AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of the 26th day of July, 2013.

BETWEEN:

SOPHIA CAPITAL CORP., a corporation existing under the laws of British Columbia and having its head office at 1000 - 595 Burrard St., Vancouver, BC V7X 1S8 ("**Sophia**");

-and-

FOLKSTONE CAPITAL CORP., a corporation existing under the laws of British Columbia and having its head office at 1000 - 595 Burrard St., Vancouver, BC V7X 1S8 ("**Folkstone**");

WHEREAS Sophia and Folkstone have agreed to amalgamate pursuant to the provisions of the *Business Corporations Act* (British Columbia);

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree with each other as follows:

ARTICLE 1
DEFINITIONS

1.1 **Definitions**. In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following words and terms set forth in this Article I shall have the following meanings:

(a) "**Act**" means the *Business Corporations Act* (British Columbia) S.B.C. 2002, c.57;

(b) "**Affiliate**" means an affiliated body corporate within the meaning of the Act;

(c) "**Agreement**" means this Agreement and all instruments, appendices and schedules supplemental hereto or in amendment or confirmation hereof; "herein", "hereof and similar expressions mean and refer to this Agreement and not to any particular article, section, clause or subclause; and "Article", "Section", "clause" or "subclause" means and refers to the specified article, section, clause or subclause of this Agreement;

(d) "**Amalco**" has the meaning specified in Section 2.2;

(e) "**Amalco Broker Options**" has the meaning specified in Section 3.1;

(f) "**Amalco Options**" means collectively, the Amalco Sophia Options and the Amalco Folkstone Options;

(g) "**Amalco Shares**" means fully paid and non-assessable common shares in the capital of Amalco which are to be issued from the treasury of Amalco to the Sophia Shareholders and Folkstone Shareholders in accordance with Section 3.1 hereof;

(h) "**Amalgamating Corporations**" means, collectively, Sophia and Folkstone;

(i) "**Amalgamation**" means the amalgamation of Sophia and Folkstone pursuant to this Agreement and in accordance with the Act;

(j) "**Arm's Length**" has the same meaning ascribed thereto in the Tax Act;

(k) "**Business Day**" means a day other than a Saturday or Sunday on which the principal commercial banks located in Vancouver, British Columbia, are open for business during normal banking hours;

(l) "**Circular**" means the joint management information circular of Sophia and Folkstone, which provides full, true and plain disclosure of all material facts relating to Sophia, Folkstone and the Amalgamation;

(m) "**Closing**" means the completion of the Amalgamation set forth herein, which shall take place on the Effective Date at the offices of Norton Rose Fulbright Canada LLP in Toronto, Ontario;

(n) "**Closing Date**" means the day of the Closing;

(o) "**Depository**" means Olympia Trust Company, in its capacity as Depository for the Sophia Shares under the Amalgamation;

(p) "**Effective Date**" means the date of amalgamation as set forth in the certificate of amalgamation for Amalco;

(q) "**Exchange**" means the TSX Venture Exchange;

(r) "**First Anniversary**" means the first anniversary of the Effective Date;

(s) "**Folkstone**" means Folkstone Capital Corp., a corporation existing under the laws of British Columbia;

(t) "**Folkstone IPO Broker Options**" means the 200,000 non-transferable stock options of Folkstone, each of which entitles the holder thereof to acquire one (1) Folkstone Share in accordance with its terms;

(u) "**Folkstone Meeting**" means the special meeting of the Folkstone Shareholders to be held on August 21, 2013 and all adjournments thereof;

(v) "**Folkstone Shares**" means the fully paid and non-assessable common shares in the capital of Folkstone;

(w) "**Folkstone Shareholders**" means all of the shareholders of the Folkstone Shares;

(x) "**Folkstone's Business**" means identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction (as such term is defined by the policies of the Exchange);

(y) "**Folkstone's Financial Statements**" mean the audited consolidated financial statements of Folkstone for the fiscal year ended February 28, 2013, including all notes thereto;

(z) "**Generally Accepted Accounting Principles**" means the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with such principles;

(aa) "**Material Adverse Change**" means, in respect of either of the parties, any change, event or occurrence, including any change, event or occurrence that is related to or arises as a result of previously disclosed information, representations and warranties concerning the affairs of either party, and "**Material Adverse Effect**" means, in respect of either of the parties, any state of facts, which, in either case, either individually or in the aggregate, is, or could reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), capitalization, operations, prospects or results or operations of that party, taken as a whole.

(bb) "**Material Fact**" in relation to any party hereto includes, without limitation, any fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the shares of such party;

(cc) "**Meeting**" means either the Folkstone Meeting or the Sophia Meeting, as the context requires, and means both the Folkstone Meeting and the Sophia Meeting when used in the plural;

(dd) "**Person**" means any individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, body corporate, a natural person in his capacity as trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;

(ee) "**Registrar**" means the person appointed as the Registrar of Companies under the Act;

(ff) "**Securities Acts**" means collectively the *Securities Act* (Ontario), the *Securities Act* (Alberta), the *Securities Act* (Saskatchewan) and the *Securities Act* (British Columbia) as may be amended from time to time, and any successors thereto;

(gg) "**Sophia**" means Sophia Capital Corp., a corporation existing under the laws of British Columbia;

(hh) "**Sophia Meeting**" means the annual general and special meeting of the Sophia Shareholders to be held on August 21, 2013 and all adjournments thereof;

(ii) "**Sophia Shareholders**" means all of the shareholders of the Sophia Shares;

(jj) "**Sophia Shares**" means the fully paid and non-assessable common shares in the capital of Sophia;

(kk) "**Sophia's Business**" means identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction (as such term is defined by the Exchange);

(ll) "**Sophia's Financial Statements**" mean the audited consolidated financial statements of Sophia for the fiscal year ended January 31, 2013, including all notes thereto, and the unaudited interim financial statements of Sophia for the three month period ended April 30, 2013, including all notes thereto;

(mm) "**Tax Act**" means the *Income Tax Act* (Canada), as it may be amended from time to time, and any successor thereto. Any reference herein to a specific section or sections of the Tax Act, or regulations promulgated thereunder, shall be deemed to include a reference to all corresponding provision of future law;

(nn) "**Tax Laws**" shall mean the Tax Act and any applicable provincial, or foreign income taxation stature(s), as from time to time amended, and any successors thereto; and

(oo) "**Third Party**" means any Person other than the parties to this Agreement.

1.2 **Currency**. Unless otherwise indicated, all dollar amounts referred to in this Agreement are in Canadian funds.

1.3 **Tender**. Any tender of documents or money hereunder may be made upon the counsel and money may be tendered by bank draft or by certified cheque.

1.4 **Number and Gender**. Where the context requires, words imparting the singular shall include the plural and vice versa, and words imparting gender shall include all genders.

1.5 **Headings**. Article and Section headings contained in this Agreement are included solely for convenience, are not intended to be full or accurate descriptions of the content thereof and shall not be considered part of this Agreement or affect the construction or interpretation of any provision hereof.

1.6 **Schedules**. The Schedules to this Agreement shall be construed with and be considered an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein. The following Schedules are attached hereto:

Schedule "A" Articles of Amalgamation of Amalco
Schedule "B" Form 13 – Amalgamation Application of Amalco

1.7 **Accounting Terms**. All accounting terms not specifically defined herein shall be construed in accordance with Generally Accepted Accounting Principles.

ARTICLE 2
AMALGAMATION

2.1 **Agreement to Amalgamate**. The Amalgamating Corporations do hereby agree to amalgamate pursuant to the provisions of Section 269 of the Act as of the Effective Date and to continue as one corporation governed by the Act on the terms and conditions set out in this Agreement and the draft articles of amalgamation as set out in Schedule “A” hereto.

2.2 **Name**. The name of the amalgamated corporation shall be Folkstone Capital Corp. (referred to in this Agreement as "**Amalco**").

2.3 **Registered Office**. The registered office of Amalco shall be 1000 – 595 Burrard St., Vancouver, B.C. V7X 1S8.

2.4 **Articles of Amalgamation**. The draft Articles of Amalgamation of Amalco shall be in the form set out in Schedule “A” attached hereto and the draft Form 13 – Amalgamation Application of Amalco shall be set out in Schedule "B" attached hereto.

2.5 **Authorized Capital.** The authorized capital of Amalco shall consist of an unlimited number of common shares without par value.

2.6 **Cancellation of Unissued Shares.** The unissued shares of each of the Amalgamating Corporations shall be cancelled and shall not be exchanged for Amalco Shares.

2.7 **Initial Directors**.

(a) The minimum number of directors of Amalco shall be three (3) and the maximum number of directors shall be the number of directors set by ordinary resolution of the shareholders of Amalco from time to time.

(b) The first directors of Amalco shall be the persona whose names and prescribed addresses appear below:

Name	Address	Resident Canadian
Eric Owens	XXXXXXXXXXXXX XXXXXXXXXXXXXXXXX	Yes
Mario Miranda	XXXXXXXXXXXXX XXXXXXXXXXXXXXXXX	Yes
Eddy Canova	XXXXXXXXXXXXX XXXXXXXXXXXXXXXXX	Yes

Such directors shall hold office until the first annual general meeting of shareholders of Amalco or until his successor is elected or appointed.

2.8 **Filing of Documents**. Upon the shareholders of each of the Amalgamating Corporations approving this Agreement by special resolution in accordance with the Act, the Amalgamating Corporations shall jointly file with the Registrar, under the Act, articles of amalgamation, the Form 13 Amalgamation Application and such other documents as may be required.

2.9 **Stated Capital**. The stated capital of Amalco, immediately after the amalgamation becomes effective shall be equal to the aggregate stated capital of each of the Amalgamating Corporations.

2.10 **Fiscal Year.** The fiscal year end of Amalco is to be May 31st in each year.

2.11 **Registrar and Transfer Agent.** The Registrar and Transfer Agent for the securities of Amalco shall be Olympia Trust Company.

2.12 **Auditor.** The auditor of Amalco shall be Davidson & Company LLP, and its remuneration may be fixed from time to time by the directors of Amalco. The first auditor of the Amalco shall hold office until the first annual general meeting of shareholders of Amalco after the Effective Date or until their successors are duly appointed.

ARTICLE 3
ISSUANCE OF SECURITIES

3.1 **Issuance of Shares**. The shares in the capital of the Amalgamating Corporations which are issued and outstanding immediately prior to the Effective Date shall, on and from the Effective Date, be exchanged with shares of Amalco as follows:

(a) 1,721,233 fully paid, issued and outstanding Amalco Shares to Sophia Shareholders, being 1.09 Amalco Shares for each one (1) Sophia Share issued and outstanding as of the execution of this Agreement; and

(b) 4,150,000 fully paid, issued and outstanding Amalco Shares to Folkstone Shareholders, being one (1) Amalco Share for each one (1) Folkstone Share issued and outstanding as of the execution of this Agreement; and

(c) each Folkstone IPO Broker Option shall be cancelled and extinguished and in consideration therefor, and without any further action on the part of any holder of a Folkstone IPO Broker Option, shall be replaced with a warrant (each an "**Amalco Broker Option**") to purchase the number of Amalco Shares determined by multiplying the number of Folkstone Shares subject to the particular Folkstone IPO Broker Option by one

(1), at an exercise price per Amalco Share equal to the exercise price per share in the particular Folkstone IPO Broker Option.

3.2 **Exchange of Sophia Shares**

(a) Following the Effective Date, upon surrender to the Depository for cancellation of a certificate, which immediately prior to the Effective Time represented outstanding Sophia Shares that were exchanged Amalco Shares pursuant to this Agreement, together with such additional documents and instruments as the Depository may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor from the Depository, and the Depository shall deliver as soon as possible to such holder, a share certificate for that number of Amalco Shares that such holder has the right to receive under the Amalgamation for such Sophia Shares.

(b) Until surrendered as contemplated by this Section 3.2, each certificate which immediately prior to the Effective Time represented Sophia Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender Amalco Shares in lieu of such certificate as contemplated in this Section 3.2. Any such certificate not duly surrendered on or before the First Anniversary shall cease to represent a claim by or interest of any former holder of any kind or nature against or in Folkstone, Sophia or Amalco. On the First Anniversary, all Amalco Shares to which such former holder was entitled shall be deemed to have been surrendered to Amalco.

3.3 **Fractional Shares**. No fractional Amalco Shares shall be issued by Amalco pursuant to this Agreement. Any exchange or replacement contemplated in Section 3.1 that results in less than a whole number shall be rounded to the nearest whole number.

3.4 **Lost Certificates.** In the event any certificate, which immediately prior to the Effective Time represented one or more outstanding Sophia Shares that were exchanged pursuant to this Agreement, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depository will issue in exchange for such lost, stolen or destroyed certificate, the Amalco Shares deliverable in accordance with the terms herein. When authorizing such issuance in exchange for any lost, stolen or destroyed certificate, the Person to whom such Amalco Shares are to be delivered shall as a condition precedent to the delivery of such Amalco Shares, give a bond satisfactory to Amalco in such sum as Amalco may direct, or otherwise indemnify Amalco in a manner satisfactory to Amalco against any claim that may be made against Amalco with respect to the certificate alleged to have been lost, stolen or destroyed.

