

ARRANGEMENT AGREEMENT
BETWEEN
DELON RESOURCES CORP.
AND
GENER8 DIGITAL MEDIA CORP.

AS OF
JANUARY 2, 2013

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated as of January 2, 2013, is entered into between Delon Resources Corp., a corporation incorporated under the laws of the Province of British Columbia (“**Delon**”) and Gener8 Digital Media Corp., a corporation incorporated under the laws of the Province of British Columbia (“**Gener8**”).

RECITALS

- A. Delon and Gener8 wish to propose a combination of their businesses;
- B. The parties hereto intend to carry out the transactions contemplated herein by way of an arrangement involving Gener8, its securityholders, Delon and a wholly-owned subsidiary of Delon under the provisions of the *Business Corporations Act* (British Columbia); and
- C. In furtherance of such business combination, Delon and Gener8 have agreed to enter into this Arrangement Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings respectively:

“**1933 Act**” means the United States *Securities Act of 1933*, as amended;

“**Acquisition Proposal**” means any of the following (other than the transactions contemplated by this Agreement or the Arrangement, or that were commenced and/or negotiated prior to the date of this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving Gener8 or any of its Subsidiaries, (b) any acquisition of all or substantially all of the assets of Gener8 or any of its Subsidiaries (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect), (c) any acquisition of beneficial ownership (as defined under the BCBCA) of 20% or more of the Gener8 Common Shares in a single transaction or a series of related transactions, (d) any acquisition by Gener8 of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to Gener8 and its Subsidiaries, taken as a whole), or (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing;

“**Affiliate**” has the meaning ascribed thereto in the BCSA, unless otherwise expressly stated herein;

“**Agreement**” means this Arrangement Agreement, including the Schedules hereto;

“**applicable privacy laws**” means any and all applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada), the *Personal Information Protection Act* (British Columbia);

“**Appropriate Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities, or self-regulatory organizations required to be obtained under applicable Laws to complete the Arrangement including those set out in Schedule “A” annexed hereto;

“**Arrangement**” means the arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.1 hereof or Article 6 of the Plan of Arrangement, or made at the direction of the Court in the Final Order;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), and the rules and regulations made thereunder, as now in effect and as it may be amended from time to time prior to the Effective Date;

“**BCSA**” means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder, as now in effect and as they may be amended from time to time prior to the Effective Date;

“**Business Day**” means any day on which commercial banks are generally open for business in Vancouver, British Columbia other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia under the Laws of the Province of British Columbia or the federal Laws of Canada;

“**Circular**” means the notice of the Gener8 Meeting and the notice of the Delon Meeting to be sent to Gener8 Securityholders and Delon Shareholders, respectively, and the information circular to be prepared in connection with the Gener8 Meeting and the Delon Meeting, together with any amendments thereto or supplements thereof, and any other registration statement, information circular or proxy statement which may be prepared in connection with the Gener8 Meeting and/or the Delon Meeting;

“**CNSX**” means the Canadian National Stock Exchange;

“**Confidential Information**” means, in relation to a party (the “**Discloser**”):

- (a) all information, in whatever form communicated or maintained, whether orally, in writing, electronically, in computer readable form or otherwise, that the Discloser discloses to, or that is gathered by inspection by a party (the “**Recipient**”) or any of the Recipient’s Representatives in the course of the Recipient’s review of the transactions contemplated by this Agreement, whether provided before or after the date of this Agreement, including information that contains or otherwise reflects information concerning the Discloser or its businesses, affairs, financial condition, assets, liabilities, operations, prospects or activities, and specifically includes financial information, budgets, business plans, ways of doing business, business results, prospects, customer lists, forecasts, engineering reports, environmental reports, evaluations, legal opinions, names of venture partners and contractual parties, and any information provided to the Discloser by third parties under circumstances in which the Discloser has an obligation to protect the confidentiality of such information;
- (b) all plans, proposals, reports, analyses, notes, studies, forecasts, compilations or other information, in any form, that are based on, contain or reflect any Confidential Information regardless of the identity of the Person preparing the same;
- (c) the fact that information has been disclosed or made available to the Recipient or the Recipient’s Representatives; and
- (d) the fact that discussions or negotiations are or may be taking place with respect to a possible transaction, the proposed terms of any such transaction and the status of any discussions or negotiations under this Agreement;

but does not include any information that:

