (i) limit the manner or the localities in which all or any material portion of the business of LED (on a consolidated basis) is or would be conducted;
- (ii) limit any business practice of LED (on a consolidated basis); or
- (iii) save and except for any standstill provisions that may be outstanding pursuant to confidentiality agreements signed by LED with respect to the shares of counterparties thereto, restrict any acquisition or disposition of any property by LED.

(y) **Reporting Status.**

LED is not a reporting issuer or its equivalent in any jurisdiction governed by the Securities Authorities.

(z) **No Options or Assets.**

No person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from LED or the Subsidiaries of any of the material assets of LED or the Subsidiaries, other than as described or contemplated herein.

(aa) **Place of Principal Offices.**

The principal offices of LED are located in Burnaby, British Columbia. For clarification and regulatory disclosure purposes), the principal offices of LED are not located within the United States.

(bb) **Location of Assets and U.S. Sales.**

Except for premises in Arizona that are currently subleased, or as disclosed herein, all of the assets and property of LED and the Subsidiaries, taken as a whole, are located outside the United States.

(cc) **Full Disclosure.**

LED has made available to Searchlight all material information, including financial, operational and other information, in respect of LED and the Subsidiaries and all such information as made available to Searchlight is true and correct in all material respects and no material fact or facts have been omitted therefrom which would make such information misleading.

(dd) **Liabilities.**

As at the date of this Agreement and on closing of the Arrangement there will be no debts or amounts owing to LED by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom LED does not deal at arm's length except for any amounts advanced to such person for expenses incurred on behalf of LED in the ordinary course.

4.2 Representations and Warranties of Searchlight

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

(a) **Organization.**

Searchlight has been incorporated, is validly subsisting and has full corporate power and authority to own its property and assets and conduct its business as currently owned and conducted. Searchlight is registered, licensed or otherwise qualified as an extra-provincial corporation or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Searchlight. Searchlight has no subsidiaries.

(b) **Authority.**

Searchlight has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Searchlight and the completion by Searchlight of the transactions contemplated by this Agreement has been authorized by the Searchlight Board and, subject to Searchlight Shareholder approval of the Arrangement Resolution, and no other board of directors or shareholder approvals on the part of Searchlight are necessary to authorize this Agreement or to complete the transactions contemplated hereby. This Agreement has been executed and delivered by Searchlight and constitutes a legal, valid and binding obligation of Searchlight, enforceable against Searchlight in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Searchlight of this Agreement and the

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

- (i) result in a violation or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of, (A) the articles of Searchlight, (B) any Law, or (C) any contract, agreement, licence or permit to which Searchlight is bound;
- (ii) give rise to any right of termination or acceleration of indebtedness, or cause any third person indebtedness owing by Searchlight to come due before its stated maturity or cause any of its available credit to cease to be available;
- (iii) result in the imposition of any Encumbrance upon any of the property or assets of Searchlight, or restrict, hinder, impair or limit the ability of Searchlight to conduct the business of Searchlight as and where it is now being conducted or as and where it may be conducted in the future;
- (iv) except as other referred to in this Agreement, result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director, officer, employee or consultant of Searchlight or increase any benefits otherwise payable under any pension or benefits plan of Searchlight or result in the acceleration of the time of payment or vesting of any such benefits;

which would, in the case of (ii) and (iii) only, individually or in the aggregate, have a Material Adverse Effect on Searchlight. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person is required to be obtained by Searchlight in connection with the execution and delivery of this Agreement or the consummation by Searchlight of the transactions contemplated hereby other than (A) any approvals required by the Interim Order, (B) the Final Order; and (C) ordinary course filings required under the BCBCA, and filings with the Securities Authorities and the conditional listing approval of the TSXV for the listing of the Amalco Shares to be issued pursuant to the Arrangement and issuable on the exercise of the LED Options, the LED Warrants and Macquarie Options issued and outstanding at the Effective Time, all of which approvals and filings shall be complete by the Effective Time.

(c) **Directors' Approvals.**

The Searchlight Board has approved the Searchlight Resolution, and all members of the Searchlight Board eligible to vote thereon have unanimously:

- (i) determined that the Arrangement is fair to the Searchlight Shareholders and is in the best interests of Searchlight;
- (ii) subject to the terms of this Agreement, determined that the Searchlight Board will recommend that the Searchlight Shareholders vote their Searchlight Shares in favour of the Searchlight Resolution; and
- (iii) authorized the entering into of this Agreement, and the performance by Searchlight of its obligations under this Agreement.

(d) **Reporting Status.**

Searchlight is a reporting issuer in British Columbia and Alberta and in no other jurisdiction. The Searchlight Shares are listed on the TSXV and on no other market or exchange.

(e) **Reports.**

Since May 31, 2010, Searchlight has filed with the Securities Authorities, the TSXV and all applicable self-regulatory authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to in this subsection as the “**Searchlight Documents**”). The Searchlight Documents, at the time filed, (i) did not contain any misrepresentation (as defined in the *Securities Act* (British Columbia)) and (ii) complied in all material respects with the requirements of applicable securities legislation. Searchlight has not filed any confidential material change or other report or other document with any Securities Authorities, the TSXV or other self-regulatory authority which at the date hereof remains confidential.

(f) **Capitalization.**

Searchlight is authorized to issue an unlimited number of Searchlight Shares. As at the date of this Agreement there are 5,000,000 Searchlight Shares issued and outstanding. Except for obligations in respect of the Searchlight Options and Macquarie Options and except pursuant to this Agreement and the transactions contemplated hereby, as of the date hereof, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Searchlight to issue or sell any shares of Searchlight or any securities or obligations of any kind convertible into or exchangeable for any shares of Searchlight. All outstanding Searchlight Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Searchlight having the right to vote with the Searchlight Shareholders on any matter. There are no outstanding contractual obligations of Searchlight to repurchase, redeem or otherwise acquire any outstanding Searchlight Shares or with respect to the voting or disposition of any outstanding Searchlight Shares. All outstanding Searchlight Options will be cancelled on the close of the Arrangement.

(g) **Absence of Changes.**

Since May 31, 2010, other than as contained in the Searchlight Disclosure Documents:

- (i) Searchlight has conducted its business only in the ordinary and regular course of business consistent with past practice;
- (ii) Searchlight has not incurred any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) which would, individually or in the aggregate, have a Material Adverse Effect on Searchlight;

- (iii) Searchlight has not incurred or suffered a Material Adverse Change;
- (iv) there has not occurred any destruction or loss that is not covered by insurance that would, individually or in the aggregate, have a Material Adverse Effect on Searchlight; and
- (v) there has not been any acquisition or sale by Searchlight of any material property or assets thereof.

(h) **Litigation.**

To the knowledge of Searchlight, there is no claim, action, proceeding or investigation pending or threatened against Searchlight or affecting any of its properties or assets before any court or governmental or regulatory authority or body or other Governmental Entity. Neither Searchlight nor any of its properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that restricts or may restrict the right or ability of Searchlight to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Agreement.

(i) **Compliance with Laws.**

Searchlight has complied with and is not in violation of any applicable Law other than such non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on Searchlight and has complied with and is not in violation of any applicable requirements or policies of the TSXV.

(j) **U.S. Matters.**

Searchlight:

- (i) is a “foreign private issuer” as defined in Rule 3b-4 under the 1934 Act;
- (ii) has no class of securities registered or required to be registered under section 12 of the 1934 Act; and
- (iii) is not required, and will not be required as a result of the Arrangement, to file reports under section 13 or 15(d) of the 1934 Act.

(k) **Liabilities.**

There are no debts or amounts owing to Searchlight by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom Searchlight does not deal at arm's length except for any amounts advanced to such person for expenses incurred on behalf of Searchlight in the ordinary course.

(l) **Full Disclosure.**

Searchlight has made available to LED all material information, including financial, operational and other information, in respect of Searchlight and all such information as

made available to LED is true and correct in all material respects and no material fact or facts have been omitted therefrom which would make such information misleading.

4.3 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the Effective Date. Any investigation by Searchlight and its advisors shall not mitigate, diminish or affect the representations and warranties of LED contained in this Agreement. Any investigation by LED and its advisors shall not mitigate, diminish or affect the representations and warranties of Searchlight contained in this Agreement.

ARTICLE 5

COVENANTS

5.1 Mutual Covenants

Each of Searchlight and LED covenants and agrees that until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, it shall:

- (a) forthwith carry out the terms of the Interim Order and the Final Order provided that nothing shall require Searchlight or LED to consent to any modifications of this Agreement, the Plan of Arrangement or its respective obligations hereunder;
- (b) if dissent rights are given to Searchlight Shareholders or LED Shareholders under the terms of the Interim Order, promptly advise the other party of the number of Searchlight Shares or LED Shares, as the case may be, for which Searchlight or LED, as the case may be, receives notices of dissent or written objections to the Arrangement and provide the other party with copies of such notices and written objections;
- (c) with the cooperation of the other party, prepare and file the Joint Proxy Circular and any amendments or supplements to the Joint Proxy Circular, as the case may be, and mail the same to its shareholders as required by the Interim Order and in accordance with applicable Laws in all jurisdictions where the same is required;
- (d) indemnify and save harmless the other party and the other party's directors, officers, employees and agents from and against all claims, suits, actions, causes of action, liabilities, damages, costs, charges and expenses to which the other party, or any director, officer, employee or agent thereof, may be subject or for which the other party, or any directors, officers, employees or agents thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation based solely on the information regarding the party contained in the Joint Proxy Circular or any material in respect of the party filed in compliance or intended compliance with applicable Laws;
- (e) use reasonable commercial efforts to cause the Amalco Shares issuable pursuant to the Arrangement to be listed and posted for trading on the TSXV on the Effective Date or as soon as possible thereafter;
- (f) subject to the provisions hereof, in a timely and expeditious manner:

- (i) convene the Searchlight Meeting or the LED Meeting, as the case may be, and distribute copies of the Joint Proxy Circular, as the case may be, which shall include a copy of this Agreement or a written summary thereof prepared by it in form and substance reasonably satisfactory to the other party, in each case as ordered by the Interim Order;
 - (ii) provide notice to the other party of the Searchlight Meeting or the LED Meeting, as the case may be, and allow the other party's representatives to attend the Searchlight Meeting or the LED Meeting, as the case may be, unless such attendance is prohibited by the Interim Order;
 - (iii) solicit proxies to be voted at the Searchlight Meeting or the LED Meeting, as the case may be, in favour of the Searchlight Resolution or the LED Resolution, as the case may be; and
 - (iv) conduct the Searchlight Meeting or the LED Meeting, as the case may be, in accordance with the Interim Order, its notice of articles or articles and any instrument governing such meeting, as applicable, and as otherwise required by applicable Laws;
- (g) except for proxies and other non-substantive communications, furnish promptly to the other party a copy of each notice, report, schedule or other document or communication delivered, filed or received by it in connection with this Agreement, the Arrangement, the Interim Order or the Searchlight Meeting or LED Meeting, as the case may be, or any other meeting at which all Searchlight Shareholders or LED Shareholders, as the case may be, are entitled to attend relating to special business, any filings made under any applicable Law and any dealings or communications with any Governmental Authority, applicable Securities Authorities or the TSXV in connection with, or in any way affecting, the transactions contemplated by this Agreement;
- (h) use commercially reasonable efforts to conduct itself so as to keep the other party fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business;
- (i) make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws;
- (j) cause the board of directors of Amalco to be comprised of initially Peter Whitehead, Dave Pierson, Rodger Tourigny, W. Keith Smith, Rick Pauls, Steve Semmelmayer, Robert Cartagena, Darryl Yea and Praveen Varshney;
- (k) cause the officers of Amalco to be initially Peter Whitehead – Chief Executive Officer and Darcy Kindred – Interim Chief Financial Officer; and
- (l) execute and deliver, or cause to be executed and delivered at the closing of the transactions contemplated hereby such customary agreements, certificates, opinions, resolutions and other closing documents as may be required by the other party, all in form satisfactory to the other party, acting reasonably.

5.2 Covenants of LED

LED hereby covenants and agrees that, except as contemplated by this Agreement or the Plan of Arrangement, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier:

(a) **Copy of Documents.**

Except for proxies and other non-substantive communications and subject to any confidentiality restrictions under applicable Law, LED shall furnish promptly to Searchlight a copy of each notice, report, schedule or other document or written communication delivered, filed or received by LED in connection with this Agreement, the Arrangement, the Interim Order or the LED Meeting or any other meeting at which all LED Shareholders are entitled to attend relating to special business, any filings made under any applicable Law and any dealings or communications with any Governmental Entity in connection with, or in any way affecting, the transactions contemplated by this Agreement.

(b) **Conduct of Business.**

LED shall maintain the LED Material Contracts in good standing and in full force and effect, unamended and, except as consented to in writing by Searchlight or as required to give effect to the transactions contemplated by this Agreement, LED shall, and shall cause the Subsidiaries to, use its and their commercially reasonable efforts to maintain and preserve their businesses, assets and advantageous business relationships, respectively, and to conduct business otherwise in the normal course, consistent with past practice.

(c) **Certain Actions Prohibited.**

Except as consented to in writing by Searchlight, pursuant to Bank Facilities, pursuant to director compensation policies adopted by the LED Board or as contemplated in this Agreement or as required to give effect to the transactions contemplated by this Agreement, LED shall not directly or indirectly do or permit to occur any of the following:

- (i) issue, sell, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, pledge, lease, dispose of, or encumber or create any Encumbrance on, or permit the Subsidiaries to issue, sell, pledge, lease, dispose of, or encumber or create any Encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, LED or the Subsidiaries, other than the issue of LED Shares pursuant to the exercise of outstanding LED Options or LED Warrants in accordance with their terms as of the date hereof;
- (ii) other than (A) pursuant to the transactions contemplated herein, or (B) pursuant to obligations or rights under existing contracts, agreements and commitments (to the extent such rights have been exercised or initiated by other persons), sell, lease or otherwise dispose of any material property or assets or enter into any agreement or commitment in respect of any of the foregoing;

- (iii) amend or propose to amend the notice of articles or articles of LED or any of the terms of the LED Options or LED Warrants as they exist at the date of this Agreement, except in respect of this Agreement;
- (iv) split, combine or reclassify any of the LED Shares or declare, set aside or pay any dividend or other distribution or special bonuses payable in cash, securities, property or otherwise with respect to the LED Shares;
- (v) redeem, purchase or offer to purchase, or permit the Subsidiaries to redeem, purchase or offer to purchase, any LED Shares and any options or obligations or rights under existing contracts, agreements and commitments;
- (vi) adopt any resolution or enter into any agreement providing for the reorganization, amalgamation, merger, liquidation, dissolution or other extraordinary transaction, or adopt any plan of liquidation or reorganize, amalgamate or merger with any other person;
- (vii) acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity, or permit the Subsidiaries to acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity;
- (viii) (A) satisfy or settle any claim or liability, other than in the ordinary course of business, consistent with past practice or as approved in writing by Searchlight, acting reasonably; (B) relinquish any contractual rights which are, individually or in the aggregate, in an amount in excess of \$10,000; or (C) enter into any interest rate or currency swaps, hedges, caps, collars, forward sales or other similar financial instruments;
- (ix) incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or to make capital expenditures or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money or to make capital expenditures, or permit (in circumstances where LED would be responsible therefore) the Subsidiaries to incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or to make capital expenditures or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money or to make capital expenditures in an amount either individually or in the aggregate exceeding \$10,000;
- (x) except as required by Canadian GAAP or any applicable Law or as approved in writing by Searchlight, make any changes to the existing accounting practices of LED or make any material Tax election inconsistent with past practice;
- (xi) other than pursuant to, and only to the extent of, the due exercise by any third party of any rights under existing contracts, agreements and commitments with LED or the Subsidiaries, sell, pledge, lease, encumber or otherwise dispose of, or permit the Subsidiaries to sell, lease or otherwise dispose of, any property or assets or enter into any agreement or commitment in respect of any of the foregoing;

- (xii) authorize, recommend, propose or agree to any release or relinquishment of any standstill agreement or of any other material contractual right;
- (xiii) enter into any agreements with its directors or officers or their respective affiliates or associates other than in the ordinary and regular course of business;
- (xiv) incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money, or permit the Subsidiaries to incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money;
- (xv) engage in any extraordinary transaction;
- (xvi) take any action that could reasonable be expected to interfere with or be inconsistent with the completion of the Arrangement or the other transactions contemplated in this Agreement; or
- (xvii) authorize, propose, permit or agree to any of the foregoing.

(d) **Employment Arrangements.**

Other than in the ordinary course of business, consistent with past practice and other than compensation that may be awarded to special committee members who are appointed in connection with the Arrangement or awarded to directors of LED pursuant to director compensation policies adopted by the LED Board and except as approved in writing by Searchlight, LED shall not, and shall cause the Subsidiaries (in circumstances where LED would be responsible therefore) not to, other than in the normal course of business or pursuant to existing employment, pension, supplemental pension, termination, compensation arrangements or policies, enter into or modify any employment, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, pension or supplemental pension benefit, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any employee, officer, director or consultant of LED or the Subsidiaries.

(e) **Insurance.**

LED shall use its reasonable commercial efforts to cause its current insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and reinsurance companies of internationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

(f) **Certain Actions.**

LED shall:

- (i) immediately cease and cause to be terminated any existing discussions or negotiations with any persons (other than Searchlight) with respect to any acquisition transaction (provided that the foregoing shall not be applicable to future discussions or negotiations in accordance with section 7.1), not release any third party from any confidentiality agreement to which such third party is a party, not release any third party from any standstill agreement to which such third party is a party;
- (ii) except as contemplated pursuant to section 7.1, not knowingly take any action that would interfere with or be inconsistent with the completion of the transactions contemplated by this Agreement or would render, or that reasonably may be expected to render, any representation or warranty made by LED in this Agreement untrue or inaccurate at any time prior to the Effective Time if then made (other than representations given as of a specified date);
- (iii) promptly notify Searchlight of: (A) any Material Adverse Change or Material Adverse Effect, or any change, event, occurrence or state of facts which would reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of LED; (B) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated); (C) any breach by LED of any covenant or agreement contained in this Agreement; and (D) any event occurring subsequent to the date hereof that would render any representation or warranty of LED contained in this Agreement, if made on or as of the date of such event or the Effective Date (other than representations and warranties given as of a specified date), to be untrue or inaccurate;
- (iv) use its commercially reasonable efforts: (A) to preserve intact its business organizations; (B) not to do anything or fail to do anything which could lead to a breach under any of its material contracts; (C) to keep available the services of its officers, employees, agents and consultants as a group; and (D) to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;
- (v) properly and timely, pay, discharge or otherwise satisfy in full all rentals, payments and obligations and other payments due or payable under or with respect to the direct or indirect assets of LED and the Subsidiaries;
- (vi) not engage in any business, enterprise or other activity different from that carried on by it at the date of this Agreement that could reasonably be expected to have a Material Adverse Effect on LED, or enter into any transaction or incur (except in respect of obligations or liabilities to which it is already legally subject or are contemplated by this Agreement) any material obligation, expenditure or liability other than in the ordinary and regular course of business as presently conducted;
- (vii) maintain payables and other liabilities (other than for money borrowed) at levels consistent with past practice; and
- (viii) furnish to Searchlight such information, in addition to the information contained in this Agreement, relating to LED and the Subsidiaries as may reasonably be

requested by Searchlight, and such information and any other information relating to LED and the Subsidiaries provided by LED to Searchlight will be true and complete in all material respects and will not contain any misrepresentation.

(g) **No Compromise.**

LED shall not settle or compromise any claim brought by any present, former or purported holder of any securities of LED in connection with the transactions contemplated by this Agreement prior to the Effective Time without the prior written consent of Searchlight, such consent not to be unreasonably withheld or delayed.