3.5 **Withholding Rights.** Sophia, Amalco and the Depository shall be entitled to deduct and withhold from any consideration otherwise payable to any Sophia Shareholder such amounts as Sophia, Amalco or the Depository determines are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, or any provision of any other applicable tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to Sophia Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

3.6 **No Liens.** Any exchange or transfer of securities pursuant to this Agreement shall be free and clear of all liens or other claims of third parties of any kind.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties of Sophia**. Sophia hereby represents and warrants to Folkstone that:

(a) Sophia is a corporation incorporated and subsisting under the laws of British Columbia, has all requisite corporate power to own its properties and to its business as it is presently being conducted and is registered or otherwise qualified to carry on business in all jurisdictions in which the nature of its assets or business makes such registration or qualification necessary or advisable;

(b) Sophia has no subsidiaries;

(c) subject to obtaining any required regulatory approvals, as applicable, Sophia has full legal capacity and corporate power to enter into this Agreement and to take, perform or execute all proceedings, acts and instruments necessary or advisable to consummate the actions and transactions contemplated in this Agreement;

(d) all necessary corporate action has been taken, or will be taken prior to the Effective Date, by or on the part of Sophia to authorize the execution and delivery of this Agreement, including, approval of the Amalgamation by special resolution of its shareholders, and the taking, performing or executing of such proceedings, acts and instruments as are necessary or advisable for consummating the actions and transactions contemplated in this Agreement and for fulfilling their respective obligations hereunder;

(e) this Agreement has been duly executed and delivered on behalf of Sophia and constitutes a legal, valid and binding obligation of Sophia, enforceable against Sophia in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, re-organization or other laws relating to the enforcement of creditors' rights generally;

(f) neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor compliance with and fulfillment of the terms and provisions of this Agreement will:

(i) conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under:

(A) any of the constating documents of Sophia; or

(B) any instrument, agreement, mortgage, judgment, order, award, decree or other instrument or restriction to which Sophia is a party of or by which Sophia is bound; or

(ii) except as otherwise described herein, require any affirmative approval, consent, authorization or other order or action by any court, governmental authority or regulatory body or by any creditor of Sophia or any party to any agreement to which Sophia is a party or by which Sophia is bound, except as shall have been obtained prior to Closing;

(g) the authorized capital of Sophia consists of an unlimited number of Sophia Shares, of which 1,575,000 are presently issued and outstanding. Each of the presently issued and outstanding Sophia Shares has been validly allotted and issued and is outstanding as a fully-paid and non-assessable share;

(h) except as disclosed herein, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, including convertible securities, warrants or convertible obligations of any nature, for the purchase from Sophia of any Sophia Shares or for the subscription, allotment or issuance of any unissued shares in the capital of Sophia;

(i) the books and records of Sophia fairly and correctly set out and disclose in all material respects, the financial position of Sophia as at the dates thereof and all material financial transactions of Sophia relating to Sophia's Business have been accurately recorded in such books and records;

(j) Sophia does not have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of Sophia and, at Closing, Sophia will have originals or copies of all such records, systems, controls, data or information in its possession or control;

(k) Sophia's Financial Statements fairly present the financial position of Sophia as at the dates indicated therein and fairly present the results of operations for the periods ended on such dates, all in accordance with Generally Accepted Accounting Principles consistently applied throughout the period covered thereby, save and except as stated therein. Sophia's books of account reflect all items of income and expense and all assets and liabilities and accruals required to be reflected therein;

(l) as of the date hereof, the board of directors of Sophia, after considering this Agreement and the transactions contemplated herein, has determined unanimously that this Agreement and the transactions contemplated herein are fair to Sophia's security holders and are in the best interests of Sophia;

(m) save and except for matters which are disclosed in Sophia's Financial Statements or otherwise expressly set out in this Agreement, Sophia has not (nor has it agreed to):

  (i) incurred any debts, obligations or liabilities (absolute, accrued, contingent or otherwise and whether due or to become due), except debts, obligations and liabilities incurred in the ordinary course of business;

  (ii) discharged or satisfied any liens or paid any obligation or liability other than liabilities shown on Sophia's Financial Statements, other than in the ordinary course of business;

  (iii) declared or made any payment, distribution or dividend based on its shares or purchased, redeemed or otherwise acquired any of the shares in its capital or other securities or obligated itself to do so;

  (iv) mortgaged, pledged or subjected to lien or other security interest any of its assets, tangible or intangible other than the usual security granted to secure a bank line of credit or other than in the ordinary course of business;

  (v) sold, assigned, leased, transferred or otherwise disposed of any of its assets (excluding inventory) whether or not in the ordinary course of business;

  (vi) increased materially the compensation payable or to become payable to any of its officers, directors or employees, or in any bonus payment to or arrangement made with any officer, director or employee, or made any material changes in its personnel policies or employee benefits;

(vii) cancelled, waived, released or compromised any debt, claim or right resulting in a Material Adverse Effect;

(viii) significantly altered or revised any of its accounting principles, procedures, methods or practices except as required under Generally Accepted Accounting Principles;

(ix) changed its credit policy as to provision of services, sales of inventories or collection or accounts receivable except as dictated by competitive conditions;

(x) suffered any material damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, business or prospects of Sophia;

(xi) entered into any transaction, contract or commitment other than in the ordinary course of business except for the transactions set forth in this Agreement and the Circular;

(xii) made or authorized any capital expenditures in excess of $5,000 in the aggregate;

(xiii) except as disclosed herein, issued or sold any shares in its capital stock or other securities, or granted any options with respect;

(xiv) suffered or experienced any Material Adverse Change, and Sophia has no knowledge, information or belief of any fact, event or circumstances which might reasonably be expected to affect materially and adversely the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business operations or prospects, and has not changed any shares of its capital stock, whether by way of reclassification, stock split or otherwise;

(n) the corporate records and minute books of Sophia as provided to Folkstone or its legal counsel contain complete and accurate minutes of all meetings of and corporate actions or written consents by the directors and shareholders of Sophia, including all resolutions passed by the board of directors and shareholders of Sophia since the incorporation of Sophia; and all such meetings were duly called and held;

(o) Sophia does not hold or own, beneficially or otherwise, any securities of any other corporate entity;

(p) Sophia does not operate or engage in any business activities, operations or management of any nature or kind whatsoever other than Sophia's Business;

(q) except as expressly referred to in Sophia's Financial Statements,

(i) Sophia does not have outstanding any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever and Sophia is not bound under any agreement to create, issue or incur any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever, and

(ii) Sophia is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person.

(r) since incorporation, no payments have been made or authorized by Sophia to its officers, directors, employees, shareholders or former directors, officers, employees or shareholders or to any person not dealing at Arm's Length with any of the foregoing, except those expressly disclosed herein, reflected in Sophia's Financial Statements or made in the ordinary course of business and at the regular rates payable to them of salary, pension, bonuses or other remuneration of any nature;

(s) Sophia has filed all tax returns required to be filed by it prior to the date hereof in all applicable jurisdictions and has paid, collected and remitted all taxes, customs duties, tax instalments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by it at present. All such tax returns properly reflect, and do not in any respect understate the income, taxable income or the liability for taxes of Sophia in the relevant period and the liability of Sophia for the collection, payment and remittance of tax under applicable Tax Laws;

(t) adequate provision has been made in Sophia's Financial Statements for all taxes, governmental charges and assessments, including interest and penalties thereon, payable by Sophia for all periods up to the date of the balance sheets comprising part of Sophia's Financial Statements;

(u) Sophia has withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including the year ended January 31, 2013;

(v) there are no actions, suits or other proceedings, investigations or claims in progress or pending and, to the best of Sophia's belief and knowledge, there are no actions, suits or other proceedings or investigations or claims threatened, against Sophia in respect of any taxes, governmental charges or assessments and no waivers have been filed by Sophia with any taxing authority;

(w) Sophia is conducting and has always conducted Sophia's Business in substantial compliance with all applicable laws, rules and regulations of each jurisdiction in which Sophia's Business is carried on, is not currently in breach of any such laws, rules or regulations and is duly licenced, registered or qualified in each jurisdiction in which Sophia owns or leases property or carries on Sophia's Business, to enable Sophia's Business to be carried on as now conducted;

(x) other than the filing of articles of amalgamation and any required regulatory approvals, no consent, licence, approval, order or authorization of, or registration, filing or declaration with any governmental authority that has not been obtained or made by Sophia and no consent of any Third Party is required to be obtained by Sophia in connection with the execution, delivery and performance by Sophia of this Agreement or the consummation of the transactions contemplated hereby;

(y) there is no action, lawsuit, claim, proceeding, or investigation pending or, to the best knowledge of Sophia, threatened against, relating to or affecting Sophia before any court, government agency, or any arbitrator of any kind, and Sophia is not aware of any existing ground on which any such proceeding might be commenced with any reasonable likelihood of success and there is not presently outstanding against Sophia any judgment, decree, injunction, rule or order of any court, governmental agency, or arbitrator relating to or affecting Sophia in connection with Sophia's Business;

(z) there is not now outstanding any arrangement (contractual or otherwise) between Sophia and any Person which will or may be, terminated or, to the best of the knowledge of Sophia, prejudicially affected as a result of the Amalgamation contemplated herein;

(aa) no employee has made any claim or, to the best of Sophia's knowledge, has any basis for any action or proceeding against Sophia, arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices, harassment, occupational health and safety standards or worker's compensation;

(bb) Sophia has not made any agreements with any labour union or employee association nor made any commitments to or conducted any negotiations with any labour union or employee association with respect to any future agreements;

(cc) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of Sophia's employees by way of certification, interim certification, voluntary recognition, designation or successor rights;

(dd) Sophia is not a party to any lease or agreement in the nature of a lease, whether as lessor or lessee;

(ee) Sophia does not currently own any material insurable assets and does not currently maintain any policies of insurance except as previously disclosed to Folkstone;

(ff) there are no outstanding written or oral employment contracts, sales, services, management or consulting agreements, employee benefit or profit-sharing plans, or any bonus arrangements with any employee of Sophia, nor are there any outstanding oral contracts of employment which are not terminable on the giving of reasonable notice in accordance with applicable law. There are no pension or retirement plans established by or for Sophia for the employees of Sophia's Business;

(gg) Sophia is a reporting issuer under each of the Securities Acts and is not in default of any requirement of any such Securities Act;

(hh) no representation or warranty made by Sophia in this Agreement and no statement made in any schedule, exhibit, certificate or other document furnished pursuant to this Agreement, contains, or will contain, any untrue statement of a Material Fact or omits, or will omit, to state any Material Fact necessary to make such representation or warranty or any such statement not misleading. Sophia does not know of any fact which, if known to Folkstone, would deter them from consummating the transactions contemplated herein;

(ii) Sophia does not have any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with Sophia that are currently outstanding;

(jj) the minute books of Sophia are true and correct in all material respects and contain the minutes of all meetings and all the resolutions enacted by the directors and shareholders of Sophia;

(kk) other than as disclosed to Folkstone, as of the date hereof, no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Sophia;

(ll) Sophia has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other forms of compensation with respect to the transactions contemplated herein for which Sophia will have any liability or obligation except as provided herein;

(mm) neither Sophia nor, to its knowledge, any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of Sophia; and

(nn) Sophia does not have in place a shareholder rights protection plan.

4.2 No investigations made by or on behalf of Folkstone at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by Sophia herein or pursuant hereto and no waiver by Folkstone of any condition, in whole or in part, shall operate as a waiver of any other conditions.

4.3 **Representations and Warranties of Folkstone**. Folkstone hereby represents and warrants to Sophia that:

(a) Folkstone is a corporation incorporated and subsisting under the laws of British Columbia, has all requisite corporate power to own its properties and to its business as it is presently being conducted and is registered or otherwise qualified to carry on business in all jurisdictions in which the nature of its assets or business makes such registration or qualification necessary or advisable;

(b) Folkstone has no subsidiaries;

(c) subject to obtaining any required regulatory approvals, as applicable, Folkstone has full legal capacity and corporate power to enter into this Agreement and to take, perform or execute all proceedings, acts and instruments necessary or advisable to consummate the actions and transactions contemplated in this Agreement;

(d) all necessary corporate action has been taken, or will be taken prior to the Effective Date, by or on the part of Folkstone to authorize the execution and delivery of this Agreement, including, approval of the Amalgamation by special resolution of its shareholders, and the taking, performing or executing of such proceedings, acts and instruments as are necessary or advisable for consummating the actions and transactions contemplated in this Agreement and for fulfilling their respective obligations hereunder;

(e) this Agreement has been duly executed and delivered on behalf of Folkstone and constitutes a legal, valid and binding obligation of Folkstone, enforceable against Folkstone in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, re-organization or other laws relating to the enforcement of creditors' rights generally;

(f) neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor compliance with and fulfillment of the terms and provisions of this Agreement will:

(i) conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under:

(A) any of the constating documents or by-laws of Folkstone; or

(B) any instrument, agreement, mortgage, judgment, order, award, decree or other instrument or restriction to which Folkstone is a party of or by which Folkstone is bound; or

(ii) except as otherwise described herein, require any affirmative approval, consent, authorization or other order or action by any court, governmental authority or regulatory body or by any creditor of Folkstone or any party to any agreement to which Folkstone is a party or by which Folkstone is bound, except as shall have been obtained prior to Closing;

(g) the authorized capital of Folkstone consists of an unlimited number of Folkstone Shares, of which 4,150,000 are presently issued and outstanding. Each of the presently issued and outstanding Folkstone Shares has been validly allotted and issued and is outstanding as a fully-paid and non-assessable share;

(h) except for the Folkstone IPO Broker Options, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, including convertible securities, warrants or convertible obligations of any nature, for the purchase from Folkstone of any Folkstone Shares or for the subscription, allotment or issuance of any unissued shares in the capital of Folkstone;

(i) the books and records of Folkstone fairly and correctly set out and disclose in all material respects, the financial position of Folkstone as at the dates thereof and all material financial transactions of Folkstone relating to Folkstone's Business have been accurately recorded in such books and records;

(j) Folkstone does not have any of its records, systems, controls, data or information recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of Folkstone and, at Closing, Folkstone will have originals or copies of all such records, systems, controls, data or information in its possession or control;

(k) Folkstone's Financial Statements fairly present the financial position of Folkstone as at the dates indicated therein and fairly present the results of operations for the periods ended on such dates, all in accordance with Generally Accepted Accounting Principles consistently applied throughout the period covered thereby, save and except as stated therein. Folkstone's books of account reflect all items of income and expense and all assets and liabilities and accruals required to be reflected therein;

(l) as of the date hereof, the board of directors of Folkstone, after considering this Agreement and the transactions contemplated herein, has determined unanimously that this Agreement and the transactions contemplated herein are fair to Folkstone's security holders and are in the best interests of Folkstone;