- (e) is at the time of disclosure to the Recipient or thereafter becomes generally available to the public, other than as a result of a disclosure by the Recipient or any of the Recipient’s Representatives in breach of this Agreement;
- (f) is or was received by the Recipient on a non-confidential basis from a source other than the Discloser or its Representatives if such source is not prohibited from disclosing the information to the Recipient by a confidentiality agreement with, or a contractual, fiduciary or other legal confidentiality obligation to, the Discloser; or

was known by the Recipient prior to disclosure in connection with the transactions contemplated by this Agreement and was not subject to any contractual, fiduciary or other legal confidentiality obligation on the part of the Recipient;

“**constating documents**” means, with respect to any person, the certificate and articles of incorporation, by-laws, articles of organization, limited liability company agreement, partnership agreement, formation agreement, joint venture agreement, unanimous

shareholder agreement or declaration or other similar governing documents of such person;

“Court” means the Supreme Court of British Columbia;

“CWC” means Conversion Works Corporation;

“CWC Amalgamation Agreement” means the amalgamation agreement between Gener8, 8055661 Canada Inc. and CWC dated February 24, 2012;

“CWC Shareholder” means a former shareholder of CWC that has not delivered to Gener8 all documents required to acquire Gener8 Common Shares in accordance with Section 4 of the CWC Amalgamation Agreement;

“CWC Shareholder Right” means the right of a CWC Shareholder to receive a Gener8 Common Share upon delivery to Gener8 of all documents required to acquire Gener8 Common Shares in accordance with Section 4 of the CWC Amalgamation Agreement for a period of six years from the effective date of the CWC Amalgamation Agreement;

“CWC Warrantholder” means a former holder of warrants of CWC that has not delivered to Gener8 all documents required to acquire a CWC Warrantholder Gener8 Warrant in accordance with Section 4 of the CWC Amalgamation Agreement;

“CWC Warrantholder Gener8 Warrant” means the warrants of Gener8 issuable to the CWC Warrantholders in accordance with the CWC Amalgamation Agreement;

“CWC Warrantholder Right” means the right of a CWC Warrantholder to receive a CWC Warrantholder Gener8 Warrant upon delivery to Gener8 of all documents required to acquire CWC Warrantholder Gener8 Warrants in accordance with Section 4 of the CWC Amalgamation Agreement for a period of six years from the effective date of the CWC Amalgamation Agreement;

“date of this Agreement” means January 2, 2013;

“Delon” has the meaning ascribed thereto in the Preamble;

“Delon Arrangement Resolution” means the ordinary resolution of the Delon Shareholders, approving the Plan of Arrangement to be considered at the Delon Meeting;

“Delon Common Shares” means common shares in the capital of Delon as constituted on the date of this Agreement;

“Delon Consolidation” means the consolidation of the Delon Common Shares and other outstanding securities of Delon on the basis of one (1) post-consolidation Delon Common Share for every two (2) pre-consolidation Delon Common Shares;

“Delon Consolidation Resolution” means the special resolution to approve the Delon Consolidation to be considered at the Delon Meeting;

“Delon Disclosure Letter” means that certain letter of disclosure dated as of the date of this Agreement and signed by an authorized officer of Delon and delivered by Delon to Gener8 on or prior to the date of this Agreement;

“Delon Disclosure Record” has the meaning ascribed thereto in Section 4.7(a);

“Delon Documents” has the meaning ascribed thereto in Section 4.7(a);

“Delon Meeting” means the meeting of Delon Shareholders, including any adjournments or postponements thereof, held for, among other things, the purpose of considering and approving the Arrangement and the transactions contemplated by the Arrangement Agreement by way of the Delon Arrangement Resolution and the Delon Consolidation by way of the Delon Consolidation Resolution;