(h) **Contractual Obligations.**

Subject to confidentiality terms, conditions or provisions contained in any existing contracts, including the LED Material Contracts, LED:

- (i) shall provide to Searchlight, forthwith upon receipt, copies of all documents, notices or other written communication received in connection with the LED Material Contracts;
- (ii) shall permit Searchlight to participate fully in any audit procedure relating to the LED Material Contracts that is permitted pursuant to the LED Material Contracts; and
- (iii) except as required by applicable Laws or except in the ordinary course of business, shall not, and (in circumstances where LED would be responsible therefor) shall cause the Subsidiaries not to, enter into, renew or modify in any respect any material contract, agreement, lease, commitment or arrangement to which LED or the Subsidiaries is a party or by which either of them is bound.

(i) **Satisfaction of Conditions.**

LED shall use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations and the obligations of Searchlight hereunder set forth in Article 6 hereof to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:

- (i) obtain LED Shareholder approval for the Arrangement, subject to the proviso set forth in section 7.1 hereof;
- (ii) obtain all other consents, approvals and authorizations as are required to be obtained by LED under any applicable Law or from any Governmental Entity or third party which would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement or have a Material Adverse Effect on LED;
- (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection

with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Entity;

- (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;
- (v) fulfill all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by LED; and
- (vi) cooperate with Searchlight in connection with the performance by Searchlight of its obligations hereunder.

(j) **Refrain from Certain Actions.**

LED shall not take any action, refrain from taking any action (subject to commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or which would or would reasonably be expected to have a Material Adverse Effect on LED, provided that where LED is required to take any such action or refrain from taking such action (subject to commercially reasonable efforts) as a result of this Agreement, LED shall promptly notify Searchlight in writing of such circumstances.

(k) **Keep Fully Informed.**

Without limiting the provisions of subsection 5.2(c) hereof, but subject to applicable Law and confidentiality terms, conditions or provisions contained in any existing contracts entered into by LED, including the LED Material Contracts, LED shall, in all material respects, conduct itself so as to keep Searchlight fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business and in connection with the transactions contemplated hereby.

(l) **Representations.**

LED shall use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of LED contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date (other than representations and warranties made as of a specified date).

(m) **Information.**

Subject to the terms and conditions contained in any existing contracts entered into by LED, including the Material Contracts:

- (i) LED shall make available and cause to be made available to Searchlight and the agents and advisors thereto all documents, agreements, corporate records and minute books as may be reasonably necessary to enable Searchlight to effect an examination of LED and, to the extent consistent with this Agreement, the Subsidiaries and the business, properties and financial status thereof and shall

cooperate with Searchlight in securing access for Searchlight to any documents, agreements, corporate records or minute books not in the possession or under the control of LED;

- (ii) Subject to applicable Laws, upon reasonable notice, LED shall, and shall cause the Subsidiaries to, afford officers, employees, counsel, accountants and other authorized representatives and advisors of Searchlight reasonable access, during normal business hours from the date hereof until the earlier of the Effective Time and the termination of this Agreement, to the properties, books, contracts and records as well as to the management personnel of LED and, to the extent consistent with this Agreement, subject to confidentiality terms, conditions or provisions contained in any existing contracts entered into by LED, the Subsidiaries, and, during such period, LED shall, and shall cause the Subsidiaries to, furnish promptly to Searchlight all information concerning the business, properties and personnel of LED and the Subsidiaries as Searchlight may reasonably request.

(n) **Closing Documents.**

LED shall execute and deliver, or cause to be executed and delivered, at the closing of the transactions contemplated hereby such customary agreements, certificates, resolutions, opinions relating to LED and the Subsidiaries and other closing documents as may be required by Searchlight, all in form satisfactory to Searchlight, acting reasonably.

5.3 Covenants of Searchlight

Searchlight hereby covenants and agrees that, except as contemplated by this Agreement or the Plan of Arrangement, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier:

(a) **Copy of Documents**

Except for non-substantive communications and subject to confidentiality restrictions under applicable Law, Searchlight shall furnish promptly to LED a copy of each notice, report, schedule or other document or written communication delivered, filed or received by Searchlight in connection with the Arrangement or the Interim Order, any filings under any applicable Law and any dealings or communications with any Governmental Entity or TSXV in connection with, or in any way affecting, the transactions contemplated by this Agreement.

(b) **Certain Actions**

Searchlight shall:

- (i) immediately cease and cause to be terminated any existing discussions or negotiations with any persons (other than LED) with respect to any acquisition transaction;
- (ii) not take any action that would interfere with or be inconsistent with the completion of the transactions contemplated by this Agreement; and

- (iii) promptly notify LED of: (A) any Material Adverse Change or Material Adverse Effect, or any change, event, occurrence or state of facts which would reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of Searchlight and its subsidiaries taken as a whole; (B) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated); (C) any breach by Searchlight of any covenant or agreement contained in this Agreement; and (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Searchlight contained in this Agreement, if made on or as of the date of such event or the Effective Date (other than representations and warranties made as of a specified date), to be untrue or inaccurate.

(c) **Satisfaction of Conditions.**

Searchlight shall use all commercially reasonable efforts to satisfy, or cause to be satisfied, all of the conditions precedent to its obligations and the obligations of LED hereunder set forth in Article 6 hereof to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Agreement, including using its commercially reasonable efforts to:

- (i) obtain all consents, approvals and authorizations as are required to be obtained by Searchlight under any applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the transactions contemplated hereby or have a Material Adverse Effect on Searchlight;
- (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by them in connection with the transactions contemplated by this Agreement and participate, and appear in any proceedings of, any party hereto before any Governmental Entity;
- (iii) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;
- (iv) fulfill all conditions and satisfy all provisions of this Agreement and the Plan of Arrangement required to be fulfilled or satisfied by them; and
- (v) cooperate with LED in connection with the performance by LED of its obligations hereunder.

(d) **Refrain from Certain Actions.**

Searchlight shall not take any action, refrain from taking any action (subject to commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby or

which would or could have a Material Adverse Effect on Searchlight, provided that where Searchlight is required to take any such action or refrain from taking such action (subject to commercially reasonable efforts) as a result of this Agreement, it shall immediately notify LED in writing of such circumstances.

(e) **Representations.**

Searchlight shall use commercially reasonable efforts to conduct its affairs and to cause the subsidiaries of Searchlight to conduct its affairs so that all of the representations and warranties of Searchlight contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date (other than representations and warranties made as of a specified date).

(f) **Closing Documents.**

Searchlight shall execute and deliver, or cause to be executed and delivered at the closing of the transactions contemplated hereby such customary agreements, certificates, resolutions and other closing documents as may be required by LED, all in form satisfactory to LED, acting reasonably.

ARTICLE 6

CONDITIONS

6.1 Mutual Conditions

The respective obligations of LED and Searchlight to complete the Arrangement are subject to the fulfilment of the following conditions at or before the Effective Time or such other time as is specified below:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the parties hereto, acting reasonably, on appeal or otherwise;
- (b) the Arrangement and, if required, all other material transactions contemplated herein or necessary to complete the Arrangement, with or without amendment, shall have been approved at the Searchlight Meeting by the Searchlight Shareholders in accordance with the provisions of the BCBCA, the Interim Order and the requirements of the TSXV and any other applicable regulatory authority;
- (c) the Arrangement and, if required, all other material transactions contemplated herein or necessary to complete the Arrangement, with or without amendment, shall have been approved at the LED Meeting by the LED Shareholders in accordance with the provisions of the BCBCA, the Interim Order and any other applicable regulatory authority;
- (d) the Final Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;

- (e) the Arrangement Filings shall be in form and substance satisfactory to the parties hereto, acting reasonably;
- (f) the Effective Date shall be on or before the Completion Deadline;
- (g) there shall not be in force any Law, ruling, order or decree, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof or results or would reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which has, or would reasonably be expected to have, a Material Adverse Effect on LED, the Subsidiaries or Searchlight;
- (h) the TSXV shall have conditionally approved the listing thereon, of the Amalco Shares issuable pursuant to the Arrangement as of the Effective Date, subject only to compliance with the usual requirements of the TSXV, and the resale of such Amalco Shares within Canada shall not be subject to any hold or restricted period (except for any resale that would constitute a “control distribution” as defined in National Instrument 45-102 *Resale of Securities*);
- (i) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity (other than as contemplated in subsection 6.1(a) hereof) and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, the failure of which to obtain or the non-expiry of which would or would reasonably be expected to have a Material Adverse Effect on LED or prevent the completion of the Arrangement on or before the Completion Deadline, shall have been obtained or received on terms that are reasonably satisfactory to each party hereto, acting reasonably;
- (j) all consents of any third party that is not a Governmental Entity required to permit the completion of the Arrangement, the failure of which to obtain would or would reasonably be expected to have a Material Adverse Effect on LED, the Subsidiaries or Searchlight or prevent the completion of the Arrangement on or before the Completion Deadline shall have been obtained or received on terms that are reasonably satisfactory to each party hereto, acting reasonably;
- (k) the Amalco Shares to be issued in connection with the Arrangement will be exempt from the registration requirements of the 1933 Act pursuant to Section 3(a)(10) of the 1933 Act and, except with respect to persons deemed “affiliates” of Searchlight under the 1933 Act, the Amalco Shares to be distributed pursuant to the Arrangement will not be subject to resale restrictions under the 1933 Act (other than as may be prescribed by Rule 144 or Rule 145 under the 1933 Act);
- (l) the Amalco Shares to be issued pursuant to the Arrangement will be exempt from the prospectus requirements of applicable Securities Laws; and
- (m) this Agreement shall not have been terminated pursuant to Article 8 hereof.

The foregoing conditions are for the mutual benefit of, on the one hand, Searchlight and, on the other hand, LED and may be waived in respect of a party hereto, in whole or in part, by Searchlight or LED in

writing at any time. If any of such conditions shall not be complied with or waived as aforesaid on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then Searchlight or LED may, subject to section 6.4, terminate this Agreement by written notice to the other party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by such terminating party hereto.