(m) save and except for matters which are disclosed in Folkstone's Financial Statements or otherwise expressly set out in this Agreement, Folkstone has not (nor has it agreed to):

(i) incurred any debts, obligations or liabilities (absolute, accrued, contingent or otherwise and whether due or to become due), except debts, obligations and liabilities incurred in the ordinary course of business;

(ii) discharged or satisfied any liens or paid any obligation or liability other than liabilities shown on Folkstone's Financial Statements, other than in the ordinary course of business;

(iii) declared or made any payment, distribution or dividend based on its shares or purchased, redeemed or otherwise acquired any of the shares in its capital or other securities or obligated itself to do so;

(iv) mortgaged, pledged or subjected to lien or other security interest any of its assets, tangible or intangible other than the usual security granted to secure a bank line of credit or other than in the ordinary course of business;

(v) sold, assigned, leased, transferred or otherwise disposed of any of its assets excluding inventory) whether or not in the ordinary course of business;

(vi) increased materially the compensation payable or to become payable to any of its officers, directors or employees, or in any bonus payment to or arrangement made with any officer, director or employee, or made any material changes in its personnel policies or employee benefits;

(vii) cancelled, waived, released or compromised any debt, claim or right resulting in a Material Adverse Effect;

(viii) significantly altered or revised any of its accounting principles, procedures, methods or practices except as required under Generally Accepted Accounting Principles;

(ix) changed its credit policy as to provision of services, sales of inventories or collection or accounts receivable except as dictated by competitive conditions;

(x) suffered any material damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, business or prospects of Folkstone;

(xi) entered into any transaction, contract or commitment other than in the ordinary course of business except for the transactions set forth in this Agreement and the Circular;

(xii) made or authorized any capital expenditures in excess of $5,000 in the aggregate;

(xiii) issued or sold any shares in its capital stock or other securities, or granted any options with respect thereto except as otherwise referred to in paragraph 4.3(h) hereof or;

(xiv) suffered or experienced any Material Adverse Change, and Folkstone has no knowledge, information or belief of any fact, event or circumstances which might reasonably be expected to affect materially and adversely the condition (financial or otherwise) of its properties, assets, liabilities, earnings, business operations or prospects, and has not changed any shares of its capital stock, whether by way of reclassification, stock split or otherwise;

(n) the corporate records and minute books of Folkstone as provided to Sophia or its legal counsel contain complete and accurate minutes of all meetings of and corporate actions or written consents by the directors and shareholders of Folkstone, including all by-laws and resolutions passed by the board of directors and shareholders of Folkstone since the incorporation of Folkstone; and all such meetings were duly called and held;

(o) Folkstone does not hold or own, beneficially or otherwise, any securities of any other corporate entity;

(p) Folkstone does not operate or engage in any business activities, operations or management of any nature or kind whatsoever other than Folkstone's Business;

(q) except as expressly referred to in Folkstone's Financial Statements,

(i) Folkstone does not have outstanding any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever and Folkstone is not bound under any agreement to create, issue or incur any bonds, debentures, mortgages, notes or other similar indebtedness or liabilities whatsoever, and

(ii) Folkstone is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person.

(r) since incorporation, no payments have been made or authorized by Folkstone to its officers, directors, employees, shareholders or former directors, officers, employees or shareholders or to any person not dealing at Arm's Length with any of the foregoing, except those expressly disclosed herein, reflected in Folkstone's Financial Statements or made in the ordinary course of business and at the regular rates payable to them of salary, pension, bonuses or other remuneration of any nature;

(s) Folkstone has filed all tax returns required to be filed by it prior to the date hereof in all applicable jurisdictions and has paid, collected and remitted all taxes, customs duties, tax instalments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by it at present. All such tax returns properly reflect, and do not in any respect understate the income, taxable income or the liability for taxes of Folkstone in the relevant period and the liability of Folkstone for the collection, payment and remittance of tax under applicable Tax Laws;

(t) adequate provision has been made in Folkstone's Financial Statements for all taxes, governmental charges and assessments, including interest and penalties thereon, payable by Folkstone for all periods up to the date of the balance sheets comprising part of Folkstone's Financial Statements;

(u) Folkstone has withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including the year ended February 28, 2013;

(v) there are no actions, suits or other proceedings, investigations or claims in progress or pending and, to the best of Folkstone's belief and knowledge, there are no actions, suits or other proceedings or investigations or claims threatened, against Folkstone in respect of any taxes, governmental charges or assessments and no waivers have been filed by Folkstone with any taxing authority;

(w) Folkstone is conducting and has always conducted Folkstone's Business in substantial compliance with all applicable laws, rules and regulations of each jurisdiction in which Folkstone's Business is carried on, is not currently in breach of any such laws, rules or regulations and is duly licenced, registered or qualified in each jurisdiction in which Folkstone owns or leases property or carries on Folkstone's Business, to enable Folkstone's Business to be carried on as now conducted;

(x) other than the filing of articles of amalgamation and any required regulatory approvals, no consent, licence, approval, order or authorization of, or registration, filing or declaration with any governmental authority that has not been obtained or made by Folkstone and no consent of any Third Party is required to be obtained by Folkstone in connection with the execution, delivery and performance by Folkstone of this Agreement or the consummation of the transactions contemplated hereby;

(y) there is no action, lawsuit, claim, proceeding, or investigation pending or, to the best knowledge of Folkstone, threatened against, relating to or affecting Folkstone before any court, government agency, or any arbitrator of any kind, and Folkstone is not aware of any existing ground on which any such proceeding might be commenced with any reasonable likelihood of success and there is not presently outstanding against Folkstone any judgment, decree, injunction, rule or order of any court, governmental agency, or arbitrator relating to or affecting Folkstone in connection with Folkstone's Business;

(z) there is not now outstanding any arrangement (contractual or otherwise) between Folkstone and any Person which will or may be, terminated or, to the best of the knowledge of Folkstone, prejudicially affected as a result of the Amalgamation contemplated herein;

(aa) no employee has made any claim or, to the best of Folkstone's knowledge, has any basis for any action or proceeding against Folkstone, arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices, harassment, occupational health and safety standards or worker's compensation;

(bb) Folkstone has not made any agreements with any labour union or employee association nor made any commitments to or conducted any negotiations with any labour union or employee association with respect to any future agreements;

(cc) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of Folkstone's employees by way of certification, interim certification, voluntary recognition, designation or successor rights;

(dd) Folkstone is not a party to any lease or agreement in the nature of a lease, whether as lessor or lessee;

(ee) Folkstone does not currently own any material insurable assets and does not currently maintain any policies of insurance except as previously disclosed to Sophia;

(ff) there are no outstanding written or oral employment contracts, sales, services, management or consulting agreements, employee benefit or profit-sharing plans, or any bonus arrangements with any employee of Folkstone, nor are there any outstanding oral contracts of employment which are not terminable on the giving of reasonable notice in accordance with applicable law. There are no pension or retirement plans established by or for Folkstone for the employees of Folkstone's Business;

(gg) Folkstone is a reporting issuer under each of the Securities Acts and is not in default of any requirement of any such Securities Act;

(hh) no representation or warranty made by Folkstone in this Agreement and no statement made in any schedule, exhibit, certificate or other document furnished pursuant to this Agreement, contains, or will contain, any untrue statement of a Material Fact or omits, or will omit, to state any Material Fact necessary to make such representation or warranty or any such statement not misleading. Folkstone does not know of any fact which, if known to Sophia, would deter them from consummating the transactions contemplated herein;

(ii) Folkstone does not have any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with Folkstone that are currently outstanding;

(jj) the minute books of Folkstone are true and correct in all material respects and contain the minutes of all meetings and all the resolutions enacted by the directors and shareholders of Folkstone;

(kk) as of the date hereof, no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Folkstone;

(ll) Folkstone has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other forms of compensation with respect to the transactions contemplated herein for which Folkstone will have any liability or obligation except as provided herein;

(mm) neither Folkstone nor, to its knowledge, any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of Folkstone; and

(nn) Folkstone does not have in place a shareholder rights protection plan.

(oo) No investigations made by or on behalf of Sophia at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by Folkstone herein or pursuant hereto and no waiver by Sophia of any condition, in whole or in part, shall operate as a waiver of any other conditions.

ARTICLE 5
COVENANTS

5.1 **General Covenants of Sophia**. Sophia covenants and agrees that, until Closing or the date on which this Agreement is terminated, and unless otherwise contemplated herein, it shall:

(a) take all requisite action to:

(i) approve this Agreement; and

(ii) approve such actions as the other parties hereto may determine to be necessary or desirable for the purposes hereof;

(b) in consultation with Folkstone and its counsel, prepare and file the Circular all in accordance with applicable laws;

(c) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group and to maintain its business relationships;

(d) give its consent (and provide such other reasonable assurances as may be required) and use its best efforts to obtain (including the provision of such reasonable assurances as may be required), consents of all other Persons to the transactions contemplated by this Agreement, as may be required pursuant to any statute, law or ordinance or by any governmental or other regulatory authority having jurisdiction;

(e) upon Sophia receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, such information shall be promptly disclosed in writing to the counsel for Folkstone;

(f) in consultation with Folkstone and its counsel, forthwith use its commercially reasonable best efforts to obtain all necessary regulatory approvals and to make application to the Exchange for listing of the Amalco Shares and, upon exercise, the Amalco Shares underlying the Amalco Broker Options on the Exchange following the Closing and assist in making all submissions, preparing all press releases and circulars and making all notifications required with respect to this transaction and the issuance of shares as contemplated hereunder;

(g) take all steps necessary to make proper disclosure within such time as required by any regulatory authority and any other applicable statutes and laws concerning this Agreement and the transactions contemplated herein;

(h) use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article VI to the extent the same is within its control and 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 amalgamation, including using its reasonable commercial efforts to:

   (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;

   (ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws;

   (iii) effect all necessary registrations and filings and submissions of information requested by governmental entities required to be effected by it in connection with this Amalgamation and participate and appear in any proceedings of either party before governmental entities in connection with this Amalgamation;

   (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affect the ability of the parties to consummate the transactions contemplated hereby;

   (v) fulfill all conditions and satisfy all provisions of this Agreement;

   (vi) cooperate with the other parties to this Agreement in connection with the performance by Sophia of its obligations hereunder; and

   (vii) not take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement or that would reasonably be expected to significantly impede the consummation of the Amalgamation;

(i) not incur any material liabilities of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Sophia may become liable on or after the Closing Date, except as set out in Sophia's Financial Statements and except for those public company and transactional costs incurred prior to Closing, which will be disclosed in writing to Folkstone at Closing;

(j) to file, duly and timely, all tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency; and

(k) neither declare nor pay any dividends or other distributions or returns of capital on Sophia Shares from the date of this Agreement until the Closing Date without the prior consent of Folkstone.

5.2 **General Covenants of Folkstone**. Folkstone covenants and agrees that, until Closing or the date on which this Agreement is terminated, and unless otherwise contemplated herein, it shall:

(a) take all requisite action to:

(i) approve this Agreement; and

(ii) approve such actions as the other parties hereto may determine to be necessary or desirable for the purposes hereof;

(b) in consultation with Sophia and its counsel, prepare and file the Circular all in accordance with applicable laws;

(c) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group and to maintain its business relationships;

(d) give its consent (and provide such other reasonable assurances as may be required) and use its best efforts to obtain (including the provision of such reasonable assurances as may be required), consents of all other Persons to the transactions contemplated by this Agreement, as may be required pursuant to any statute, law or ordinance or by any governmental or other regulatory authority having jurisdiction;

(e) upon Folkstone receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, such information shall be promptly disclosed in writing to the counsel for Sophia;

(f) in consultation with Sophia and its counsel, forthwith use its commercially reasonable best efforts to obtain all necessary regulatory approvals and to make application to the Exchange for listing of the Amalco Shares on the Exchange following the Closing and assist in making all submissions, preparing all press releases and circulars and making all notifications required with respect to this transaction and the issuance of shares as contemplated hereunder;

(g) take all steps necessary to make proper disclosure within such time as required by any regulatory authority and any other applicable statutes and laws concerning this Agreement and the transactions contemplated herein;

(h) use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article VI to the extent the same is within its control and 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 amalgamation, including using its reasonable commercial efforts to:

(i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;

(ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws;

(iii) effect all necessary registrations and filings and submissions of information requested by governmental entities required to be effected by it in connection with this Amalgamation and participate and appear in any proceedings of either party before governmental entities in connection with this Amalgamation;

(iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affect the ability of the parties to consummate the transactions contemplated hereby;

(v) fulfill all conditions and satisfy all provisions of this Agreement;

(vi) cooperate with the other parties to this Agreement in connection with the performance by Folkstone of its obligations hereunder; and

(vii) not take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement or that would reasonably be expected to significantly impede the consummation of the Amalgamation;

(i) not incur any material liabilities of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Folkstone may become liable on or after the Closing Date, except as set out in Folkstone's Financial Statements and except for those public company and transactional costs incurred prior to Closing, which will be disclosed in writing to Sophia at Closing;

(j) to file, duly and timely, all tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency; and

(k) neither declare nor pay any dividends or other distributions or returns of capital on Folkstone Shares from the date of this Agreement until the Closing Date without the prior consent of Sophia.