“Delon Options” means the Delon Common Share purchase options granted under the Delon Stock Option Plan;

“Delon Post Consolidation Common Share” means common shares in the capital of Delon as constituted after the Delon Consolidation;

“Delon Shareholder” means, at any time, holders of Delon Common Shares;

“Delon Stock Option Plan” means Delon's stock option plan in effect on the date of this Agreement;

“Delon Warrants” means the issued and outstanding warrants entitling the holders thereof to purchase Delon Common Shares;

“Dissent Rights” means the rights of dissent in respect of the Arrangement described in Section 4.1 of the Plan of Arrangement;

“Dissenting Shares” has the meaning ascribed thereto in the Plan of Arrangement;

“Effective Date” has the meaning ascribed thereto in the Plan of Arrangement;

“Effective Time” has the meaning ascribed thereto in the Plan of Arrangement;

“Final Order” means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

“Financing” means the offer and sale by Delon of a minimum of 5,833,333 subscription receipts (each, a **“Subscription Receipt”**) at a price of \$0.60 per Subscription Receipt for

minimum gross proceeds of \$3,500,000 to be completed in connection with the Arrangement. Each Subscription Receipt shall be deemed to be exercised, without payment of any additional consideration and without further action on the part of the subscriber, for one unit of Delon (each, a **“Unit”**), subject to adjustment in accordance with the provisions of the certificate evidencing the Subscription Receipts. Each Unit will consist of one Delon Post Consolidation Common Share and one-half of one warrant (each whole warrant, a **“Warrant”**). Each whole Warrant will entitle the holder to purchase one additional Delon Post Consolidation Common Share at a price of \$0.80 per Delon Post Consolidation Common Share for a period of 36 months from the Effective Date, subject to acceleration in certain circumstances;

“Gener8” has the meaning ascribed thereto in the Preamble;

“Gener8 Arrangement Resolution” means the special resolution of the Gener8 Shareholders and the Gener8 Securityholders approving the Plan of Arrangement to be considered at the Gener8 Meeting;

“Gener8 Broker Warrants” means the Gener8 Warrants issued to Haywood Securities Inc., Leede Financial Markets, Raymond James Ltd., and Macquarie Private Wealth Inc. issued in connection with brokered financings in 2011 and 2012;

“Gener8 Broker Warrantholders” means, at any time, a holder of Gener8 Broker Warrants;

“Gener8 Common Shares” means common shares in the capital of Gener8;

“Gener8 Disclosure Letter” means that certain letter of disclosure dated as of the date of this Agreement and signed by an authorized officer of Gener8 and delivered by Gener8 to Delon on or prior to the date of this Agreement;

“Gener8 Disclosure Record” has the meaning ascribed thereto in Section 3.8(a);

“Gener8 Documents” has the meaning ascribed thereto in Section 3.8(a);

“Gener8 Meeting” means the meeting of Gener8 Securityholders, including any adjournments or postponements thereof, held for the purpose of considering and approving the Arrangement and the transactions contemplated by the Arrangement Agreement by way of the Gener8 Arrangement Resolution;

“Gener8 Options” means outstanding options to acquire Gener8 Common Shares issued under the Gener8 Stock Option Plan;

“Gener8 Optionholder” means, at any time, a holder of Gener8 Options;

“Gener8 Permits” has the meaning ascribed thereto in Section 3.13(b);

“Gener8 Plans” has the meaning ascribed thereto in Section 3.12(a);

“Gener8 Securityholders” means Gener8 Shareholders, Gener8 Optionholders, Gener8 Warrantholders, Gener8 Broker Warrantholders, CWC Shareholders, and the CWC Warrantholders;

“Gener8 Shareholder” means, at any time, holders of Gener8 Common Shares;

“Gener8 Stock Option Plan” means Gener8’s Stock Option Plan in effect on the date of this Agreement;

“Gener8 Warrant Offer” means the offer to the Gener8 Warrantholders, excluding the holders of the Gener8 Broker Warrants, to reduce the exercise price to purchase Gener8 Common Shares to \$0.08 prior to the date of the Gener8 Meeting.