6.2 LED Conditions

The obligation of LED to complete the Arrangement is subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) Searchlight shall provide a legal opinion to LED in relation to Searchlight that is satisfactory to LED and its counsel acting reasonably.
- (b) the representations and warranties made by Searchlight in this Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), unless the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on Searchlight and Searchlight shall have provided to LED a certificate of an officer of Searchlight, certifying such accuracy on the Effective Date;
- (c) Searchlight shall have complied with its covenants herein unless the failure to comply with such covenants would not have a Material Adverse Effect on Searchlight and Searchlight shall have provided to LED a certificate of an officer thereof, certifying that they have so complied with their covenants herein;
- (d) the Searchlight Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Searchlight to permit the consummation of the Arrangement;
- (e) Searchlight shall have furnished LED with certified minutes of the Searchlight Meeting confirming that the Searchlight Resolution was approved by the requisite majority;
- (f) Searchlight shall have furnished LED with certified copies of the resolutions duly passed by the Searchlight Board approving the Arrangement and this Agreement and the consummation of the transactions contemplated hereby;
- (g) holders of not greater than 5% of the outstanding LED Shares or Searchlight Shares shall have exercised dissent rights in respect of the Arrangement that have not been withdrawn as at the Effective Date;
- (h) since the date hereof, there shall have been no Material Adverse Change with respect to Searchlight; and
- (i) at the Effective Time and not including any funds of LED, Searchlight will have working capital of not less than \$1,000,000 (including funds received from the financing contemplated in Section 6.3(i)) less any costs incurred by Searchlight in completing the Arrangement.

The foregoing conditions are for the benefit of LED and may be waived, in whole or in part, by LED in writing at any time. If any of such conditions shall not be complied with or waived by LED on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then LED may, subject to section 6.4, terminate this Agreement by written notice to Searchlight in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by LED.

6.3 Searchlight Conditions

The obligation of Searchlight to complete the Arrangement is subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:

- (a) LED shall provide a legal opinion to Searchlight in relation to LED and the Subsidiaries that is satisfactory to Searchlight and its counsel acting reasonably. The opinion shall specifically confirm that LED holds title to the patents in respect of its medical device the VELscope, subject to the reasonable qualifications, limitations and provisos of such opinion;
- (b) the representations and warranties made by LED and the Subsidiaries in this Agreement shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), unless the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect on LED and LED shall have provided to Searchlight a certificate of an officer of LED or the Subsidiaries certifying such accuracy on the Effective Date;
- (c) LED shall have complied with its covenants herein unless the failure to comply with such covenants would not have a Material Adverse Effect on LED and LED or the Subsidiaries shall have provided to Searchlight a certificate of an officer thereof certifying that LED has so complied with its covenants herein;
- (d) the LED Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by LED and the Subsidiaries to permit the consummation of the Arrangement;
- (e) LED shall have furnished Searchlight with certified copies of the resolutions duly passed by the LED Board approving the Arrangement and this Agreement and the consummation of the Arrangement;
- (f) LED shall have furnished Searchlight with certified minutes of the LED Meeting confirming that the LED Resolution was approved by the requisite majority;
- (g) holders of not greater than 5% of the outstanding LED Shares or Searchlight Shares shall have exercised dissent rights in respect of the Arrangement that have not been withdrawn as at the Effective Date;
- (h) since the date hereof, there shall have been no Material Adverse Change with respect to LED; and

- (i) concurrently with the closing of the Arrangement, Amalco shall complete a financing to raise a minimum amount of \$500,000 on terms no less favourable than \$0.75 per Amalco Share which may consist of a unit offering of one Amalco share and one-half warrant at \$0.75 per unit where one whole warrant shall be exercisable into one Amalco Share at an exercise price of \$1.00 for a period of 18 months.

The foregoing conditions are for the benefit of Searchlight and may be waived, in whole or in part, by Searchlight in writing at any time. If any of such conditions shall not be complied with or waived by Searchlight on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, Searchlight may, subject to section 6.4, terminate this Agreement by written notice to LED in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Searchlight.

6.4 Notice and Cure Provisions

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

- (a) cause any of the representations or warranties of such party hereto contained herein to be untrue or inaccurate on the date hereof or on the Effective Date;
- (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such party hereto prior to the Effective Date; or
- (c) result in the failure to satisfy any of the conditions precedent in favour of the other party hereto contained in section 6.1, section 6.2 or section 6.3 hereof, as the case may be.

Subject as herein provided, a party hereto may elect not to complete the transactions contemplated hereby as a result of the non-satisfaction of the conditions contained in section 6.1, section 6.2 or section 6.3 hereof or exercise any termination right arising therefrom; provided, however, that (i) promptly and in any event prior to the filing of the Arrangement Filings with the Registrar, the party hereto intending to rely thereon has delivered a written notice to the other party hereto specifying in reasonable detail the breaches of covenants or untruthfulness or inaccuracy of representations and warranties or other matters which the party hereto delivering such notice is asserting as the basis for the exercise of the termination right, as the case may be, and (ii) if any such notice is delivered, and a party hereto is proceeding diligently, at its own expense, to cure such matter, if such matter is capable of being cured, the party hereto which has delivered such notice may not terminate this Agreement until the earlier of the Completion Deadline and the expiration of a period of 15 days from the date of delivery of such notice.

6.5 Merger of Conditions

The conditions set out in section 6.1, section 6.2 or section 6.3 hereof shall be conclusively deemed to have been satisfied, fulfilled or waived at the Effective Time. LED acknowledges and agrees that it shall have no right to file the Arrangement Filings with the Registrar under section 3.5 unless such conditions have been satisfied, fulfilled or waived.

ARTICLE 7

STANDSTILL

7.1 Standstill Agreement

Until this Agreement is terminated or the Arrangement is effected as contemplated herein, each of the parties hereto and its respective agents will not, nor will it permit any of its respective directors, officers, affiliates, employees, representatives or agents (including and without limitation, investment bankers, attorneys and accountants) directly or indirectly to, solicit, discuss, encourage or accept any offer for the purchase of such party or the business or the assets of such party, whether as a primary or backup offer, or take any other action with the intention or reasonable foreseeable effect of leading to any commitment or agreement to sell such party or business or the assets of such party. In addition, each of the parties will conduct its respective operations according to its ordinary and usual course of business consistent with past practices and will not enter into any material transactions or incur any material liabilities without obtaining the consent of the other parties hereto, which consent will not be unreasonably held or delayed. Notwithstanding the foregoing, nothing herein will restrict the parties hereto from taking such actions as may be required in order to discharge their obligations pursuant to applicable corporate laws.

ARTICLE 8

AMENDMENT AND TERMINATION

8.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Searchlight Meeting and LED Meeting, be amended by mutual written agreement of the parties hereto without, subject to applicable Laws, further notice to or authorization on the part of the LED Shareholders or Searchlight Shareholders, as applicable, and any such amendment may, without limitation:

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

provided, however, that notwithstanding the foregoing, the consideration which the Searchlight Shareholders and LED Shareholders shall have the right to receive on the Arrangement shall not be changed without the approval of the Searchlight Shareholders and LED Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

8.2 Termination

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

- (a) by the mutual written consent of the parties hereto;

- (b) by LED, provided that LED is not in default of any provision of this Agreement, if the Arrangement is not completed by the Completion Deadline;
- (c) by Searchlight, provided that Searchlight is not in default of any provision of this Agreement, if the Arrangement is not completed by the Completion Deadline;
- (d) by Searchlight if any condition in sections 6.1 or 6.3 is not satisfied or waived as provided in section 6.4;
- (e) by LED if any condition in sections 6.1 or 6.2 is not satisfied or waived as provided in section 6.4; or
- (f) by Searchlight or LED if the required approvals of the Searchlight Shareholders and LED Shareholders, respectively, have not been obtained by August 31, 2011.

ARTICLE 9

GENERAL

9.1 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party hereto shall be in writing and shall be delivered by hand to the party hereto to which the notice is to be given at the following address or sent by facsimile or electronic mail to the following numbers or to such other address or facsimile number as shall be specified by a party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile or electronic mail be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (local time) at the point of receipt in which case it shall be deemed to have been given and received on the next Business Day.

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

- (a) in the case of LED, to it at:

Suite 235, 5589 Byrne Road
Burnaby, British Columbia
V5J 3J1

Attention: Peter Whitehead

Fax No: (604) 434-4612

With a copy to:

David Selley of Farris, Vaughan, Wills & Murphy LLP
25th Floor, 700 West Georgia Street
Vancouver, British Columbia
V7Y 1B3

Fax: (604) 661-9349

To Searchlight:

Searchlight Capital Corp.
Suite 2050, 1055 West Georgia Street
PO Box 11121, Royal Centre
Vancouver, British Columbia
V6E 3P3

Attention: Praveen Varshney

Fax No: (604) 682-4768

With a copy to:

Rory Godinho of Boughton Law Corporation
700 – 595 Burrard Street
Vancouver, British Columbia
V7X 1S8

Fax No.: (604) 683-5317

9.2 Remedies

The parties hereto acknowledge and agree that an award of money damages may be inadequate for any breach of this Agreement by any party hereto or its representatives and advisors and that such breach may cause the non-breaching party hereto irreparable harm. Accordingly, the parties hereto agree that, in the event of any such breach or threatened breach of this Agreement by one of the parties hereto, LED (if Searchlight is the breaching party) or Searchlight (if LED is the breaching party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Subject to any other provision hereof, such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the parties hereto.

9.3 Expenses

The parties hereto agree that all out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby, the LED Meeting and Searchlight Meeting and the preparation and mailing of the Joint Proxy Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the party hereto incurring such expense. Each party hereto represents and warrants to the other party that no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission, or to the reimbursement of any of its expenses, in connection with the transactions contemplated hereby, other than the financial advisors of each party. The provisions of this section 9.3 shall survive the termination of this Agreement.

9.4 Time of the Essence

Time shall be of the essence in this Agreement.