ARTICLE 6
CONDITIONS TO CLOSING

6.1 **Conditions Precedent to Obligations of Sophia**. The obligations of Sophia to complete the transactions contemplated hereunder shall be subject to the satisfaction of, or compliance with, at or before the Closing Date, each of the following conditions precedent (each of which is hereby acknowledged to be for the exclusive benefit of Sophia and may be waived by Sophia in whole or in part on or before the Closing Date):

(a) Sophia shall on or before the Closing Date have received from Folkstone all documents and instruments as Sophia may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of this Agreement;

(b) all of the representations and warranties of Folkstone made in or pursuant to this Agreement shall be true and correct in all material respects as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby that are not materially adverse and arise in the ordinary course of business) and Sophia shall have received certificates dated as at the Closing Date in form satisfactory to Sophia and their solicitors, acting reasonably, signed by a senior officer or director of Folkstone on behalf of Folkstone, certifying the truth and correctness in all material respects of the representations and warranties of Folkstone set out in this Agreement;

(c) Folkstone will have performed and complied with all terms, covenants and conditions required by this Agreement to be performed or complied with by it on or before the Closing Date;

(d) at the Closing Date, there shall have been no Material Adverse Change from that shown on or reflected in Folkstone's Financial Statements;

(e) all consents, approvals, orders and authorizations of any Persons or governmental authorities in Canada or elsewhere (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Folkstone in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Closing Date;

(f) Folkstone shall be a reporting issuer in good standing in the provinces of Alberta, British Columbia, Saskatchewan and Ontario and, except for the suspension from trading on the Exchange as disclosed by Sophia to Folkstone and as disclosed in the Circular, neither Sophia nor the Sophia Shares shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;

(g) the 4,150,000 Folkstone Shares will be the only issued and outstanding shares in the capital of Folkstone;

(h) upon Closing, all regulatory requirements shall have been or are capable of being satisfied, including approval of the Amalgamation by the Exchange;

(i) Folkstone shall deliver, or cause to be delivered to Sophia on or before the Closing Date such other certificates, agreements or other documents as may reasonably be required by Sophia or its solicitors, acting reasonably, to give full effect to this Agreement including, but not limited to, releases executed by each director and officer of Folkstone;

(j) at or prior to Closing, Folkstone shall have filed all tax returns required to be filed by it prior to the date hereof in all applicable jurisdictions and shall have paid, collected and remitted all taxes, customs duties, tax installments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by it at such time. All such tax returns shall properly reflect, and shall not in any respect understate the income, taxable income or the liability for taxes of Sophia in the relevant period and the liability of Folkstone for the collection, payment and remittance of tax under applicable Tax Laws;

(k) upon Closing, Folkstone shall have withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including February 28, 2013; and

(l) rights of dissent to the Amalgamation pursuant to sections 237 to 247 of the Act shall not have been exercised, nor shall proceedings have been initiated to exercise such rights by

Folkstone Shareholders that exceed 5% of the Folkstone Shares or such other amounts which in the opinion of the board of directors of Sophia, acting reasonably, may have a Material Adverse Effect.

The conditions described in this Section 6.1 are for the exclusive benefit of Sophia and may be waived by Sophia in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Sophia may have hereunder. If any of the above conditions shall not have been complied with or waived by Sophia on or before the Effective Date or, if earlier, the date required for the performance thereof, then Sophia may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Sophia. If the failure to satisfy any one or more of the above conditions precedent results from a material default by Sophia of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, Sophia shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own non-compliance with its obligations under this Agreement.

6.2 **Conditions Precedent to Obligations of Folkstone**. The obligations of Folkstone to complete the transactions contemplated hereunder shall be subject to the satisfaction of, or compliance with, at or before the Closing Date, each of the following conditions precedent (each of which is hereby acknowledged to be for the exclusive benefit of Folkstone and may be waived by Folkstone in whole or in part on or before the Closing Date):

(a) Folkstone shall on or before the Closing Date have received from Sophia all documents and instruments as Folkstone may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of this Agreement;

(b) all of the representations and warranties of Sophia made in or pursuant to this Agreement shall be true and correct in all material respects as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby that are not materially adverse and arise in the ordinary course of business) and Folkstone shall have received certificates dated as at the Closing Date in form satisfactory to Folkstone and their solicitors, acting reasonably, signed by a senior officer or director of Sophia on behalf of Sophia, certifying the truth and correctness in all material respects of the representations and warranties of Sophia set out in this Agreement;

(c) Sophia will have performed and complied with all terms, covenants and conditions required by this Agreement to be performed or complied with by it on or before the Closing Date;

(d) at the Closing Date, there shall have been no Material Adverse Change from that shown on or reflected in Sophia's Financial Statements;

(e) all consents, approvals, orders and authorizations of any Persons or governmental authorities in Canada or elsewhere (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Sophia in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Closing Date;

(f) Sophia shall be a reporting issuer in good standing in the provinces of Alberta, British Columbia, Saskatchewan and Ontario and, except for the suspension from trading on the Exchange as disclosed by Sophia to Folkstone and as disclosed in the Circular, neither

Sophia nor the Sophia Shares shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;

(g) the 3,500,000 Sophia Shares will be the only issued and outstanding shares in the capital of Sophia;

(h) upon Closing, all regulatory requirements shall have been or are capable of being satisfied, including approval of the Amalgamation by the Exchange;

(i) Sophia shall deliver, or cause to be delivered to Folkstone on or before the Closing Date such other certificates, agreements or other documents as may reasonably be required by Folkstone or its solicitors, acting reasonably, to give full effect to this Agreement including, but not limited to, releases executed by each director and officer of Sophia;

(j) at or prior to Closing, Sophia shall have filed all tax returns required to be filed by it prior to the date hereof in all applicable jurisdictions and shall have paid, collected and remitted all taxes, customs duties, tax installments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by it at such time. All such tax returns shall properly reflect, and shall not in any respect understate the income, taxable income or the liability for taxes of Folkstone in the relevant period and the liability of Sophia for the collection, payment and remittance of tax under applicable Tax Laws;

(k) upon Closing, Sophia shall have withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including December 31, 2009; and

(l) rights of dissent to the Amalgamation pursuant to sections 237 to 247 of the Act shall not have been exercised, nor shall proceedings have been initiated to exercise such rights by Sophia Shareholders that exceed 5% of the Sophia Shares or such other amounts which in the opinion of the board of directors of Sophia, acting reasonably, may have a Material Adverse Effect.

The conditions described in this Section 6.1 are for the exclusive benefit of Folkstone and may be waived by Folkstone in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Folkstone may have hereunder. If any of the above conditions shall not have been complied with or waived by Folkstone on or before the Effective Date or, if earlier, the date required for the performance thereof, then Folkstone may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Folkstone. If the failure to satisfy any one or more of the above conditions precedent results from a material default by Folkstone of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, Folkstone shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own non-compliance with its obligations under this Agreement.

6.3 **Satisfaction of Conditions.** The conditions set forth in this Article 6 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, the Form 13 Amalgamation Application, in substantially the form set out in Schedule “B” hereto, has been filed with the Registrar to carry into effect the Amalgamation.

ARTICLE 7
GENERAL

7.1 **Confidentiality & Public Notices**. Except where compliance with this Section 7.1 would result in a breach of applicable law, notices, releases, statements and communications to Third Parties, including employees of the parties and the press, relating to transactions contemplated by this Agreement will be made only in such manner as shall be authorized and approved by Folkstone, who when required, shall use its best efforts to provide such authorization and approval to Sophia in a timely manner as shall permit compliance by Sophia with all continuous disclosure to any regulatory authority or obligations under any applicable securities regulations. Sophia and Folkstone shall maintain the confidentiality of any information received from each other in connection with the transactions contemplated by this Agreement. In the event that the issuance of the Amalco Shares provided for in this Agreement is not consummated, each party shall return any confidential schedules, documents or other written information to the party who provided same in connection with this Agreement. Folkstone agrees that it will not, directly or indirectly, make reciprocal use for its own purposes of any information or confidential data relating to Sophia or Sophia's Business discovered or acquired by it, its representatives or accountants as a result of Sophia making available to it, its representatives and accountants, any information, books, accounts, records or other data and information relating to Sophia or Sophia's Business and Folkstone agrees that it will not disclose, divulge or communicate orally, in writing or otherwise (directly or indirectly), any such information or confidential data so discovered or acquired by any other Person. Sophia agrees that it will not, directly or indirectly, make reciprocal use for its own purposes of any information or confidential data relating to Folkstone discovered or acquired by it, its representatives or accountants as a result of Folkstone making available to it any information, books, accounts, records or other data and information relating to Folkstone and Sophia agrees that it will not disclose, divulge or communicate orally, in writing or otherwise, any such information or confidential data so discovered or acquired to any other Person.

7.2 **Notices**. All notices or other communications required to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by transmittal by telecopier or other form of recorded communication addressed to the recipient as follows:

To Sophia:

Sophia Capital Corp.
1 Toronto Street
Suite 201, Box 10
Toronto ON M5C 2V6

Attention: Mario Miranda
Telecopier No.: +1 (416) 363-6872

with a copy to:

Norton Rose Fulbright Canada LLP
Suite 3800, Royal Bank Plaza, South Tower
200 Bay Street
Toronto, Ontario M5J 2Z4

Attention: Sanjay Joshi
Telecopier No.: +1 (416) 216-3930

To Folkstone:

Folkstone Capital Corp.
1 Toronto Street
Suite 201, Box 10
Toronto ON M5C 2V6

Attention: Mario Miranda
Telecopier No.: +1 (416) 363-6872

with a copy to:

Norton Rose Fulbright Canada LLP
Suite 3800, Royal Bank Plaza, South Tower
200 Bay Street
Toronto, Ontario M5J 2Z4

Attention: Sanjay Joshi
Telecopier No.: +1 (416) 216-3930

or to such other address, telecopier number or individual as may be designated by notice given by either party to the other. Any such communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth Business Day following the deposit thereof in the mail and, if given by telecopier or other form of recorded communication, shall be deemed given and received on the date of such transmission if received during the normal business hours of the recipient and on the next Business Day if it is received after the end of such normal business hours on the date of its transmission. If the party giving any such communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such communication shall not be mailed but shall be given by personal delivery or by telecopier transmittal.

7.3 **Expenses**. Except as otherwise provided herein, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

7.4 **Time of the Essence**. Time shall be of the essence hereof.

7.5 **Further Assurances**. The parties hereto shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each party shall execute and deliver such further documents, instruments, papers and information as may be reasonably requested by another party hereto in order to carry out the purpose and intent of this Agreement.

7.6 **Law and Jurisdiction**. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. The parties hereby attorn to the jurisdiction of the Courts of British Columbia in any dispute that may arise hereunder.

7.7 **Counterparts**. For the convenience of the parties, this Agreement may be executed in several counterparts, each of which when so executed shall be, and be deemed to be, an original instrument and such counterparts together shall constitute one and the same instrument (and notwithstanding their date of execution shall be deemed to bear date as of the date of this Agreement). A signed facsimile or telecopied copy of this Agreement shall be effective and valid proof of execution and delivery.

7.8 **Entire Agreement**. This Agreement, including the Schedules attached hereto, together with the agreements and other documents to be delivered pursuant hereto, constitute the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein and therein. This Agreement may not be amended or modified in any respect except by written instrument signed by all parties.

7.9 **Severability**. The invalidity or unenforceability of any provision of this Agreement or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant hereof or herein and this Agreement shall be construed as if such invalid or unenforceable provision or covenant were omitted.

7.10 **Enurement**. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the successors and permitted assigns of the parties hereto.

7.11 **Waivers**. The parties hereto may, by written agreement:

(i) extend the time for the performance of any of the obligations or other acts of the parties hereto;

(ii) waive any inaccuracies in the warranties, representations, covenants or other undertakings contained in this Agreement or in any document or certificate delivered pursuant to this agreement; or

(iii) waive compliance with or modify any of the warranties, representations, covenants or other undertakings or obligations contained in this Agreement and waive or modify performance by any of the parties thereto.

7.12 **Form of Documents**. All documents to be executed and delivered by Sophia to Folkstone on the Closing Date shall be in form and substance satisfactory to Folkstone acting reasonably. All documents to be executed and delivered by Folkstone to Sophia on the Closing Date shall be in a form and substance satisfactory to Sophia, acting reasonably.

7.13 **Construction Clause**. This Agreement has been negotiated and approved by counsel on behalf of all hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty to be construed against any party hereto by reason of the authorship of any of the provisions hereof.

7.14 **Amendments.** This Agreement may, at any time and from time to time before and after the holding of the Meetings, but not later than the Effective Date, be amended, supplemented or otherwise modified prior to the Effective Time by written agreement of the Amalgamating Corporations without, subject to applicable laws, further notice to or authorization on the part of their respective securityholders.

7.15 **Termination**.

(a) This Agreement may be terminated:

(i) by mutual agreement of the Amalgamating Corporations at any time prior to the issuance of a certificate of amalgamation by the Registrar under the Act;

(ii) at any time prior to the Effective Date by Sophia by written notice to Folkstone if:

(A) a Material Adverse Change in respect of Folkstone shall have occurred; or

(B) as set forth in Section 6.1.

(iii) at any time prior to the Effective Date by Folkstone by written notice to Sophia if:

(A) a Material Adverse Change in respect of Sophia shall have occurred; or

(B) as set forth in Section 6.2.

(b) This Agreement shall be terminated, without further action on the part of any of the parties, if:

(i) the Amalgamation Application has not been filed with the Registrar on or before September 3, 2013 or such other date as the parties hereto may agree;

(ii) any applicable regulatory authority having notified Sophia or Folkstone in writing that it will not permit the Amalgamation to proceed.

[Signature page follows.]

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

SOPHIA CAPITAL CORP.

“Eric Owens”

Name: Eric Owens
Title: Chief Executive Officer and Director
I have authority to bind the corporation.

FOLKSTONE CAPITAL CORP.

“Eric Owens”

Name: Eric Owens
Title: Chief Executive Officer and Director
I have authority to bind the corporation.

Schedule "A"

Articles of Amalgamation of Amalco

ARTICLES

OF

FOLKSTONE CAPITAL CORP.

(the "Company")

Incorporation No.

TABLE OF CONTENTS

BUSINESS CORPORATIONS ACT

ARTICLES

OF

FOLKSTONE CAPITAL CORP.

Incorporation No.