“Gener8 Warrants” means the issued and outstanding warrants entitling the holders thereof to purchase Gener8 Common Shares, other than the Gener8 Broker Warrants;

“Gener8 Warrantholder” means, at any time, a holder of Gener8 Warrants;

“Governmental Entity” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board, or authority of any of the foregoing, or (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

“IFRS” means, in relation to any financial year beginning on or before December 31, 2010, generally accepted accounting principles in Canada as then set out in the Canadian Institute Chartered Accountants Handbook, and, in relation to any financial year beginning after December 31, 2010, generally accepted accounting principles set out in the Canadian Institute for Chartered Accountants Handbook for an entity that prepares its financial statements in accordance with International Financial Reporting Standards;

“Interim Order” means the interim order of the Court, as the same may be amended, in respect of the Arrangement, as contemplated by Section 2.3 providing for, among other things, the calling and holding of the Gener8 Meeting;

“knowledge” means, with respect to either Delon or Gener8, the knowledge of any officer of such party after reasonable inquiry;

“Laws” means all statutes, regulations, statutory rules, policies, orders, and terms and conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the CNSX), and the term **“applicable”** with respect to such Law and in the context that refers to one or more persons, means that such Law applies to such person or persons or its or their business, undertaking, property or securities and emanates from a Governmental Entity,

statutory body or regulatory authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

“Lien” means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, lease, option, right of third parties or other charge or encumbrance, including the lien or retained title of a conditional vendor, and any easement, servitude, right of way or other encumbrance on title to real or immovable property or personal or movable property;

“Mailing Date” means a date mutually agreed between Delon and Gener8 for mailing of the Circular in accordance with the constating documents of Gener8 and Delon and applicable Laws;

“Material Adverse Effect,” when used in connection with Delon or Gener8, means any change, effect, circumstance, event or occurrence with respect to its condition (financial or otherwise), properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), businesses, operations or results of operations or those of its Subsidiaries, (1) that is, or would be reasonably expected to be, material and adverse to the current or future business, operations, regulatory status, financial condition or results of operations of Delon or Gener8, as the case may be, and its Subsidiaries taken as a whole; or (2) either individually or in the aggregate prevents or individually or in the aggregate would reasonably be expected to prevent either Delon or Gener8 from performing its obligations under this Agreement in any material respect, other than those relating to the global economy or securities markets generally.

“Meeting Date” means the date on which the Gener8 Meeting and the Delon Meeting are held;

“Misrepresentation” has the meaning given to such term in the BCSA;

“person” includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

“Personal Information” means information about an individual transferred to Delon by Gener8 as a condition of the Arrangement, but does not include an individual's name, position name or title, business telephone number, business address, business email or business fax number;

“Plan of Arrangement” means the plan of arrangement substantially in the form and content of Schedule “B” annexed hereto and any amendments or variations thereto made in accordance with Section 7.1 hereof or Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order;

“Representatives” has the meaning ascribed thereto in Section 5.3(a);

“SEC” means the United States Securities and Exchange Commission;

“Subsidiary” has the meaning attributed to that term in the BCBCA;

“Superior Proposal” means any bona fide written proposal, other than the Arrangement, by a third party, directly or indirectly, to acquire all or substantially all of the assets of Gener8 (on a consolidated basis) or all of the issued and outstanding Gener8 Common Shares, whether by way of merger, amalgamation, arrangement, share exchange, take-over bid, recapitalization, sale of assets or otherwise, and which the board of directors of Gener8 determines acting in good faith (following due consultation with its financial advisors and outside legal counsel) (a) is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal, (b) is fully financed, is not conditional on obtaining financing or in respect of which any required financing to complete such proposal has been demonstrated to the satisfaction of Gener8’s Board of Directors, acting in good faith, is reasonably likely to be obtained, and (c) would, if consummated in accordance with its terms but without assuming away the risk of non-completion, result in a transaction that is more favourable to Gener8’s Shareholders from a financial point of view than the terms of the Arrangement and provides for consideration per Gener8 Common Share that has a value that is greater than the consideration per Gener8 Common Share provided under the terms of the Arrangement (including any adjustment to such terms proposed by Delon as contemplated by Section 5.6(b));