9.5 Public Announcements

Neither Searchlight nor LED will make announcements regarding the Arrangement or any other transactions contemplated herein that have not been previously reviewed and commented on by the other of them, except that Searchlight may issue a news release or make a filing with the Securities Authorities or TSXV if its counsel advises that such news release or filing is necessary in order to comply with applicable Law or the rules and policies of any Securities Authorities having jurisdiction over it, in which case it will first make a reasonable commercial effort to obtain the approval of LED, acting reasonably.

9.6 Entire Agreement

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

9.7 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other party, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including the Plan of Arrangement.

9.8 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia. Each party hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

9.9 Execution in Counterparts

This Agreement may be executed in one or more counterparts by original, facsimile or email signature, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same.

9.10 Waiver

No waiver or release by any party hereto shall be effective unless in writing and executed by the party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in section 8.1 hereof.

9.11 Enurement and Assignment

This Agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns and shall be binding upon the parties hereto and their respective successors. This

Agreement may not be assigned by any party hereto without the prior written consent of each of the other parties hereto.

9.12 Privacy Issues

- (a) For the purposes of this section 9.12, the following definitions shall apply:
- (i) “**applicable law**” means, in relation to any person, transaction or event, all applicable Laws by which such person is bound or having application to the transaction or event in question, including applicable privacy laws;
 - (ii) “**applicable privacy laws**” means any and all applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law;
 - (iii) “**authorized authority**” means, in relation to any person, transaction or event, any:
 - A. federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign;
 - B. agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government;
 - C. court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; and
 - D. other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event; and
 - (iv) “**Personal Information**” means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred to Searchlight by LED or to LED by Searchlight in accordance with this Agreement;
- (b) The parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to any party pursuant to or in connection with this Agreement (the “**Disclosed Personal Information**”);
- (c) Prior to the Effective Time, neither party hereto shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement. After the completion of the transactions contemplated herein, a party may

only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless:

- (i) such party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose; or
 - (ii) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual;
- (d) Each party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the parties shall proceed with the Arrangement, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Arrangement;
- (e) Each party acknowledges and confirms that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information;
- (f) Subject to the following provisions, each party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the parties' obligations hereunder. Prior to the completion of the Arrangement, each party shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective party who have a bona fide need to access such information in order to complete the Arrangement;
- (g) Where authorized by applicable law, each party shall promptly notify the other party to this Agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable law, the parties shall fully cooperate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims; and
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of Searchlight, on the one hand, or LED, on the other hand, the other party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the requesting party or, at the requesting party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

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

LED MEDICAL DIAGNOSTICS INC.

Per: _____
Authorized Signatory

SEARCHLIGHT CAPITAL CORP.

Per: _____
Authorized Signatory

SCHEDULE "A"

FORM OF ARRANGEMENT RESOLUTIONS

SPECIAL RESOLUTION OF SEARCHLIGHT SHAREHOLDERS APPROVING THE ARRANGEMENT

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving Searchlight Capital Corp. ("**Searchlight**") and LED Medical Diagnostics Inc. ("**LED**"), as more particularly described and set forth in the plan of arrangement (as may be modified or amended, the "**Plan of Arrangement**") substantially in the form attached as Schedule "B" to the joint management information circular (the "**Information Circular**") of Searchlight and LED dated as of ♦, 2011, is hereby authorized, approved and agreed to;
2. The Plan of Arrangement, as the same may be modified or amended from time to time, is hereby approved and adopted;
3. The Arrangement Agreement dated June 21, 2011 between Searchlight and LED, as may be amended from time to time (the "**Arrangement Agreement**"), the actions of the directors of Searchlight in approving the Arrangement and the Arrangement Agreement, and the actions of the directors or officers in executing and delivering the Arrangement Agreement and causing the performance by Searchlight of its obligations thereunder be, and they are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that these resolutions have been passed (and the Arrangement approved and agreed to) by the shareholders of Searchlight or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Searchlight be and are hereby authorized and empowered, without notice to or approval of the shareholders of Searchlight
 - (a) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and the Plan of Arrangement; and
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions;
5. Any officer or director of Searchlight is authorized for and on behalf of Searchlight to execute and to deliver the Arrangement Agreement and Form 13 and such other documents as are necessary in accordance with the Arrangement Agreement for filing; and
6. Any officer or director of Searchlight is authorized and directed, upon the board of directors resolving to give full effect to these resolutions, to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments and do all such other acts or things that may be necessary or desirable to give effect to the provisions of these resolutions."

SPECIAL RESOLUTION OF LED SHAREHOLDERS APPROVING THE ARRANGEMENT

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the “**Arrangement**”) under section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Searchlight Capital Corp. (“**Searchlight**”) and LED Medical Diagnostics Inc. (“**LED**”), as more particularly described and set forth in the plan of arrangement (as may be modified or amended, the “**Plan of Arrangement**”) substantially in the form attached as Schedule “B” to the joint management information circular (the “**Information Circular**”) of Searchlight and LED dated as of ♦, 2011, is hereby authorized, approved and agreed to;
2. The Plan of Arrangement, as the same may be modified or amended from time to time, is hereby approved and adopted;
3. The Arrangement Agreement dated June 21, 2011 between Searchlight and LED, as may be amended from time to time (the “**Arrangement Agreement**”), the actions of the director of LED in approving the Arrangement and the Arrangement Agreement, and the actions of the directors or officers in executing and delivering the Arrangement Agreement and causing the performance by Searchlight of its obligations thereunder be, and they are hereby confirmed, ratified, authorized and approved;
4. Notwithstanding that these resolutions have been passed (and the Arrangement approved and agreed to) by the shareholders of LED or that the Arrangement has been approved by the Supreme Court of British Columbia, the director of LED be and is hereby authorized and empowered, without notice to or approval of the shareholders of Searchlight:
 - (a) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and the Plan of Arrangement; and
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions;
5. Any officer or director of LED is authorized for and on behalf of LED to execute and to deliver the Arrangement Agreement and Form 13 and such other documents as are necessary in accordance with the Arrangement Agreement for filing; and
6. Any officer or director of LED is authorized and directed, upon the board of directors resolving to give full effect to these resolutions, to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments and do all such other acts or things that may be necessary or desirable to give effect to the provisions of these resolutions.”

SCHEDULE "B"

PLAN OF ARRANGEMENT UNDER SECTION 288 OF THE BRITISH COLUMBIA CORPORATIONS ACT

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Plan of Arrangement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

- (a) “**Amalco**” means the corporation formed by the Amalgamation of the Amalgamating Companies;
- (b) “**Amalco Options**” means the options to be issuable pursuant to the Amalco Option Plan and/or the terms of an option agreement;
- (c) “**Amalco Option Plan**” means the stock option plan to be adopted by Amalco having the terms and conditions described in the Joint Proxy Circular;
- (d) “**Amalco Warrants**” means the warrants to be issuable to the former holders of LED Warrants;
- (e) “**Amalgamating Companies**” means Searchlight, LED, EMD and Visiotech;
- (f) “**Amalgamation**” means the amalgamation of the Amalgamating Companies as contemplated in the Arrangement Agreement and this Plan of Arrangement;
- (g) “**Amalgamation Application**” means the Form 13 Amalgamation Application attached hereto as Appendix “II”, which is required to be filed with the Registrar along with the Final Order and the Plan of Arrangement in order to effect the Amalgamation under the BCBCA;
- (h) “**Arrangement**” means the arrangement under the provisions of section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance therewith or made at the direction of the Court in the Final Order;
- (i) “**Arrangement Agreement**” means the arrangement agreement dated as of June 21, 2011 between Searchlight and LED, as amended or supplemented prior to the Effective Date, which provides for, among other things, the Arrangement;
- (j) “**BCBCA**” means the Business Corporations Act (British Columbia) and the regulations made thereunder, in each case as now in effect and as may be amended from time to time prior to the Effective Date;

- (k) **“Certificate of Amalgamation”** means the certificate giving effect to the Amalgamation issued under the BCBCA;
- (l) **“Computershare”** means Computershare Investor Services Inc., in its capacity as registrar and transfer agent for Amalco;
- (m) **“Court”** means the Supreme Court of British Columbia;
- (n) **“Dissent Rights”** means the right of a Searchlight Shareholder or a LED Shareholder to dissent to the applicable resolution approving the Arrangement and to be paid the fair value of the Searchlight Shares or LED Shares, as the case may be, in respect of which the holder dissents, all in accordance with Part 8, Division 2 of the BCBCA, the Interim Order and Article 6 [Rights of Dissent] hereof;
- (o) **“Dissenting Shareholder”** means the Searchlight Shareholders and LED Shareholders that validly exercise the Dissent Rights and **“Dissenting Shareholder”** means any one of them;
- (p) **“Effective Date”** means the date agreed to by LED and Searchlight in writing as the effective date of the Arrangement, including that the Final Order has been granted by the Court;
- (q) **“Effective Time”** means the time on the Effective Date as may be agreed to by the Parties and as denoted on the filings with Registrar;
- (r) **“EMD”** means EMD Systems Ltd., a corporation existing under the BCBCA;
- (s) **“Final Order”** means the final order of the Court, as such order may be amended at any time prior to the Effective Date, pursuant to section 291 of the BCBCA approving the Arrangement or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (t) **“Joint Proxy Circular”** means the management information circular to be prepared by Searchlight and LED for the Searchlight Meeting and the LED Meeting, including all information and documents incorporated by reference therein;
- (u) **“LED”** means LED- Medical Diagnostics Inc., a corporation existing under the BCBCA;
- (v) **“LED Agent Options”** means the aggregate of 240,000 outstanding agents options to acquire 240,000 LED Shares at an exercise price of US\$2.00 per LED Share granted to Integral Wealth Securities Limited, Blackmont Capital Inc. and Wolverton Securities Ltd. in consideration for services performed in respect of private placements of LED Shares
- (w) **“LED Class A Shares”** means the Class A Shares of LED created pursuant to this Plan of Arrangement;
- (x) **“LED Meeting”** means the special meeting of the LED Shareholders to be held for the purposes of, among other things, approving the Plan of Arrangement;
- (y) **“LED Options”** means the 2,205,000 outstanding options to purchase LED Shares, excluding the LED Agent Options;