PART 1
INTERPRETATION

1.1 In these Articles, unless the context otherwise requires:

a) “Board” and “Directors” means the directors or sole director of the Company for the time being;

b) “Business Corporations Act” and the “Act” means the *Business Corporations Act* of British Columbia from time to time in force and all amendments thereto and includes all regulations and amendments made pursuant to the Act;

c) “Casual Vacancy” means any vacancy occurring in the Board save and except for a vacancy occurring at an annual general meeting of the shareholders of the Company;

d) “Director” means any individual director or the sole director of the Company for the time being;

e) “Month” means calendar month;

f) “Notice of Articles” means the Notice of Articles of the Company as required by the *Business Corporations Act*;

g) “Person” means an individual, body corporate, partnership, personal representative, joint venture, trust, unincorporated organization, association, the Crown or any agency or instrumentality thereof, or any entity recognized by law;

h) “Registered Address” of a shareholder means the address as recorded for that shareholder in the central securities register;

i) “Registered Owner” or “Registered Holder” when used with respect to a share in the authorized share structure of the Company means the Person registered in the central securities register in respect of such share;

j) “Seal” means the common seal of the Company, if the Company has one;

k) “Special Majority” means, in respect of a resolution, a majority of at least 2/3 of the votes cast on the resolution;

l) “Special Resolution” means, subject to the requirements of the *Business Corporations Act*, a resolution passed by a Special Majority;

m) “Special Separate Resolution” has the meaning attributed to it by the *Business Corporations Act*;

n) “Transfer Agent” means the transfer agent of the Company and includes a “branch transfer agent”.

1.2 Expressions referring to writing shall be construed as including references to printing, lithography, typewriting, photography and other modes of representing or reproducing words in a visible form.

1.3 Words importing the singular include the plural and vice versa; words in one gender include all genders.

1.4 The meaning of any words or phrases defined in the *Business Corporations Act* shall if not inconsistent with the subject or context, bear the same meaning in these Articles.

1.5 The Rules of Construction contained in the *Interpretation Act* (British Columbia) shall apply, *mutatis mutandis*, to the interpretation of these Articles.

1.6 If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2
SHARES AND SHARE CERTIFICATES

2.1 Every shareholder is entitled, without charge, to one certificate representing the share or shares of each class held by him; provided that, in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint Registered Holders or to his duly authorized agent shall be sufficient delivery to all; and provided further that the Company shall not be bound to issue certificates representing redeemable shares, if such shares are to be redeemed within one Month of the date on which they were allotted. Any share certificate may be sent by registered prepaid mail to the shareholder entitled thereto at his Registered Address and neither the Company nor any Transfer Agent shall be liable for any loss occasioned to the shareholder owing to any such share certificate so sent being lost in the mail or stolen.

2.2 If a share certificate:

a) is worn out or defaced, the Directors shall, upon production to them of the certificate and upon such other terms, if any, as they may think fit, order the certificate to be cancelled and shall issue a new certificate in place thereof; or

b) is lost, stolen or destroyed, then, upon proof thereof to the satisfaction of the Directors and upon such indemnity, if any, as the Directors deem adequate being given, a new share certificate in place thereof shall be issued to the Person entitled to such lost, stolen or destroyed certificate.

A sum, not exceeding that permitted by the *Business Corporations Act*, as the Directors may from time to time fix, shall be paid to the Company for each certificate issued under this Article.

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

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

2.5 There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.3 or 2.4, the amount, if any, (which must not exceed the amount permitted by the *Business Corporations Act*), determined by the Directors.

2.6 Every share certificate shall be signed manually by at least one officer of the Company or Director, or by or on behalf of a registrar, branch registrar, Transfer Agent or branch transfer agent of the Company and any additional signatures may be printed or otherwise mechanically reproduced; and, in such event, a certificate so signed is as valid as if signed manually, notwithstanding that any Person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that he is stated on such certificate to hold at the date of the issue of a share certificate.

2.7 Except as required by law, statute or these Articles, no Person shall be recognized by the Company as holding any share upon any trust and the Company shall not be 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 in any fractional part of a share or (except only as by law, statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except for the absolute right of legal ownership in respect of its Registered Holder.

2.8 Every share certificate issued by the Company shall be in such form as the Directors approve and shall comply with the *Business Corporations Act*.

PART 3
ISSUE OF SHARES

3.1 Subject to the provisions of the *Business Corporations Act*, the unissued shares, in the share structure of the Company for the time being, together with any shares of the Company purchased or redeemed by the Company and not cancelled shall be under the control of the Directors who may, subject to the rights of the holders of the issued shares of the Company for the time being, issue, allot, grant options on or otherwise dispose of such shares to such Persons, including Directors, upon such terms and conditions and at such price or for such consideration as the Directors, in their absolute discretion, may determine.

3.2 Subject to the provisions of the *Business Corporations Act*, the Company may pay a reasonable commission or allow a reasonable discount to any Person in consideration of that person procuring or agreeing to procure purchasers for any shares in the Company whether absolutely or conditionally, or purchasing or agreeing to purchase shares of the Company from the Company or from any other person. 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.

3.3 No share may be issued until it is fully paid and the Company shall have received the full consideration therefor in past services actually performed for the Company, property or money. The aggregate value of property or past services for the purpose of this Article shall be the value determined by the Directors by resolution to be, in all circumstances of the transaction, not greater than the fair market value thereof.

3.4 The Directors may determine the price or consideration at or for which shares without par value may be issued.

3.5 The Company may, subject to the provisions of the *Business Corporations Act*, 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 security issued or created by the Company from time to time.

PART 4
SHARE REGISTERS

4.1 The Company shall keep or cause to be kept a central securities register within British Columbia, as required by the *Business Corporations Act*. If the Company's authorized share structure shall consist of more than one class of shares, a separate register may be kept in respect of each class of shares. The Company may appoint an agent to keep the central securities register or, if there is more than one class of shares, the Company may appoint an agent, which need not be the same agent, to keep the register for each class of shares. The Company may also appoint one or more agents, including the agent which keeps the register of the Company's shares or of a class thereof, as Transfer Agent for its shares or such class thereof, as the case may be, and the same or another agent or agents as registrar for its shares or such class thereof, as the case may be. The Company may terminate the appointment of any such agent at any time and may appoint another agent in its place.

4.2 Unless prohibited by the *Business Corporations Act*, the Company may keep or cause to be kept one or more branch securities registers at such place or places within or without British Columbia as the Directors may from time to time determine.

PART 5
TRANSFER AND TRANSMISSION OF SHARES

5.1 Subject to the provisions of these Articles that may be applicable, any shareholder may transfer any of his shares by instrument in writing executed by or on behalf of such shareholder and delivered to the Company or its Transfer Agent. The instrument of transfer of any share of the Company shall be in the form, if any, on the back of the Company's share certificates or in such other form as the Directors may from time to time approve. Except to the extent that the *Business Corporations Act* may otherwise provide, the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the central securities register or a branch securities register in respect thereof.

5.2 Every instrument of transfer shall be executed by the transferor and left at the registered office of the Company or at the office of its Transfer Agent or registrar for registration together with the share certificate for the shares to be transferred and such other evidence, if any, as the Directors or the Transfer Agent or registrar for registration may require to prove the title of the transferor or his right to transfer the shares and the right of the transferee to have the transfer registered. All instruments of transfer where the transfer is registered shall be retained by the Company or its Transfer Agent or registrar for registration and any instrument of transfer, where the transfer is not registered, shall be returned to the Person depositing the same together with the share certificate which accompanied the same when tendered for registration.

5.3 The signature of the Registered Owner of any shares, or of his duly authorized attorney, upon an instrument of transfer shall constitute a complete and sufficient authority to the Company, its Directors, officers and agents to register, in the name of the transferee as named in the instrument of transfer, the number of shares specified therein or, if no number is specified, all the shares of the Registered Owner represented by share certificates deposited with the instrument of transfer. If no transferee is named in the instrument of transfer, the instrument of transfer shall constitute a complete and sufficient authority to the Company, its Directors, officers or agents to register, in the name of the Person on whose behalf any certificate for the shares to be transferred is deposited with the Company for the purpose of having the transfer registered, the number of shares specified in the instrument of transfer or, if no number is specified, all the shares represented by all share certificates deposited with the instrument of transfer.

5.4 Neither the Company nor any Director, officer or agent thereof shall be bound to inquire into the title of the Person named in the form of transfer as transferee or, if no Person is named therein as transferee, of the Person on whose behalf the certificate is deposited with the Company for the purpose of having the transfer registered or be liable to any claim by such Registered Owner or by any intermediate owner or holder of the certificate or of any of the shares represented thereby or any interest therein for registering the transfer; and, the transfer, when registered, shall confer upon the Person in whose name the shares have been registered a valid title to such shares.

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

5.6 In the case of the death of a shareholder, the survivor or survivors, where the deceased was a joint Registered Holder, and the personal or other legal representative of the deceased, where he was the sole holder, shall be the only Persons recognized by the Company as having any title to or interest in the shares registered in the name of the deceased. Before recognizing any Person as a legal representative, the Directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the Directors consider appropriate.

5.7 Upon the death or bankruptcy of a shareholder, his personal or other legal representative or trustee in bankruptcy, although not registered as a shareholder, shall have the same rights, privileges and obligations that attach to the shares formerly held by the deceased or bankrupt shareholder if the documents required by the *Business Corporations Act* have been deposited at the Company's registered office.

5.8 Any Person becoming entitled to a share as a consequence of the death or bankruptcy of a shareholder, upon such documents and evidence being produced to the Company as the *Business Corporations Act* requires, and any Person who becomes entitled to a share as a result of an order of a Court of competent jurisdiction or a statute shall have the right either to be registered as a shareholder in his representative capacity in respect of such share, or, if he is a personal or other legal representative, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt Person could have made upon producing such evidence that he is so entitled as the Directors think sufficient; but the Directors shall, as regards a transfer by a personal or other legal representative or trustee in bankruptcy, have the same right, if any, to decline or suspend registration of a transfer as they would have in the case of a transfer of a share by the deceased or bankrupt Person before the death or bankruptcy.

PART 6
ALTERATION OF AUTHORIZED SHARE STRUCTURE

6.1 Subject to Article 6.2 and the *Business Corporations Act*, the Company may:

a) by Directors’ resolution or by ordinary resolution, in each case as determined by the Directors:

i) 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;

ii) 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;

iii) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

iv) if the Company is authorized to issue shares of a class of shares with par value:

A) decrease the par value of those shares; or

B) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

v) 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;

vi) alter the identifying name of any of its shares; or

b) by ordinary resolution otherwise alter its shares or authorized share structure.

6.2 Subject to the *Business Corporations Act*, the Company may:

a) by Directors’ resolution or by ordinary resolution, in each case as determined by the Directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, if none of those shares have been issued, or vary or delete any special rights or restrictions attached to the shares of any class or series of shares, if none of those shares have been issued;

b) by Special Resolution of the shareholders of the class or series affected, do any of the acts in (a) above, if any of the shares of the class or series of shares have been issued;

6.3 The Company may by Directors' resolution or by ordinary resolution, in each case as determined by the Directors, authorize an alteration of its Notice of Articles in order to change its name.

6.4 The Company, save as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

a) by Directors' resolution or by ordinary resolution, in each case as determined by the Directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the Directors' powers, control or authority; and

b) 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 ordinary resolution alter these Articles.

PART 7
PURCHASE AND REDEMPTION OF SHARES

7.1 Subject to the special rights and restrictions attached to any class of shares, the Company may, by a resolution of the Directors and in compliance with the *Business Corporations Act*:

a) purchase any of its shares at the price and upon the terms specified in such resolution or redeem any class of its shares in accordance with the special rights and restrictions attaching thereto;

b) accept a surrender of shares by way of gift or for cancellation;

c) convert fractional shares into whole shares provided that each fractional share remaining after conversion that is less than 1/2 of a share must be cancelled and each fractional share that is at least 1/2 of a share must be changed to one whole share.

No such purchase or redemption shall be made if there are reasonable grounds for believing that the Company is insolvent at the time of the proposed purchase or redemption or making the payment or providing the consideration for the proposed purchase or redemption would render the Company insolvent.

7.2 If the Company proposes to redeem some, but not all, of the shares of a particular class or series, the Directors may, subject to the special rights and restrictions attached to such shares, decide the manner in which the shares to be redeemed shall be selected.

PART 8
BORROWING POWERS

8.1 The Directors may from time to time at their discretion authorize the Company to:

a) borrow money in such manner and amount, on such security, from such sources and upon such terms and conditions as they think fit;

b) guarantee the repayment of money borrowed by any Person or the performance of any obligation of any Person;

c) 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

d) mortgage, charge, whether by way of specific or floating charge, or give other security on the undertaking, or on the whole or any part of the property and assets of the Company (both present and future).

8.2 Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, with any special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of Directors or otherwise, and may by their terms be assignable free from any equities between the Company and the Person to whom they were issued or any subsequent holder thereof, all as the Directors may determine.

8.3 Every bond, debenture or other debt obligation of the Company shall be signed manually by at least one Director or officer of the Company or by or on behalf of a trustee, Transfer Agent or branch Transfer Agent for the bond, debenture, or other debt obligation appointed by the Company or under any instrument under which the bond, debenture or other debt obligation is issued and any additional signatures may be printed or otherwise mechanically reproduced thereon and, in such event, a bond, debenture or other debt obligation so signed is as valid as if signed manually notwithstanding that any Person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that he is stated on such bond, debenture or other debt obligation to hold at the date of the issue thereof.

PART 9
GENERAL MEETINGS

9.1 The general meetings of the Company shall be held at such time and place, in accordance with the *Business Corporations Act*, as the Directors determine. A general meeting of the Company may be held outside of British Columbia at any location to be determined and approved by a Directors' resolution.

9.2 Every general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

9.3 The Directors may, whenever they think fit, convene an extraordinary general meeting.

9.4 As further specified in Article 23, the Company must send notice of the date, time and location of any meeting of shareholders, and, in case of special business, the general nature of that business, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

a) if and for so long as the Company is a public company, 21 days;

b) otherwise, 10 days.

9.5 The accidental omission to send notice of any meeting to, or the nonreceipt of any notice by, any of the Persons entitled to notice shall not invalidate any proceedings at that meeting.

9.6 A shareholder and any other Person entitled to notice of a meeting of shareholders may before, during or after the meeting, or if they are present at the meeting, waive entitlement or agree to reduce the period of that notice. An entry in the minute book of such waiver or reduction shall be sufficient evidence of the due convening of the meeting.