“Tax” and **“Taxes”** means, with respect to any person, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes, payroll taxes, employment taxes, pension plan premiums for government administered pension plans; excise, severance, social security premiums, workers’ compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

“Tax Returns” includes all returns, reports, declarations, designations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed with any Governmental Entity in respect of Taxes; and

“Termination Date” means March 11, 2013.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an **“Article”** or **“Section”** followed by a number or a letter refer to the specified Article or Section of this Agreement. The terms **“this Agreement”**, **“hereof,”** **“herein”** and **“hereunder”** and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular Article, Section or other portion hereof.

1.3 Rules of Construction

Unless otherwise specifically indicated or the context otherwise requires, (a) all references to **“dollars”** or **“\$”** mean Canadian dollars, (b) words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders, and (c) **“include,”** **“includes”** and **“including”** shall be deemed to be followed by the words **“without limitation.”**

1.4 Date For Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement in respect of Gener8 and Delon shall have the meanings attributed thereto under IFRS and all determinations of an accounting nature in respect of Gener8 and Delon required to be made shall be made in a manner consistent with IFRS and past practice, and to the extent (and only to the extent) required by Applicable Laws.

1.6 Schedules

The following Schedules are annexed to this Agreement and are hereby incorporated by reference into this Agreement and form part hereof:

Schedule A — Appropriate Regulatory Approvals

Schedule B — Form of Plan of Arrangement

**ARTICLE 2
THE ARRANGEMENT**

2.1 Implementation Steps by Gener8

Gener8 covenants in favour of Delon that Gener8 shall:

- (a) as soon as reasonably practicable and with the assistance of Delon, apply in a manner acceptable to Delon, acting reasonably, under Section 291 of the BCBCA for the Interim Order, and thereafter proceed with and diligently seek the Interim Order;
- (b) lawfully convene and hold the Gener8 Meeting for the purpose of, among other things, considering the Gener8 Arrangement Resolution as soon as reasonably practicable, subject to adjournments or postponements which may be required pursuant to Section 5.6(a);
- (c) subject to obtaining the approvals as are required by the Interim Order, as soon as practicable after the Gener8 Meeting, proceed with and diligently pursue the application to the Court for the Final Order approving the Arrangement;
- (d) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions herein contained in favour of each party, as soon as reasonably practicable, take all steps and actions, including without limitation making all necessary filings with Governmental Entities to give effect to the Arrangement prior to the Termination Date;
- (e) instruct counsel acting for it to bring the applications referred to in Sections 2.1(a) and (c) in co-operation with counsel to Delon;
- (f) permit Delon and its counsel to assist with drafting, reviewing and commenting reasonably upon drafts, as applicable, of all material to be filed by Gener8 with the Court in connection with the Arrangement, including the Circular and any supplement or amendment contemplated by Section 2.6(c), and provide counsel to Delon on a timely basis with copies of any notice of appearance and evidence served on Gener8 or its counsel in respect of the applications for the Interim Order and the Final Order or any appeal therefrom and of any notice (written or oral) received by Gener8 indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order;
- (g) not file any material with the Court in connection with the Arrangement or serve any such material, and not agree to modify or amend materials so filed or served except as contemplated hereby or with Delon's prior written consent, such consent not be unreasonably withheld or delayed; and

- (h) do all things necessary or desirable to give effect to the Arrangement, including making and actively prosecuting applications for all applicable required regulatory consents, approvals and permissions as provided for herein.