- (z) “**LED Shares**” means the common shares in the capital of LED as currently constituted;
- (aa) “**LED Shareholders**” means the holders of LED Shares at the applicable time;
- (bb) “**LED Warrants**” means the 8,492,134 warrants to purchase LED Shares;
- (cc) “**Macquarie Options**” means the agent’s options to acquire 150,000 Searchlight Shares at an exercise price of \$0.20 per Searchlight Share granted to Macquarie Private Wealth Inc. in consideration for services performed in respect of the Searchlight’s initial public offering;
- (dd) “**person**” shall be broadly interpreted and includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative;
- (ee) “**Plan of Arrangement**” means this plan of arrangement and any amendment or variation thereto made in accordance with the terms hereof and of the Arrangement Agreement;
- (ff) “**Registrar**” means the “registrar” as defined in the BCBCA;
- (gg) “**Searchlight**” means Searchlight Capital Corp., a corporation existing under the BCBCA;
- (hh) “**Searchlight Meeting**” means the special meeting of the Searchlight Shareholders to be held for the purposes of, among other things, approving the Plan of Arrangement;
- (ii) “**Searchlight Shares**” means the common shares in the capital of Searchlight as currently constituted;
- (jj) “**Searchlight Shareholders**” means the holders of Searchlight Shares at the applicable time; and
- (kk) “**Visiotech**” means Visiotech Diagnostics Inc., a corporation existing under the BCBCA.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections and other portions and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

1.4 Date for any Action

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

1.5 Statutory References

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

ARTICLE 2

THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the provisions of the Arrangement Agreement and forms a part of the Arrangement Agreement. If there is any conflict or inconsistency between the provisions of this Plan of Arrangement and the provisions of the Arrangement Agreement, the provisions of this Plan of Arrangement shall govern.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement shall become effective at the Effective Time and shall be binding on:

- (a) Searchlight;
- (b) the Searchlight Shareholders;
- (c) the holders of Macquarie Options;
- (d) LED;
- (e) the LED Shareholders;
- (f) the holders of LED Options;
- (g) the holders of LED Warrants;
- (h) the holders of LED Agent Options;
- (i) EMD; and
- (j) Visiotech.

2.3 Certificate of Amalgamation

The Amalgamation Application and the Certificate of Amalgamation shall be filed and issued, respectively, with respect to the Arrangement in its entirety with the purpose and intent that none of the provisions of the Plan of Arrangement shall become effective unless all of the provisions of the Plan of

Arrangement shall have become effective. The Certificate of Amalgamation shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 of this Plan of Arrangement has become effective in the sequence and at the times set out therein.

ARTICLE 3
THE ARRANGEMENT

3.1 Plan of Arrangement

Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein:

- (a) LED's notice of articles shall be amended to create an unlimited number of a new class of shares designated as "Class A Shares" without par value, and LED's articles shall be amended by adding the special rights or restrictions attached to the LED Class A Shares set out in Appendix III to this Plan of Arrangement;
- (b) each outstanding LED Share will be exchanged (without any action on the part of the holder of the LED Shares) for one LED Class A Share and for greater certainty, LED Shares held by Dissenting Shareholders described in Article 6.1 shall be dealt with in the manner contemplated by subsection 3.1(i);
- (c) no other consideration will be received by any holder of LED Shares in connection with the exchange of LED Shares for LED Class A Shares. Each LED Shareholder exchanging LED Shares under subsection 3.1(b) shall cease to be the holder of the LED Shares so exchanged, shall cease to have any rights with respect to such LED Shares and shall be deemed to be the holder of the number of LED Class A Shares issued to such LED Shareholder. The name of such LED Shareholder shall be removed from the register of holders of LED Shares in respect of such LED Shares and added to the register of holders of LED Class A Shares as the holder of the number of LED Class A Shares so issued to such LED Shareholder;
- (d) The LED Options shall be cancelled for no consideration, payment or compensation thereof;
- (e) the Amalgamating Companies shall be amalgamated and continued as one corporation under the terms and conditions of the Arrangement Agreement;
- (f) each of the Amalgamating Companies shall contribute to Amalco all of its assets, subject to its liabilities, as they exist immediately before the Amalgamation. Amalco shall possess all the property, rights, privileges and franchises of each of the Amalgamating Companies as they exist immediately before the Amalgamation, and shall be subject to all the liabilities, contracts, disabilities and debts of each of the Amalgamating Companies, as they exist immediately before the Amalgamation. All rights of creditors against the property, assets, rights, privileges and franchises of the Amalgamating Companies and all liens upon their property, rights and assets shall be unimpaired by the Amalgamation and all debts, contracts, liabilities and duties of the Amalgamating Companies shall thenceforth attach to and may be enforced against Amalco. No action or proceeding by or against any of the Amalgamating Companies shall abate or be affected by the Amalgamation but, for all purposes of such action or proceeding, the name of

Amalco shall be substituted in such action or proceeding in the place of the name of the relevant Amalgamating Company;

- (g) the shares in the capital of the Amalgamating Companies which are issued and outstanding immediately prior to the Effective Time shall, at and from the Effective Time, be exchanged with Amalco Shares as follows:
 - (i) all issued Searchlight Shares shall be exchanged for Amalco Shares on the basis of one Amalco Share for every 1.66666 Searchlight Shares held;
 - (ii) all issued LED Class A Shares shall be exchanged for Amalco Shares on the basis of one Amalco Share for every one LED Class A Shares held;
 - (iii) all issued shares in the capital of EMD shall be cancelled without consideration, payment or compensation therefore; and
 - (iv) all issued shares in the capital of Visiotech shall be cancelled without consideration, payment or compensation therefore;
- (h) the Searchlight Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been irrevocably transferred to Amalco for cancellation and as of the Effective Time such Searchlight Shares shall be cancelled and such Dissenting Shareholders shall cease to have any rights as Searchlight Shareholders, other than the right to be paid the fair value of their Searchlight Shares in accordance with the Dissent Rights;
- (i) the LED Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been irrevocably transferred to Amalco for cancellation and as of the Effective Time such LED Shares, shall be cancelled and such Dissenting Shareholders shall cease to have any rights as LED Shareholders, other than the right to be paid the fair value of their LED Shares, in accordance with the Dissent Rights;
- (j) if a registered holder of Searchlight Shares or LED Shares who exercises Dissent Rights is ultimately not entitled, for any reason, to be paid fair value for the Searchlight Shares or LED Shares, as the case may be, in respect of which such registered holder has exercised Dissent Rights, the registered holders shall be deemed to have participated in the Arrangement on the same basis as a registered holder of Searchlight Shares or the LED Shares, as the case may be, that has not exercised Dissent Rights;
- (k) Amalco shall adopt and be deemed to have adopted the Amalco Option Plan.

3.2 Acknowledgement Regarding Convertible Securities.

The parties acknowledge that, by virtue of the contractual provisions thereof:

- (a) on the Effective Date, the Macquarie Options, shall be exchanged for such number of Amalco Options for each Macquarie Option held as is determined on the basis of one Amalco Option for every 1.66666 Macquarie Option, and the exercise price per Amalco Share issuable upon exercise of such Amalco Option shall be \$0.332;

- (b) on the Effective Date, the LED Agent Options, shall be exchanged for such number of Amalco Options for each LED Agent Option held as is determined on the basis of one Amalco Option for every one LED Agent Options, and the exercise price per Amalco Share issuable upon exercise of each Amalco Option shall be US\$2.00; and
- (c) on the Effective Date, each LED Warrant shall be exchanged for such number of Amalco Warrants for each LED Warrant held as is determined on the basis of one Amalco Warrant for every one LED Warrants, and the exercise price per Amalco Share issuable upon exercise of each Amalco Warrant shall be equal to the existing exercise price of the LED Warrant exchanged for such Amalco Warrant.

ARTICLE 4

SHARE ISSUANCE PROCEDURES

4.1 Deemed to be Registered Holder

On the Effective Date, each LED Shareholder or Searchlight Shareholder (a “**Former Shareholder**”) shall receive from Computershare, a certificate evidencing that number of Amalco Shares such Former Shareholder is entitled to in accordance with the ratios set out in Article 3.

4.2 Certificates Representing Searchlight Shares and LED Shares of No Force and Effect

From and after the Effective Date:

- (a) subject to subsection 4.2(b), certificates formerly representing Searchlight Shares or LED Shares shall be of no force and effect and the such certificates shall not entitle the holders thereof to any rights in Amalco;
- (b) certificates formerly representing Searchlight Shares or LED Shares held by a Dissenting Shareholder shall represent only the right to be paid the fair value for the Searchlight Shares or LED Shares, as applicable.

4.3 No Fractional Shares

No fractional Amalco Shares shall be issued on the Amalgamation and any entitlement to a fractional share shall be rounded down to the next whole Amalco Share.

4.4 Illegality of Delivery of Amalco Shares

Notwithstanding the foregoing, if it appears to Amalco that it would be contrary to applicable Law to issue Amalco Shares pursuant to the Amalgamation to a person that is not a resident of Canada, the Amalco Shares that otherwise would be issued or transferred, as the case may be, to that person shall be issued or transferred, as the case may be, and delivered to Computershare for sale or exercise (as applicable) by Computershare on behalf of that person. The Amalco Shares delivered to Computershare shall be pooled and sold or exercised as soon as practicable after the Effective Date, on such dates and at such prices as Computershare determines in its sole discretion. Computershare shall not be obligated to seek or obtain a minimum price for any of the Amalco Shares sold or exercised by it. Each such person shall receive a pro rata share of the cash proceeds from the sale or exercise of the Amalco Shares sold or exercised by Computershare (less commissions, other reasonable expenses incurred in connection with the sale or exercise and any amount withheld in respect of Canadian taxes) in lieu of the Amalco Shares.

The net proceeds shall be remitted in the same manner as set forth in this Article 4. None of Searchlight, LED, Amalco or Computershare shall be liable for any loss arising out of any such sales or exercise.