9.7 Except as otherwise provided by the *Business Corporations Act*, where any special business at a general meeting includes considering, approving, ratifying, adopting or authorizing any document of any nature or kind whatsoever or the execution thereof or the giving of effect thereto, the notice convening the meeting shall, with respect to such document, be sufficient if it states that a copy of the document or proposed document is or will be available for inspection by shareholders at the registered office or records office of the Company or at some other place in British Columbia designated in the notice during any specified or unspecified business hours on any specified or unspecified working day or days up to the date of such general meeting and at the meeting.

PART 10
PROCEEDINGS AT GENERAL MEETINGS

10.1 All business shall be deemed special business which is transacted at:

a) an extraordinary general meeting; and

b) an annual general meeting, with the exception of the consideration of the financial statements and of the respective reports of the Directors and Auditor, fixing or changing the number of Directors, approval of a motion to elect two or more Directors by a single resolution, the election of Directors, the appointment of the Auditor, the fixing of the remuneration of the Auditor and such other business as by these Articles or the *Business Corporations Act* may be transacted at a general meeting without prior notice thereof being given to the shareholders or any business which is brought under consideration by the report of the Directors.

10.2 No business, other than the election of the chairman or the adjournment of the meeting, shall be transacted at any general meeting unless a quorum of shareholders, entitled to attend and vote, is present at the commencement of the meeting, but the quorum need not be present throughout the meeting.

10.3 Save as herein otherwise provided, a quorum shall be one or more Persons present, or representing by proxy, and being two or more shareholders entitled to attend and vote at the meeting. If there is only one shareholder, the quorum is one Person present and being, or representing by proxy, such shareholder. The Directors, the Secretary or, in his absence, an Assistant Secretary, the auditor (if any), and the solicitor of the Company shall be entitled to attend at any general meeting but no such Person shall be counted in the quorum or be entitled to vote at any general meeting unless he shall be a shareholder or proxyholder entitled to vote thereat.

10.4 Unless these Articles otherwise provide, the provisions of these Articles relating to general meetings shall apply, with the necessary changes and so far as they are applicable, to a class meeting of shareholders holding a particular class of shares. A quorum for a class meeting of shareholders shall be at least one Person present or representing by proxy, at least one shareholder of the shares affected and one Person, if he is a quorum, may constitute a class meeting.

10.5 If within half an hour from the time appointed for a general meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Person or Persons present and being, or representing by proxy, a shareholder or shareholders entitled to attend and vote at the meeting shall be a quorum.

10.6 The Directors may determine the manner in which meetings of shareholders shall be held (either at a specified place, or by means of telephonic or other communications medium that permit all participants to communicate with each other, or a combination of the foregoing), as permitted by the laws governing the Company and the Articles; and when calling a meeting of the shareholders, the Directors may determine that such meeting will be held entirely by means of such telephonic or other communications medium; provided that all participants shall be able to communicate with each other during the meeting.

10.7 Any Person entitled to attend and vote at a meeting of shareholders may:

a) vote at the meeting in Person or by proxy and, subject to any determinations made from time to time by the Directors, may appoint a proxy by any method permitted by law, including over the internet, by the input of data using telephonic facilities or by reproduction using facsimile or electronic facilities; and

b) participate in the meeting by means of telephonic or other communications medium that permits all participants to communicate with each other during the meeting, if the Company makes available such communication facilities.

10.8 The Chairman of the Board or in his absence the Vice-Chairman or in his absence the President of the Company, if any, shall be entitled to preside as chair at every general meeting of the Company.

10.9 If at any general meeting none of the Chairman, Vice-Chairman or President is present or willing to act as chair within ten minutes of the time appointed for holding the meeting, the Directors present shall choose one of their number to be chair. If all the Directors present decline to take the chair, or if the Directors shall fail to so choose or if no Director is present, the shareholders entitled to vote at the meeting that are present shall choose one of their number to be chair of the meeting.

10.10 The chair may and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice, but not “advance notice”, of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.

10.11 No motion proposed at a general meeting need be seconded and the chair may propose or second a motion.

10.12 Subject to the provisions of the *Business Corporations Act*, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is directed by the chair or demanded by at least one shareholder entitled to vote who is present in Person or by proxy.

The chair shall declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll and such decision shall be entered in the book of proceedings of the Company. A declaration by the chair that a resolution has been carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

10.13 In the case of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a second or casting vote.

10.14 No poll may be demanded on the election of a chair. A poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken as soon as, in the opinion of the chair, is reasonably convenient, but in no event later than seven days after the meeting and at such time and place and in such manner as the chair of the meeting directs. The result of the poll shall be deemed to be the resolution of and passed at the meeting at which the poll was demanded. Any business other than that upon which the poll has been demanded may be proceeded with pending the taking of the poll. A demand for a poll may be withdrawn.

10.15 Every ballot cast upon a poll and every proxy appointing a proxyholder who casts a ballot upon a poll shall be retained at the records office of the Company for a period of at least three months and be subject to such inspection as the *Business Corporations Act* may provide and in the absence thereof as the Directors may determine.

10.16 On a poll a Person entitled to cast more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

10.17 Unless the *Business Corporations Act* or these Articles otherwise provide, any action to be taken by a resolution of the shareholders may be taken by an ordinary resolution.

10.18 In the case of any dispute as to the admission or rejection of a vote, the chair shall determine the same and his determination made in good faith shall be final and conclusive.

PART 11
VOTES OF SHAREHOLDERS

11.1 Subject to any special voting rights or restrictions attached to any class of shares and the restrictions on joint Registered Holders of shares, on a show of hands every shareholder present in Person, by proxy or by authorized representative shall have one vote and on a poll every shareholder present in Person, by proxy or by authorized representative shall have one vote for each share he holds or represents.

11.2 Any Person who is not registered as a shareholder, but is entitled to vote at any general meeting in respect of a share, may vote the share in the same manner as if he were a shareholder; but, unless the Directors have previously admitted his right to vote at that meeting in respect of the share, he shall satisfy the Directors of his right to vote the share before the time for holding the meeting, or adjourned meeting, as the case may be, at which he proposes to vote.

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

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

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

   ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;

b) if a representative is appointed under this Article 11.3:

   i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

   ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company in writing by any method permitted by law, including over the internet, by the input of data using telephonic facilities or by reproduction using facsimile or electronic facilities.

11.4 In the case of joint Registered Holders of a share, the vote of the senior joint shareholder who exercises a vote, whether in Person or by proxyholder, shall be accepted to the exclusion of the votes of the other joint Registered Holders; and, for this purpose, seniority shall be determined by the order in which the names stand in the central securities register or in such other manner as the Directors may in good faith stipulate from time to time. Several legal personal representatives of a deceased shareholder whose shares are registered in his sole name shall for the purpose of this Article be deemed joint Registered Holders.

11.5 Articles 11.6 to 11.12 do 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 its Articles or to which the Statutory Reporting Company Provisions apply.

11.6 A shareholder of unsound mind who would otherwise be entitled to attend and vote, in respect of whom an order has been made by any court having jurisdiction, may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other Person in the nature of a committee or curator bonis appointed by that court, and any such committee, curator bonis, or other Person may appoint a proxyholder.

11.7 A shareholder holding a share or shares in respect of which he is entitled to vote shall be entitled to appoint a proxyholder to attend, act and vote for him. If such shareholder should appoint more than one proxyholder for the same occasion he shall specify the number of shares each proxyholder shall be entitled to vote. A shareholder may also appoint one or more alternate proxyholders to act in the place and stead of an absent proxyholder.

11.8 A form of proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under the Seal of the corporation or under the hand of a duly authorized officer or attorney. Any Person may act as proxyholder whether or not he is a shareholder. The proxy may authorize the proxyholder to act as such for the appointor for such period, at such meeting or meetings as may be indicated in the proxy and to the extent permitted by the *Business Corporations Act*.

11.9 A form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof, shall be deposited at the registered office of the Company, or at such other place as is specified for that purpose in the notice calling the meeting, not less than 48 hours, or such lesser time period as is set out in the notice calling the meeting or in the Information Circular relating thereto, if any (excluding Saturdays, Sundays and holidays), before the time for holding the meeting in respect of which the Person named in the instrument is appointed. In addition to any other method of depositing proxies provided for in these Articles, the Directors may from time to time by resolution make regulations relating to the depositing of proxies at any place or places and fixing the time or times for depositing the proxies, not exceeding 48 hours (excluding Saturdays, Sundays and holidays) preceding the meeting or adjourned meeting specified in the notice calling a meeting of shareholders, and providing for particulars of such proxies to be sent to the Company or any agent of the Company in writing by any method permitted by law, including over the internet, by the input of data using telephonic facilities or by reproduction using facsimile or electronic facilities so as to arrive before the commencement of the meeting or adjourned meeting at the office of the Company or of any agent of the Company appointed for the purpose of receiving such particulars and providing that proxies so deposited may be acted upon as though the proxies themselves were deposited as required by this Part and votes given in accordance with such regulations shall be valid and be counted.

11.10 Unless the *Business Corporations Act* or any other statute or law which is applicable to the Company or to any class of its shares requires any other form of proxy, a proxy, whether for a specified meeting or otherwise, shall be in the form following, but may also be in any other form that the Directors or the chairman of the meeting shall approve:

> (Name of Company)
>
> The undersigned, being a shareholder of the above named Company, hereby appoints ______________________________
> or failing him ____
> as proxyholder for the undersigned to attend, act and vote for and on behalf of the undersigned at the general meeting of the Company to be held on the ____________ of ____________
> and at any adjournment thereof.
>
> Signed this _________ day of __________________, _______.
>
> ____________________________________
> (Signature of shareholder)

11.11 A vote given in accordance with the terms of a proxy is valid notwithstanding the previous death or incapacity of the shareholder giving the proxy, the revocation of the proxy or of the authority under which the form of proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, incapacity, revocation or transfer shall have been received at the registered office of the Company or by the chairman of the meeting or adjourned meeting for which the proxy was given before the vote is taken.

11.12 Every proxy may be revoked by an instrument in writing:

a) executed by the shareholder giving the same, by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation; and

b) delivered either at the registered office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof at which the proxy is to be used, or to the chairman of the meeting on the day of the meeting or any adjournment thereof;

or in any other manner provided by law.

PART 12
DIRECTORS

12.1 Unless a company is in existence prior to March 29, 2004, the first Directors are the directors as set out in the Notice of Articles upon the recognition of the Company, subject to the requirements of the *Business Corporations Act*. The Directors to succeed the first

Directors shall be elected or appointed by the shareholders entitled to vote on the election of Directors. The number of Directors, excluding additional Directors, may be fixed or changed from time to time by ordinary resolution, whether previous notice thereof has been given or not, but, notwithstanding anything contained in these Articles, the number of Directors shall never be less than one or, if the Company is or becomes a public company, less than that number specified in the *Business Corporations Act*.

12.2 The remuneration of the Directors, as such, may from time to time be determined by the Directors or, if the Directors shall so decide, by the shareholders. Such 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. The Directors shall be repaid such reasonable travelling, hotel and other expenses as they incur in and about the business of the Company; and, if any Director shall perform any professional or other services for the Company that in the opinion of the Directors are outside the ordinary duties of a Director or shall otherwise be occupied in or about the Company's business, he may be paid a remuneration to be fixed by the Board or, at the option of such Director, by the shareholders, and such remuneration may be either in addition to, or in substitution for any other remuneration that he may be entitled to receive. The Directors on behalf of the Company, unless otherwise determined by ordinary resolution, 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 spouse or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

12.3 A Director shall not be required to hold a share in the authorized share structure of the Company as qualification for his office but shall be qualified as required by the *Business Corporations Act* to become or act as a Director. Any Person not being a shareholder of the Company who becomes a Director shall be deemed to have agreed to be bound by the provisions of these Articles to the same extent as if he were a shareholder of the Company.

PART 13
ELECTION AND REMOVAL OF DIRECTORS

13.1 At each annual general meeting of the Company all the Directors shall retire and the shareholders entitled to vote thereat shall elect a Board of Directors consisting of the number of Directors for the time being fixed pursuant to these Articles. A retiring Director shall be eligible for re-election. If the Company is, or becomes, a company that is not a public company and the business to be transacted at any annual general meeting is consented to in writing by all the shareholders who are entitled to attend and vote thereat, such annual general meeting shall be deemed for the purpose of this Part to have been held on such written consent becoming effective.

13.2 Where the Company fails to hold an annual general meeting in accordance with the *Business Corporations Act*, the Directors then in office shall be deemed to have been elected or appointed as Directors on the last day on which the annual general meeting could have been held pursuant to these Articles and they may hold office until other Directors are appointed or elected or until the day on which the next annual general meeting is held.

13.3 If any general meeting at which there should be an election of Directors and the places of any of the retiring Directors are not filled by such election, such of the retiring Directors who are not re-elected as may be requested by the newly-elected Directors shall, if willing to do so, continue in office to complete the number of Directors for the time being fixed pursuant to these Articles until further new Directors are elected at a general meeting convened for the 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 fixed pursuant to these Articles, such number shall be fixed at the number of Directors actually elected or continuing in office.

13.4 The Directors shall have power at any time and from time to time to appoint a Person as a director to fill a Casual Vacancy in the Board. Any directors so appointed shall hold office only until the commencement of the next following annual general meeting of the Company, but shall be eligible for re-election at such meeting.

13.5 Subject to the *Business Corporations Act*, the Directors shall have power at any time and from time to time to appoint one or more Persons as additional directors, provided that the number of additional directors does not at any time exceed:

a) one-third of the number of first Directors, if at the time of appointment of additional Directors, one or more of the first Directors have not yet completed their first term of office, or

b) in any other case, one-third of the number of the current Directors who were elected or appointed as Directors other than as additional Directors.

Any Directors so appointed shall hold office only until the commencement of the next following annual general meeting of the Company, but shall be eligible for re-election at such meeting.