2.2 Implementation Steps by Delon

Delon covenants in favour of Gener8 that Delon shall:

- (a) cooperate with, assist and consent to Gener8 seeking the Interim Order and the Final Order;
- (b) lawfully convene and hold the Delon Meeting for the purpose of, among other things, considering the Delon Arrangement Resolution and the Delon Consolidation Resolution as soon as reasonably practicable;
- (c) prior to the Effective Time, Delon shall use commercially reasonable efforts to obtain any orders that may be necessary or required from the applicable Canadian and United States securities regulatory authorities to permit the issuance and first resale of the Delon Common Shares issuable pursuant to the Arrangement, without qualification with, or the filing of any prospectus, registration statement or similar document, or the taking of any proceeding with, or the obtaining of any further approval, order, ruling or consent from, any Canadian or United States securities regulatory authority under any applicable securities or other Laws or pursuant to the rules and regulations of any Governmental Entity administering such Laws, or the fulfillment of any other legal requirement in any such jurisdiction (other than, with respect to such first resales, any restrictions on transfer by reason of, among other things, a holder being a “**control person**” for purposes of Canadian federal, provincial or territorial securities Laws or an “**affiliate**” of Delon or Gener8 before or after the Arrangement for purposes of the 1933 Act);
- (d) use its commercially reasonable efforts to cause the Delon Common Shares issuable pursuant to the Arrangement to be conditionally accepted for listing on the CNSX, subject to official notice of issuance, prior to the Effective Time, and for such Delon Common Shares to not be subject to any statutory or other hold period (subject only to restrictions on transfer by reason of, among other things, a holder being a “**control person**” for purposes of Canadian federal, provincial or territorial securities Laws or an “**affiliate**” of Delon or Gener8 before or after the Arrangement for purposes of the 1933 Act);
- (e) use its commercially reasonable efforts to cause the Delon Common Shares issuable pursuant to the Financing to be conditionally accepted for listing on the CNSX; and

- (f) do all things necessary or desirable to give effect to the Arrangement, including making and actively prosecuting applications for all applicable required regulatory consents, approvals and permissions as provided for herein.

2.3 Interim Order

The notice of motion for the application referred to in Section 2.1(a) shall request that the Interim Order provide, among other things:

- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Gener8 Meeting and for the manner in which such notice is to be provided;
- (b) that the requisite approval for the Gener8 Arrangement Resolution shall be two-thirds of the votes cast on the Gener8 Arrangement Resolution by each of the following:
 - (i) the Gener8 Shareholders present in person or by proxy at the Gener8 Meeting (such that each Gener8 Shareholder is entitled to one vote for each Gener8 Common Share held), and
 - (ii) the Gener8 Shareholders present in person or by proxy at the Gener8 Meeting (such that each Gener8 Shareholder is entitled to one vote for each Gener8 Common Share held), Gener8 Warrantholders (such that each Gener8 Warrantholder is entitled to one vote for each Gener8 Warrant held), Gener8 Broker Warrantholders (such that each Gener8 Broker Warrantholder is entitled to one vote for each Gener8 Broker Warrant), Gener8 Optionholders (such that each Gener8 Optionholder is entitled to one vote for each Gener8 Option held), CWC Shareholders (such that each CWC Shareholder is entitled to one vote for each CWC Shareholder Right held) and CWC Warrantholders (such that each CWC Warrantholder is entitled to one vote for each CWC Warrantholder Right held);
- (c) that, in all other respects, the terms, restrictions and conditions of the constating documents of Gener8, including quorum requirements and all other matters, shall apply in respect of the Gener8 Meeting;
- (d) for the grant of the Dissent Rights; and
- (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order.

2.4 Plan of Arrangement

The parties to this Agreement will implement the Plan of Arrangement in accordance with the provisions of this Agreement including Schedule B of this Agreement.

From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Laws, including the BCBCA. The closing of the transactions contemplated hereby will take place at the offices of McMillan, LLP, Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on the Effective Date.