4.5 Withholding Rights

Searchlight, LED, Amalco and Computershare shall be entitled to deduct and withhold from any dividends or other distributions otherwise payable to any Former Shareholder such amounts as Searchlight, LED, Amalco or Computershare is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax Law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Former Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 5

THE CORPORATION

5.1 Name

The name of Amalco shall be "LED Medical Diagnostics Inc."

5.2 Registered Office

The registered and records office of Amalco shall be 25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3.

5.3 Authorized Capital

Amalco shall be authorized to issue an unlimited number of common shares without par value.

5.4 Restrictions on Transfer

There shall be no restrictions on the transfer of Amalco Shares.

5.5 Directors and Officers

The number of directors of Amalco shall be as determined by the directors and the shareholders of Amalco from time to time, as required and as applicable, with the initial number of directors of Amalco being set at seven; (b) the initial directors of Amalco, following the amalgamation shall be: Peter Whitehead, Dave Pierson, Rodger Tourigny, W. Keith Smith, Rick Pauls, Steven J. Semmelmayr, Robert Cartagena, Darryl Yea and Praveen Varshney and in each case their address shall be care of Amalco at the address of its registered office. The initial directors shall hold office until the next annual meeting of the shareholders of Amalco or until their successors are elected or appointed. The initial officers of Amalco will be as follows: Peter Whitehead: CEO and Darcy Kindred: Interim CFO, and in each case their address shall be care of Amalco at the address of its registered office.

5.6 Business and Powers

There shall be no restriction on the business which Amalco is authorized to carry on or on the powers which Amalco may exercise.

5.7 Articles

The Articles of Amalco shall be substantially in the form attached as Appendix I to this Plan of Arrangement.

5.8 Amalgamation Application

The Amalgamation Application shall be substantially in the form attached as Appendix II to this Plan of Arrangement.

5.9 Auditors

The auditors of Amalco shall be Dale Matheson Carr-Hilton Labonte LLP of Vancouver, British Columbia.

ARTICLE 6

RIGHTS OF DISSENT

6.1 Rights of Dissent

Each Searchlight Shareholder or LED Shareholder, as the case may be, shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Shareholder shall, at the Effective Time, cease to have any rights as a holder of Searchlight Shares or LED Shares, as the case may be, and shall only be entitled to be paid by Amalco the fair value of the holder's Searchlight Shares or LED Shares, as the case may be. A Dissenting Shareholder who is paid the fair value of the holder's Searchlight Shares or LED Shares, as the case may be, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Searchlight Shares or LED Shares, notwithstanding the provisions of Part 8, Division 2 of the BCBCA. The fair value of the Searchlight Shares or the LED Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the Searchlight Shareholders at the Searchlight Meeting and the LED Shareholders at the LED Meeting, or if not the same day, the day the last approval is obtained; but in no event shall Amalco be required to recognize such Dissenting Shareholders as shareholders of Amalco after the Effective Time and the names of such holders shall be removed from the applicable registers of shareholders as at the Effective Time. For greater certainty, in addition to any other restrictions in Part 8, Division 2 of the BCBCA, no person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

ARTICLE 7

AMENDMENT

7.1 Plan of Arrangement Amendment

The parties reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that any such amendment, modification or supplement must be must be (a) set out in writing by the parties; (b) filed with the Court and, if made following the Searchlight Meeting or the LED Meeting, approved by the Court; and (c) communicated to the Searchlight Shareholders and LED Shareholders in the manner required by the Court.

Any amendment, modification or supplement to this Plan of Arrangement, if agreed to by all of the parties may be made at any time prior to or at the Searchlight Meeting and the LED Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Searchlight Meeting and the LED Meeting shall become part of this Plan of Arrangement for all purposes.

Searchlight or LED, with the consent of the other party, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Searchlight Meeting and the LED Meeting and prior to the Effective Time with the approval of the Court.

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time but shall only be effective if it is consented to by each of Searchlight and LED, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of Searchlight and LED, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of Searchlight and LED or any former holder of Searchlight Shares and LED Shares.

Notwithstanding the foregoing provisions of this Article 7, no amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Date except in accordance with the terms of the Arrangement Agreement.

ARTICLE 8

ADDITIONAL PROVISIONS

8.1 Additional Steps

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

8.2 Termination

This Plan of Arrangement may be terminated or withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

APPENDIX "I"
ARTICLES OF AMALCO

Amalgamation number:

LED MEDICAL DIAGNOSTICS INC.
(the “Company”)

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1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) “**appropriate person**” has the meaning assigned in the *Securities Transfer Act*;
- (2) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (3) “**Business Corporations Act**” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) “**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;
- (5) “**legal personal representative**” means the personal or other legal representative of a shareholder;
- (6) “**protected purchaser**” has the meaning assigned in the *Securities Transfer Act*;
- (7) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (8) “**seal**” means the seal of the Company, if any;
- (9) “**securities legislation**” means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; “**Canadian securities legislation**” means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and “**U.S. securities legislation**” means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934;
- (10) “**Securities Transfer Act**” means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict or inconsistency between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

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

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled upon request and 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 (an "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 to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

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

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

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

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

2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate

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

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

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the

shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.7 Recovery of New Share Certificate

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

2.8 Splitting Share Certificates

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

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.10 Recognition of Trusts

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

3. ISSUE OF SHARES

3.1 Directors Authorized

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

3.2 Commissions and Discounts

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

3.3 Brokerage

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

3.4 Conditions of Issue

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

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

3.5 Share Purchase Warrants and Rights

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

4. SHARE REGISTERS

4.1 Central Securities Register

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

4.2 Closing Register

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

5. SHARE TRANSFERS

5.1 Registering Transfers

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

- (1) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (2) in the case of an Acknowledgment, as defined in Article 2.3, in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered,

made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

- (3) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
- (4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

5.2 Form of Instrument of Transfer

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

5.3 Transferor Remains Shareholder

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

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the Acknowledgment, as defined in Article 2.3, deposited with the instrument of transfer:

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

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or any Acknowledgment, as defined in Article 2.3, in respect of a share certificate for such shares.

5.6 Transfer Fee

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

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

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of s. 87 of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. ACQUISITION OF COMPANY'S SHARES

7.1 Company Authorized to Purchase or Otherwise Acquire Shares

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

7.2 No Purchase, Redemption or Other Acquisition When Insolvent

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

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

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

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

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

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;

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

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by directors' resolution:
 - (a) subdivide or consolidate all or any of its unissued, or fully paid issued, shares; or
 - (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;

and, if applicable, alter its Articles and Notice of Articles accordingly; or

- (2) by ordinary resolution:
 - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares; or
 - (b) 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;

and, if applicable, alter its Articles and Notice of Articles accordingly; or

- (3) by special resolution:
 - (a) 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;
 - (b) alter the identifying name of any of its shares; or
 - (c) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

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

9.2 Special Rights or Restrictions

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

- (1) 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
- (2) 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, if applicable, alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

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

9.4 Other Alterations

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

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

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

10.2 Resolution Instead of Annual General Meeting

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

10.3 Calling of Meetings of Shareholders

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

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a 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:

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

10.5 Notice of Resolution to Which Shareholders May Dissent

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

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

10.6 Record Date for Notice

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

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

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

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting 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 agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 Notice of Special Business at Meetings of Shareholders

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

- (1) state the general nature of the special business; and

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

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

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

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

11.2 Special Majority

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

11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.4, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

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

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Persons Entitled to Attend Meeting

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

11.6 Requirement of Quorum

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

11.7 Lack of Quorum

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

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

11.8 Lack of Quorum at Succeeding Meeting

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

11.9 Chair

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

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

11.10 Selection of Alternate Chair

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

present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

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

11.12 Notice of Adjourned Meeting

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

11.13 Decisions by Show of Hands or Poll

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

11.14 Declaration of Result

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

11.15 Motion Need Not be Seconded

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

11.16 Casting Vote

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

11.17 Manner of Taking Poll

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

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

11.18 Demand for Poll on Adjournment

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

11.19 Chair Must Resolve Dispute

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

11.20 Casting of Votes

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

11.21 No Demand for Poll on Election of Chair

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

11.22 Demand for Poll Not to Prevent Continuance of Meeting

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

11.23 Retention of Ballots and Proxies

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

11.24 Ordinary Resolution

Unless the *Business Corporations Act* or these Articles otherwise provide, any action that must or may be taken or authorized by the shareholders may be taken or authorized by an ordinary resolution.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

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

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the

meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

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

- (1) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting 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.

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

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

- (1) for that purpose, the instrument appointing a representative must be received:
 - (a) 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
 - (b) 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;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

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

12.6 When Proxy Holder Need Not Be Shareholder

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

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

12.7 When Proxy Provisions Do Not Apply to the Company

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

12.8 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.9 Alternate Proxy Holders

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

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
- (2) 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.

12.11 Validity of Proxy Vote

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

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

12.12 Form of Proxy

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

[name of company](the “Company”)

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

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

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

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

12.14 Revocation of Proxy Must Be Signed

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

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

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Part 12 as to form, execution, accompanying

documentation, time of filing or otherwise, shall be valid for use at such meeting and any such determination made in good faith shall be final, conclusive and binding upon such meeting.