13.6 The office of Director shall be vacated if the Director:

a) resigns his office by notice in writing delivered to the Company or a lawyer for the Company; or

b) is convicted of an indictable offence and the other Directors resolve to remove him; or

c) ceases to be qualified to act as a Director pursuant to the *Business Corporations Act*.

13.7 The Company may by Special Resolution remove any Director before the expiration of his term of office and may by an ordinary resolution appoint another Person in his stead. Any Director so appointed shall hold office only until the next following annual general meeting of the Company, but shall be eligible for re-election at such meeting.

13.8 The Company may, at any time, by ordinary resolution appoint one or more Persons as Directors to fill vacancies in the Board, including those created as a result of the number of Directors being increased pursuant to Article 12.1.

13.9 If the number of Directors falls below the number required for a quorum, the remaining Directors may appoint as Directors the number of individuals that, when added to the number of remaining Directors, will constitute a quorum. These individuals will only hold office until the vacancies are filled under these Articles or the *Business Corporations Act*. The Directors shall not take any other action until a quorum is obtained.

PART 14
ALTERNATE DIRECTORS

14.1 Any Director (an "Appointor") may, from time to time, by notice in writing to the Company appoint any person (an "Appointee") who is qualified to act as a Director to be his alternate director unless (in the case of an Appointee who is not a Director of the Company) the Directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his Appointor within a reasonable time after the notice of appointment is received by the Company.

14.2 Any Director may make or revoke an appointment of his alternate director in writing by any method permitted by law, including over the internet, by the input of data using telephonic facilities or by reproduction using facsimile or electronic facilities, to be delivered or addressed, postage or other charges prepaid, to the registered office of the Company.

14.3 The Appointee, while he holds office as an alternate director, shall be entitled to receive notice of meetings of the Directors and of committees of the Directors of which his Appointor is a member, and, in the absence of the Director for whom he is an alternate, to attend and vote thereat as a Director or sign any resolution of Directors to be consented to in writing.

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

a) will be counted in determining the quorum for a meeting of Directors once for each of his Appointors and, in the case of an Appointee who is also a Director, once more in that capacity;

b) has a separate vote at a meeting of Directors for each of his Appointors and, in the case of an Appointee who is also a Director, an additional vote in that capacity;

c) will be counted in determining the quorum for a meeting of a committee of Directors once for each of his Appointors who is a member of that committee and, in the case of an Appointee who is also a member of that committee as a Director, once more in that capacity;

d) has a separate vote at a meeting of a committee of Directors for each of his 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.

14.5 Every alternate director is deemed not to be an agent of his Appointor.

14.6 The appointment of an alternate director ceases when:

a) his Appointor ceases to be a Director and is not promptly re-elected or re-appointed;

b) the alternate director dies;

c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

d) the alternate director ceases to be qualified to act as a Director; or

e) his Appointor revokes the appointment of the alternate director.

14.7 An alternate director shall not be entitled to be remunerated otherwise than from the remuneration of the Director appointing him.

PART 15
POWERS AND DUTIES OF DIRECTORS

15.1 The Directors shall manage, or supervise the management of, the business and affairs of the Company and shall have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or these Articles, required to be exercised by the Company in general meeting.

15.2 The Directors may from time to time, by power of attorney or other instrument under the Seal of the Company (if any), designate 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 powers of the Directors relating to the constitution of the Board and of any of its committees, the power of appointment or removal of officers and the power to declare dividends), for such period, with such remuneration and subject to such conditions as the Directors may think fit. Any such designation may be made in favour of any of the Directors or any of the shareholders or in favour of any corporation, or of any of the shareholders, directors, nominees or managers of any corporation, firm or joint venture and 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.

15.3 Without limiting any general power set out in these Articles, the Directors may cause the business and operations of the Company or any part thereof to be divided or segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product or service, as the Directors may consider appropriate. The Directors may also cause the business and operations of any such division to be further divided into sub-units to be consolidated upon such basis as the Directors may consider appropriate in each case.

15.4 Any division or its sub-unit may be designated by such name as the Directors may from time to time determine and, subject to the *Business Corporations Act*, may transact business of any kind and do all acts and things under such name.

15.5 From time to time the Directors may establish a divisional board for any division to consist of such Persons and to have such powers, authorities and discretions as the Directors may from time to time designate. Directors of the divisional boards shall not, as such, be directors of the Company.

15.6 From time to time the Directors, or if authorized by the Directors, the chief executive officer, may appoint one or more officers for any division, prescribe their official titles, powers and duties and settle their terms of employment and remuneration. The Directors, or if authorized by the Directors, the chief executive officer, may remove any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub-units shall not, as such, be officers of the Company.

PART 16
DISCLOSURE OF INTEREST OF DIRECTORS AND SENIOR OFFICERS

16.1 A Director or a 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 his interest in accordance with the provisions of the *Business Corporations Act*.

16.2 A Director who has a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction is not entitled to vote in respect of any such contract or transaction with the Company in which he is interested unless all of the Directors have a disclosable interest (as that term is used in the *Business Corporations Act*) in such contract or transaction and then any or all of those Directors may vote on a Directors' resolution to approve the contract or transaction. A Director who has a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction and who is present at the meeting of Directors at which the contract or transaction is considered for approval shall be counted in the quorum present at the meeting.

16.3 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*.

16.4 A Director may hold any office or place of profit with the Company (other than the office of auditor of the Company) in conjunction with his office of Director for such period and on such terms (as to remuneration or otherwise) as the Directors may determine and no Director or intended Director shall be disqualified by his office from contracting with the Company either with regard to his tenure or any such other office or place of profit or as vendor, purchaser or otherwise.

16.5 Subject to compliance with the provisions of the *Business Corporations Act*, a Director or an officer by himself or by his firm may act in a professional capacity for the Company (except as auditor of the Company) and he or his firm shall be entitled to remuneration for professional services rendered to or for the Company as if he were not a Director or an officer.

16.6 A Director or an officer may be or become a director or other officer or employee of, or otherwise interested in, any corporation or firm and, subject to compliance with the provisions of the *Business Corporations Act*, such Director shall not be accountable to the Company for any remuneration or other benefits received by him as director, officer or employee of, or from his interest in, such other corporation or firm.

PART 17
PROCEEDINGS OF DIRECTORS

17.1 The Directors may elect a Director to be the Chairman of the Board and another Director to be the Vice-Chairman and in doing so may determine the period for which each is to hold office. The Chairman or in his absence the Vice-Chairman or in his absence the President, if a Director, shall preside as chairman at every meeting of the Directors; but, if at any meeting neither the Chairman, nor Vice-Chairman nor President, if a Director, is present or willing to act as chairman within ten minutes of the time appointed for holding the meeting, the Directors present shall choose one of their number to be chairman of the meeting.

17.2 The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. A meeting of the Board may be held at any place within or outside Canada. Meetings of the Board held at regular intervals may be held at such place, at such time and upon such notice (if any) as the Board by resolution from time to time determines.

17.3 Any vote may be held entirely by means of a telephonic or other communications medium, if the Company makes available such facility. Each Director present at a meeting of the Board shall have one vote on each motion arising. Motions arising at a meeting of the Board shall be decided by a majority vote. The chairman of the meeting shall not have a second or casting vote.

17.4 A Director may participate in a meeting of the Board or of any committee of the Directors by means of telephonic or other communications medium that permits all participants to communicate with each other, and a Director participating in such manner is deemed to be present at the meeting and shall be counted in the quorum therefore and be entitled to participate and vote thereat.

17.5 Any Director or the president may call a meeting of the Board by giving reasonable notice of such meeting specifying the time and place of the meeting to each of the Directors other than the Director giving that notice. Notices may be given by mail, postage prepaid, addressed to each of the Directors and alternate directors at their addresses as they appear on the books of the Company, or by leaving it at either of their usual business or residential addresses, or sent by electronic document. It shall not be necessary to give notice of a meeting of Directors to any Director or alternate Director if such meeting is to be held immediately following a general meeting at which such Director has been elected or of a meeting of Directors at which such Director is appointed. Any Director who may be absent temporarily from the Province may file a waiver of notice of meetings of the Directors, which may be by letter or by electronic document, at the registered office of the Company and may at any time withdraw the waiver and, until the waiver is withdrawn, no notice of meetings of Directors need be sent to that Director and any meeting of Directors, notice of which has not been given to that Director, shall, provided a quorum of the Directors is present, be valid and effective. Accidental omission to give notice of a meeting of Directors to, or the non-receipt of notice by, any Director shall not invalidate the proceedings at the meeting or any actions taken thereat.

17.6 Any Director may file with the Company a document executed by him waiving notice of any past, present or future meeting or meetings of the Directors being, or required to have been, sent to him and may at any time withdraw such waiver with respect to meetings held thereafter. After filing such waiver with respect to future meetings and until such waiver is withdrawn, no notice need be given to such Director and, unless the Director otherwise requires in writing to the Company, to his alternate director of any meeting of Directors and all meetings of the Directors so held shall be deemed to have been properly called and constituted notwithstanding the absence of notice to such Director or alternate director. Attendance of a Director at a meeting of the Directors shall constitute a waiver of notice of the meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

17.7 The Directors may from time to time fix the quorum necessary for the transaction of business and unless so fixed such quorum shall be a majority of the Board. If the Company has one Director the necessary quorum shall be one.

17.8 The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of filling the vacancies up to that number, or for the purpose of summoning a general meeting of the Company, but for no other purpose.

17.9 Subject to the provisions of the *Business Corporations Act*, all acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such Directors, or of the members of such committee or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly elected or appointed and was qualified to be a Director.

17.10 A resolution consented to in writing, whether by document or any method permitted by law, including over the internet, by the input of data using telephonic facilities or by reproduction using facsimile or electronic facilities, by all of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and held. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the Directors and shall be effective on the date stated thereon or on the latest date stated on any counterpart.

PART 18
EXECUTIVE AND OTHER COMMITTEES

18.1 The Directors may appoint an Executive Committee to consist of such member or members of the Board as they think fit. The Executive Committee shall have, and may exercise during the intervals between the meetings of the Board, all the powers vested in the Board except:

a) the power to add to or fill vacancies in the Board;

b) the power to change the membership of, or fill vacancies in, the Executive Committee or any other committee of the Board;

c) any powers which under the *Business Corporations Act* no committee of Directors has authority to exercise; and

d) such other powers, if any, as may be specified in the resolution appointing the Executive Committee.

18.2 The Directors may by resolution appoint one or more committees consisting of such member or members of the Board as they think fit and may delegate to any such committee various powers of the Board, except:

a) the power to add to or fill vacancies in the Board;

b) the power to change the membership of or fill vacancies in any other committee of the Board;

c) any powers which under the *Business Corporations Act* no committee of Directors has authority to exercise; and

d) the power to appoint or remove officers appointed by the Board.

The powers so delegated are to be exercised between meetings of the Board subject to such conditions as may be prescribed in such resolution.

18.3 Each committee appointed by the Directors shall keep regular minutes of its transactions and shall cause them to be recorded in books kept for that purpose and shall report the same to the Board at such times as the Board may from time to time require. The Board shall have power at any time to revoke or override any authority given to any such committee, except as to acts done before such revocation or overriding, to terminate the appointment or change the membership of any committee and to fill vacancies in it. Each committee may make rules for the conduct of its business and may appoint such assistants as it may deem necessary. A majority of the members of a committee shall constitute a quorum thereof.

18.4 Each committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members of the committee present and, in case of an equality of votes, the chairman shall not have a second or casting vote. A resolution approved in writing by all members of a committee shall be as valid and effective as if it had been passed at a meeting of that committee duly called and constituted. Such resolution may be in two or more counterparts which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.

PART 19
OFFICERS

19.1 The Directors may, from time to time, appoint such officers as the Directors may determine and the Directors may, at any time, terminate any such appointment. No officer shall be appointed unless he is qualified in accordance with the provisions of the *Business Corporations Act*.

19.2 One individual may hold more than one office. An officer is not required to be a Director in order to hold office. The remuneration of the officers of the Company, as such, and the terms and conditions of their tenure of office or employment, shall from time to time be determined by the Directors; such remuneration may be by way of salary, fee, wage, commission or participation in profits, or any combination thereof or any other means and an officer may in addition to such remuneration be entitled to receive a pension or gratuity after he ceases to hold such office or leaves the employment of the Company. The Directors may decide what functions and duties each officer shall perform and may entrust to and confer upon him any of the powers exercisable by them upon such terms and conditions and with such restrictions as they think fit and may from time to time revoke, withdraw, alter or vary all or any of such functions, duties and powers.

19.3 A 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 his interest in accordance with the provisions of the *Business Corporations Act*.

PART 20
INDEMNITY AND PROTECTION OF DIRECTORS AND OFFICERS

20.1 Subject to the provisions of the *Business Corporations Act*, the Directors shall cause the Company to and the Company shall indemnify each individual who:

a) is or was a Director or officer;

b) is or was a Director or officer of another corporation

    i) at a time when the corporation is or was an Affiliate, or

    ii) at the request of the Company;

c) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity,

and the heirs and personal or other legal representatives of that individual against all judgments, penalties or fines awarded or imposed in, or an amount paid in settlement of, a proceeding in which that individual is or may be joined as a party or is or may be liable for and, after the final disposition of such proceeding, pay the expenses actually and reasonably incurred in respect of such proceeding to which he is or they are or threatened to be made a party by reason of his being or having been a Director or an officer of the Company or by reason of his serving or having served, at the request of the Company, as a Director, officer of the Company or any other corporation or equivalent position of a partnership, trust, joint venture or other unincorporated entity, including any action whether brought by the Company or any such entity as above described; provided that he shall have acted honestly and in good faith with a view to the best interests of the Company or the associated corporation, as the case may be, and in the case of a proceeding other than a civil proceeding, did not have reasonable grounds for believing that his conduct in respect of which the proceeding was brought was not lawful. Each Director and officer of the Company on being elected or appointed shall be deemed to have contracted with the Company on the terms of the foregoing indemnity.

20.2 The determination of any action, suit or proceeding by judgment, order, settlement, conviction or otherwise shall not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Company and, with respect to any proceeding other than a civil proceeding, did not have reasonable grounds to believe that his conduct was lawful.

20.3 The failure of a Director or officer of the Company to comply with the provisions of the *Business Corporations Act* or these Articles shall not invalidate any indemnity to which he is entitled under this Part.

20.4 Subject to the provisions of the *Business Corporations Act*, no Director or officer for the time being of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board for the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company shall be invested or for any loss or damages arising from the bankruptcy, insolvency, or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his own willful act or default, negligence, breach of trust or breach of duty.

20.5 The Directors may cause the Company to purchase and maintain insurance for the benefit of any person for whom and against any liability for which the Directors shall or may cause the Company to provide indemnity pursuant to these Articles.

20.6 The indemnification provided by this Part shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any other Part or any valid and lawful agreement, vote of shareholders or Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director or officer and shall enure to the benefit of the heirs, executors and administrators of such person. The indemnification provided by this Part shall not be exclusive of any powers, rights, agreements or undertakings which may be legally permissible or authorized by or under any applicable law. Notwithstanding any other provisions set forth in this Part, the indemnification stipulated and authorized by this Part shall be applicable only to the extent that any such indemnification shall not duplicate indemnity or reimbursement which that person has received or shall receive otherwise than under this Part.

PART 21
DIVIDENDS AND RESERVES

21.1 The Directors may from time to time declare and authorize payment of such dividends, if any, as they may deem advisable and need not give notice of such declaration to any shareholder. A dividend may be paid out of profits, capital or otherwise and a declaration by the Directors as to the amount of such profits, capital or other funds or assets available for dividends shall be conclusive. The Company may pay any such dividend wholly or in part by the distribution of property, issuing shares or warrants of the Company or in any one or more such ways as may be authorized lawfully by the Company or the Directors. Where any difficulty arises with regard to such a distribution the Directors may settle the same as they think expedient and, in particular, may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments in substitution for all or any part of the specific assets to which any shareholder is entitled shall be made to any shareholder on the basis of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees for the persons entitled to the dividend as may seem expedient to the Directors.

21.2 Any dividend declared on shares of any class by the Directors may be made payable on such date as is fixed by the Directors.

21.3 Subject to the rights of shareholders (if any) holding shares with special rights as to dividends, all dividends on shares of any class shall be declared and paid according to the number of such shares held.

21.4 The Directors may, before declaring any dividend, set aside out of the funds properly available for the payment of dividends such sums as they think proper as a reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies, for equalizing dividends, or for any other purpose to which such funds of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit. The Directors may also, without placing the same in reserve, carry forward such funds, which they think prudent not to declare as a dividend.

21.5 No dividend shall bear interest against the Company. Where the dividend to which a shareholder is entitled includes a fraction of a cent, such fraction shall be disregarded in making payment thereof and such payment shall be deemed to be payment in full.

21.6 Any dividend, bonus or other money payable in cash in respect of shares may be paid by cheque sent through the post directed to the Registered Address of the holder, or, in the case of joint holders, to the Registered Address of one of the joint holder or to such person and to such address as the holder or joint holders may direct in writing. Every such cheque shall be made payable to the order of the holder, or, in the case of joint holders, to any of such joint holders or to such person as the holder or joint holders may direct in writing. The mailing of such cheque shall, to the extent of the sum represented thereby (plus the amount of any tax required by law to be deducted), discharge all liability for the dividend, unless such cheque shall not be paid on presentation or the amount of tax so deducted shall not be paid to the appropriate taxing authority. Any one of two or more joint holders may give effectual receipts for any dividend, bonus or other money payable in respect of the shares held by them as joint holders and the Company is not bound to see the execution of any trust in respect of shares of the Company.

21.7 Notwithstanding anything contained in these Articles, the Directors may from time to time capitalize any undistributed surplus on hand of the Company and may from time to time issue as fully paid and non-assessable any unissued shares or warrants of the Company as a dividend respecting such undistributed surplus on hand or any part thereof.

21.8 Notwithstanding anything contained in these Articles, should any dividend result in any shareholder being entitled to a fractional part of a share of the Company, the Directors shall have the right to pay such shareholder in place of that fractional share, the cash equivalent thereof calculated on the par value thereof or, in the case of shares without par value, calculated on the price or consideration for which such shares were or were deemed to be issued, and shall have the further right and complete discretion to carry out such distribution and to adjust the rights of such shareholder with respect thereto on as practical and equitable a basis as possible including the right to arrange through a fiscal agent or otherwise for the sale, consolidation or other disposition of those fractional shares on behalf of such shareholder of the Company.

PART 22
MINUTES, DOCUMENTS, RECORDS AND REPORTS

22.1 The Directors shall cause minutes to be duly entered in books provided for the purposes:

a) of the names of the Directors or their alternate directors present at each meeting of Directors and of any committee of Directors;

b) of all resolutions and proceedings of general meetings and class meetings of the shareholders of the Company and of all meetings of the Directors and of committees of Directors; and

c) of all waivers signed or resolutions passed by consent being given thereto in writing.

22.2 The Company shall keep at its records office or at such other place as the *Business Corporations Act* may permit, the documents, copies, registers, minutes and records which the Company is required by the *Business Corporations Act* to keep at its records office or such other place, as the case may be.

22.3 The Company shall cause to be kept proper books of account and accounting records in respect of all financial and other transactions of the Company in order to properly record the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

22.4 Unless the Directors determine otherwise, or unless otherwise determined by an ordinary resolution, no shareholder of the Company shall be entitled to inspect the accounting records of the Company.

22.5 The Directors shall, from time to time, at the expense of the Company, cause to be prepared and laid before the Company in a general meeting such financial statements and reports as are required by the *Business Corporations Act*.

22.6 Every shareholder shall, upon their request, be entitled to be furnished once, at no expense, with a copy of the latest annual financial statement of the Company and, if so required by the *Business Corporations Act*, a copy of each such annual financial statement shall be mailed to each shareholder.

PART 23
NOTICES

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

a) mail addressed to the person at the applicable address for that person as follows:

   i) for a record mailed to a shareholder, the Registered Address;

   ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

   iii) in any other case, the mailing address of the intended recipient;

b) delivery at the applicable address for that person as follows, addressed to the person:

   i) for a record delivered to a shareholder, the Registered Address;

   ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

   iii) in any other case, the delivery address of the intended recipient;

c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

e) physical delivery to the intended recipient;

f) by any other method permitted by law.

23.2 Where a record is sent by mail, service or delivery of the record shall be deemed to be effected by properly addressing, prepaying and mailing the record and to have been given on the day, Saturdays, Sundays and holidays excepted, following the date of mailing. A certificate signed by a director or officer of the Company or of any other corporation acting in that behalf for the Company that the letter, envelope or wrapper containing the notice, statement, report or other record was so addressed, prepaid and mailed or otherwise sent as permitted by Article 23.1 shall be conclusive evidence thereof.

23.3 A notice, statement, report or other record may be given or delivered by the Company to the joint holders of a share by giving the notice, statement, report or other record to any one of the joint holders named in the central securities register in respect of that share.

23.4 A notice, statement, report or other record may be given or delivered by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by sending it through the mail prepaid addressed to them by name or by the title of representatives of the deceased or incapacitated person or trustee of the bankrupt, or by any like description, at the address (if any) supplied to the Company for the purpose by the persons claiming to be so entitled or (until such address has been so supplied) by giving the notice in a manner in which the same might have been given if the death, bankruptcy or incapacity had not occurred.

23.5 Notice of every general meeting or meeting of shareholders holding a class of shares shall be given in a manner hereinbefore authorized to every shareholder holding at the time of the issue of the notice or the date fixed for determining the shareholders entitled to such notice, whichever is the earlier, shares which confer the right to notice of and to attend and vote at any such meeting. No other person except the auditor of the Company and the Directors of the Company shall be entitled to receive notices of any such meeting.

23.6 Any notice, statement, report or other record sent by mail to or left at the address of any shareholder as recorded in the central securities register shall, notwithstanding that shareholder is then deceased, bankrupt or incapacitated and whether or not the Company has notice of his death, bankruptcy or incapacity, be deemed to have been duly served in respect of any registered shares, whether held solely or jointly with other persons by that deceased, bankrupt or incapacitated shareholder, until some other person is registered in his place as a shareholder or joint shareholder in respect of those shares and that service shall for all purposes of these Articles be deemed a sufficient service of such notice, statement, report or other record on his personal representatives, trustee in bankruptcy and all persons, if any, jointly interested with him in those shares.

23.7 If a number of days' notice or a notice extending over any other period is required to be given, the day of service shall not, unless it is otherwise provided in these Articles, be counted in the number of days or other period required.

PART 24
RECORD DATES

24.1 The Directors may set a date as the record date, which shall not be more than the maximum number of days permitted by the *Business Corporations Act*, preceding the date of any meeting of shareholders, or any class thereof or of the payment of any dividend or of the participation in a liquidation distribution requiring the determination of shareholders as the record date for the determination of the shareholders entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or entitled to participate in a liquidation distribution, and, in such case, notwithstanding anything elsewhere contained in these Articles, only shareholders of record on the date so fixed shall be deemed to be shareholders for the purpose aforesaid. The record date must not preceed the date on which the meeting is held by fewer than:

a) if and for so long as the Company is a public company, 21 days;

b) otherwise, 10 days.

24.2 Where no record date is so fixed for the determination of shareholders as provided in the preceding Article, the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, shall be the record date for such determination.

PART 25
SEAL AND EXECUTION OF DOCUMENTS

25.1 The Directors may provide a Seal for the Company and, if they do so, shall provide for the safe custody of the Seal which shall not be affixed to any instrument except when attested by the signature of the following persons, or, in the absence of a Seal, provide for the execution of documents by the signature of the following persons, namely:

a) any two Directors, or if the Company has only one Director, then that Director;

b) one of the Chairman of the Board, the President, the Managing Director, a Director and a Vice-President together with one of the Secretary, the Treasurer, the Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer and an Assistant Secretary-Treasurer;

c) if the Company has only one shareholder, any one Director or the President or the Secretary; or

d) such person or persons as the Directors may from time to time by resolution appoint.

Any one of the foregoing persons may certify a true copy of any document or resolution and affix the seal thereto if required.

25.2 To enable the Seal of the Company to be affixed to any bonds, debentures, share certificates, 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* and/or these Articles, printed or otherwise mechanically reproduced there may be delivered to the firm or company employed to engrave, lithograph or print such definitive or interim bonds, debentures, share certificates or other securities one or more unmounted dies reproducing the Company's Seal and the Chairman of the Board, the President, the Managing Director or a Vice-President and the Secretary, Treasurer, Secretary-Treasurer, an Assistant Secretary, and Assistant Treasurer or an Assistant Secretary-Treasurer may by a document authorize such firm or company to cause the Company's Seal to be affixed to such definitive or interim bonds, debentures, share certificates or other securities by the use of such dies. Bonds, debentures, share certificates or other securities to which the Company's Seal has been so affixed shall for all purposes be deemed to be under and to bear the Company's Seal lawfully affixed thereto.

25.3 The Company may have a Seal for use in any other province, state, territory or country.

PART 26
PROHIBITIONS

26.1 In this Article 26:

a) "designated security" means:

i) a voting security of the Company;

ii) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or

iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph (i) or (ii);

b) "security" has the meaning assigned in the *Securities Act* (British Columbia);

c) "voting security" means a security of the Company that:

i) is not a debt security, and

ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

26.2 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 its Articles or to which the Statutory Reporting Company Provisions apply.

26.3 No share or designated security may be sold, transferred or otherwise disposed of without previous consent of the Directors expressed by a resolution of the Board and the Directors shall not be required to give any reason for refusing to give their consent to any such proposed sale, transfer or other disposition.

SIGNATURE OF INCORPORATOR

____
◆

DATED at Vancouver, British Columbia, this _____ day of ___________________, 2013.

Schedule "B"

Form 13 – Amalgamation Application of Amalco

BRITISH COLUMBIA
The Best Place on Earth

BC Registry Services

AMALGAMATION APPLICATION

FORM 13 – BC COMPANY

Section 275 *Business Corporations Act*

Telephone: 250 356-8626
www.bcregistryservices.gov.bc.ca

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

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the *FOIPPA* and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 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 this amalgamation?
(Check all applicable boxes.)

- [x] 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

- [x] 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:
    FOLKSTONE CAPITAL CORP.

    The incorporation number of that company is: ____________________

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

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

- [ ] **With Court Approval:**
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

OR

- [x] **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 12:01a.m. Pacific Time on [YYYY / MM / DD] 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 [YYYY / MM / DD] 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. Folkstone Capital Corp.	BC0899668	
2. Sophia Capital Corp.	BC0886336	
3.		
4.		
5.		

F FORMALITIES TO AMALGAMATION

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

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

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

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

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

NOTICE OF ARTICLES

A NAME OF COMPANY
Set out the name of the company as set out in Item B of the Amalgamation Application.

FOLKSTONE CAPITAL CORP.

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	
CANOVA	EDDY		
DELIVERY ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
LAST NAME	FIRST NAME	MIDDLE NAME	
MIRANDA	MARIO		
DELIVERY ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
LAST NAME	FIRST NAME	MIDDLE NAME	
OWENS	ERIC		
DELIVERY ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
LAST NAME	FIRST NAME	MIDDLE NAME	
DELIVERY ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE

D REGISTERED OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE	PROVINCE	POSTAL CODE
1000 – 595 Burrard Street, Vancouver	**BC**	V7X 1S8

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE	PROVINCE	POSTAL CODE
1000 – 595 Burrard Street, Vancouver	**BC**	V7X 1S8

E RECORDS OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE	PROVINCE	POSTAL CODE
1000 – 595 Burrard Street, Vancouver	**BC**	V7X 1S8

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE	PROVINCE	POSTAL CODE
1000 – 595 Burrard Street, Vancouver	**BC**	V7X 1S8

F AUTHORIZED SHARE STRUCTURE

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