12.16 Production of Evidence of Authority to Vote

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

13. DIRECTORS

13.1 First Directors; Number of Directors

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

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by directors' resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by directors' resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

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

13.4 Qualifications of Directors

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

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

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

13.7 Special Remuneration for Directors

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

13.8 Gratuity, Pension or Allowance on Retirement of Director

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

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

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

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

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

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

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

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

14.4 Places of Retiring Directors Not Filled

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

14.5 Directors May Fill Casual Vacancies

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

14.6 Remaining Directors' Power to Act

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

14.7 Shareholders May Fill Vacancies

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

14.8 Additional Directors

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

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

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

14.9 Ceasing to be a Director

A director ceases to be a director when:

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

14.10 Removal of Director by Shareholders

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

14.11 Removal of Director by Directors

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

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

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

15.2 Notice of Meetings

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

15.3 Alternate for More Than One Director Attending Meetings

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

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

15.4 Consent Resolutions

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

15.5 Alternate Director Not an Agent

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

15.6 Revocation of Appointment of Alternate Director

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

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

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

15.8 Remuneration and Expenses of Alternate Director

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

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

17. INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

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

17.2 Restrictions on Voting by Reason of Interest

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

17.3 Interested Director Counted in Quorum

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

17.4 Disclosure of Conflict of Interest or Property

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

17.5 Director Holding Other Office in the Company

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

17.6 No Disqualification

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

17.7 Professional Services by Director or Officer

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

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

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

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

- (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

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

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

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

18.5 Calling of Meetings

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

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1 or as provided in Article 18.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

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

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

18.8 Meeting Valid Despite Failure to Give Notice

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

18.9 Waiver of Notice of Meetings

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

waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

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

18.11 Validity of Acts Where Appointment Defective

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

18.12 Consent Resolutions in Writing

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

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) 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 18.12 may be by any written instrument, fax, e-mail or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

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

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

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

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

19.3 Obligations of Committees

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

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

19.4 Powers of Board

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

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

19.5 Committee Meetings

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

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

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) delegate to the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

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

20.4 Remuneration and Terms of Appointment

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

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (1) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) “expenses” has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors

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

21.3 Permitted Indemnification

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

21.4 Non-Compliance with Business Corporations Act

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former Companies Act or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part 21.

21.5 Company May Purchase Insurance

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

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

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

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

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

22.2 Declaration of Dividends

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

22.3 No Notice Required

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

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly 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.

22.6 Settlement of Difficulties

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

- (1) set the value for distribution of specific assets;
- (2) determine that 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
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

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

22.8 Dividends to be Paid in Accordance with Number of Shares

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

22.9 Receipt by Joint Shareholders

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

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

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

22.12 Payment of Dividends

Any dividend or other distribution payable in 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.

22.13 Capitalization of Retained Earnings or Surplus

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.

23. ACCOUNTING RECORDS AND AUDITOR

23.1 Recording of Financial Affairs

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

23.2 Inspection of Accounting Records

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

23.3 Remuneration of Auditor

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

24. NOTICES

24.1 Method of Giving Notice

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

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

- (c) in any other case, the delivery address of the intended recipient;
- (3) unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) unless the intended recipient is the auditor of the Company, sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

24.2 Deemed Receipt

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

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

24.3 Certificate of Sending

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

24.4 Notice to Joint Shareholders

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

24.5 Notice to Legal Personal Representatives and Trustees

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

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

24.6 Undelivered Notices

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

25. SEAL

25.1 Who May Attest Seal

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

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

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

25.3 Mechanical Reproduction of Seal

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

26. PROHIBITIONS

26.1 Definitions

In this Part 26:

- (1) "security" has the meaning assigned in the *Securities Act* (British Columbia);
- (2) "transfer restricted security" means:
 - (a) a share of the Company;
 - (b) a security of the Company convertible into shares of the Company;

- (c) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the “private issuer” exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the “private issuer” exemption.

26.2 Application

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

26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities

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

APPENDIX II
AMALGAMATION APPLICATION



BRITISH COLUMBIA
The Best Place on Earth

Ministry of Finance
BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria, BC V8W 9V3
Location:
2nd Floor - 940 Blanshard Street
Victoria BC
www.fin.gov.bc.ca/registries

AMALGAMATION APPLICATION
FORM 13 - BC COMPANY
Sections 275
Business Corporations Act

Telephone: 250 356-8626

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

Freedom of Information and Protection of Privacy Act (FOIPPA):
Personal information provided on this form is collected, used and disclosed under the authority of the *FOIPPA* and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

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

What kind of company(ies) will be involved in the amalgamation?
(Check all applicable boxes.)

BC company

BC unlimited liability company

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

The name _____ is the name reserved for the amalgamated company.
The name reservation number is: _____, OR

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

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

The name of the amalgamating company being adopted is:

LED Medical Diagnostics Inc.

The incorporation number of that company is: BC0651192

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

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

With Court Approval:

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

OR

Without Court Approval:

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

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

- The amalgamation is to take effect at the time that this application is filed with the registrar.
- The amalgamation is to take effect at 12:01 a.m. Pacific Time on _____ being a date that is not more than ten days after the date of the filing of this application.
- The amalgamation is to take effect at _____ a.m. or p.m. Pacific Time on _____ being a date and time that is not more than ten days after the date of the filing of this application.

E. AMALGAMATING CORPORATIONS

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

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1. EMD Systems Ltd.	BC0723267	
2. LED Medical Diagnostics Inc.	BC0651192	
3. Visiotech Diagnostics Inc.	BC0732874	
4. Searchlight Capital Corp.	BC0878115	

F. FORMALITIES TO AMALGAMATION

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

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

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

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

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
1.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
2.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)

4.

X

NOTICE OF ARTICLES

A. NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.
LED Medical Diagnostics Inc.

B. TRANSLATION OF COMPANY NAME

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

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

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

LAST NAME	FIRST NAME	MIDDLE NAME	DELIVERY ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ZIP CODE	MAILING ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ZIP CODE
Whitehead, Peter			1515 - 19th Street West Vancouver, BC V7V 3X5	1515 - 19th Street West Vancouver, BC V7V 3X5
Pierson, David			7 Prospect Street, #708 Morristown, New Jersey, USA 07960	31 Runnymede Road Chatham, New Jersey, USA 07928
Tourigny, Rodger			2000 - 355 - 4th Avenue SW Calgary, Alberta T2P 0J1	2000 - 355 - 4th Avenue SW Calgary, Alberta T2P 0J1
Smith, W. Keith			116 Riding Trail Lane Pittsburgh, Pennsylvania, USA 15215-1500	116 Riding Trail Lane Pittsburgh, Pennsylvania, USA 15215-1500
Pauls, Rick			7 - 1250 Waverley Street Winnipeg, Manitoba R3T 6C6	7 - 1250 Waverley Street Winnipeg, Manitoba R3T 6C6
Semmelmayr, Steven J.			19190 Palm Vista Yorba Linda, California, USA 92886	19190 Palm Vista Yorba Linda, California, USA 92886
Cartagena, Robert			6022 W. 76 th Place Los Angeles, California, USA 90045	6022 W. 76 th Place Los Angeles, California, USA 90045
Yea, Darryl			Suite 1548 – 666 Burrard St. Vancouver, BC V6C 2X8	Suite 1548 – 666 Burrard St. Vancouver, BC V6C 2X8
Varshney, Praveen			Suite 1304 – 925 W. Georgia St. Vancouver, BC V6C 3L2	Suite 1304 – 925 W. Georgia St. Vancouver, BC V6C 3L2

D. REGISTERED OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE (INCLUDING BC and POSTAL CODE)

25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE (INCLUDING BC and POSTAL CODE)

25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3

E. RECORDS OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE (INCLUDING BC and POSTAL CODE)

25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE (INCLUDING BC and POSTAL CODE)

25th Floor, 700 West Georgia Street, Vancouver, BC V7Y 1B3

F. AUTHORIZED SHARE STRUCTURE

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED OR NO MAXIMUM NUMBER	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	no maximum number	without par value	n/a	No

APPENDIX III

PART 28 OF THE NOTICE OF ARTICLES OF LED MEDICAL DIAGNOSTICS INC. (the “Company”)

28. SPECIAL RIGHTS OR RESTRICTIONS ATTACHED TO THE CLASS A SHARES

The special rights or restrictions attaching to the Class A Shares shall be as follows:

28.1 Voting

The holders of the Class A Shares shall be entitled to one vote for each Class A Share held at all meetings of shareholders of the Company, other than meetings at which only the holders of another class of shares are entitled to vote separately as a class.

28.2 Dividends or Other Distributions

The Class A Shares shall have declared and paid on them as dividends, in accordance with and subject to these Articles, and concurrently with any declaration or payment of dividends on the Common Shares, such dividends in such amounts as the directors of the Company may from time to time in their discretion determine to declare and pay equally on the Common Shares and the Class A Shares, on a per share basis, and no dividend shall be declared or paid on the Common Shares in any fiscal year of the Company unless a dividend of at least an equal amount per share is concurrently declared and paid or set aside for payment on the Class A Shares for such fiscal year.

28.3 Dissolution, Winding-Up or Other Similar Events

Except as expressly provided otherwise, each Common Share and each Class A Share shall have attached thereto the same rights and restrictions and be the same in all respects, and in particular, without limiting the generality of the foregoing, in the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among the shareholders for the purpose of winding up its affairs, all the property and assets of the Company available for distribution to the holders of the Common Shares and the holders of the Class A Shares shall be paid or distributed, in accordance with and subject to these Articles, equally, share for share, to the holders of the Common Shares and the holders of the Class A Shares, respectively, without preference or distinction.

SCHEDULE "C"

INFORMATION CONCERNING MACQUARIE OPTIONS

Information concerning Macquarie Options:

Number of Options and Name of Option holder	Exercise Price per Option	Expiry Date
150,000 (Macquarie Private Wealth Inc.)	\$0.20	October 14, 2012
TOTAL: 150,000		

SCHEDULE "D"

INFORMATION CONCERNING LED AGENT OPTIONS AND LED WARRANTS

Information concerning LED Agent Options:

Number of Options	Exercise Price per Option	Expiry Date
240,000	US\$2.00	One year from the completion of a "liquidity event"
TOTAL: 240,000		

Information concerning LED Warrants:

Number of Warrants	Exercise Price per Warrant	Expiry Date
140,500	\$0.65	June 21, 2012
1,430,000	\$0.65	July 9, 2012
120,000	\$0.65	August 13, 2012
450,000	\$0.65	October 31, 2012
2,795,169	\$0.65	November 3, 2012
2,541,468	\$0.65	The earlier of (i) one year after applicable milestone date; and (ii) November 30, 2013
1,014,997	\$1.00	February 22, 2013
TOTAL: 8,492,134		