2.5 Joint Information Circular

As promptly as reasonably practicable Delon and Gener8 shall prepare the Circular together with any other documents required by the BCSCA, the BCBCA or other applicable Laws in connection with, among other things, the approval of the Gener8 Arrangement Resolution by the Gener8 Shareholders and Gener8 Securityholders at the Gener8 Meeting and the approval of the Delon Arrangement Resolution and Delon Consolidation Resolution by the Delon Shareholders at the Delon Meeting, and each party shall give the other timely opportunity to review and comment on all such documentation and all such documentation shall be reasonably satisfactory to Gener8 and Delon before it is filed or distributed to Gener8 Securityholders and/or Delon Shareholders, as the case may be, incorporating therein all reasonable comments made by Delon and its counsel.

As promptly as practicable after obtaining the Interim Order, Gener8 and Delon shall cause the Circular and other documentation required in connection with the Gener8 Meeting and the Delon Meeting, as the case may be, to be sent to each Gener8 Securityholders and Delon Shareholder, as the case may be, and filed as required by the Interim Order and applicable Laws on or before the Mailing Date.

2.6 Preparation of Filings

- (a) Delon and Gener8 shall cooperate in:
 - (i) the taking of all such action and the preparation of any application for the orders and any other documents reasonably deemed by Delon or Gener8 to be necessary to discharge their respective obligations under applicable United States and Canadian federal, provincial, territorial or state securities Laws in connection with the Arrangement and the other transactions contemplated hereby; and
 - (ii) the taking of all such action as may be required under the BCBCA in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.
- (b) Each of Delon and Gener8 shall promptly furnish to the other all information concerning it and its affiliates and securityholders as may be required for the effectuation of the actions described in Sections 2.5 and the foregoing provisions of this Section 2.6, and each covenants that no information furnished by it (to its knowledge in the case of information concerning its shareholders, optionholders and warrant holders, as applicable) in connection with such actions or otherwise in

connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any Misrepresentation.

- (c) Each of Delon and Gener8 shall promptly notify the other if at any time before or after the Effective Time it becomes aware that the Circular or any application for an order hereunder contains any Misrepresentation, or that otherwise requires an amendment or supplement to the Circular or such application. In any such event, Delon and Gener8 shall cooperate in the preparation of any required supplement or amendment to the Circular or such other document, as the case may be, and, if required by applicable Law or the Court, shall cause the same to be distributed to the Gener8 Securityholders and/or the Delon Shareholders or filed with the applicable securities regulatory authorities.
- (d) Gener8 and Delon shall (with Gener8 and Delon's counsel) diligently do all such acts and things as may be necessary to comply, in all material respects, with National Instrument 54-101 of the Canadian Securities Administrators in relation to the Gener8 Meeting and the Delon Meeting, as the case may be, and, without limiting the generality of the foregoing, shall, if required, use all reasonable efforts to benefit from the accelerated timing contemplated by such policy.

2.7 Solicitation of Proxies

- (a) Gener8 agrees that Delon may at any time, directly or through a soliciting dealer, actively solicit proxies in favour of the Gener8 Arrangement Resolution, subject to Delon complying with any Laws applicable to the solicitation of proxies. Gener8 shall disclose in the Circular that Delon may make such solicitations.
- (b) Delon agrees that Gener8 may at any time, directly or through a soliciting dealer, actively solicit proxies in favour of the Delon Arrangement Resolution and Delon Consolidation Resolution, subject to Gener8 complying with any Laws applicable to the solicitation of proxies. Delon shall disclose in the Circular that Gener8 may make such solicitations.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF GENER8

As an inducement to Delon to enter into this Agreement, Gener8 hereby represents and warrants to Delon as follows in each case except as set forth in the Gener8 Disclosure Letter (each of which exceptions shall specifically identify the relevant section hereof to which it relates):

3.1 Organization and Standing

- (a) Gener8 and each of its Subsidiaries has been duly organized or formed and is validly existing and, to the extent such concept is legally recognized, in good standing under the Laws of its jurisdiction of incorporation, organization or

formation, as the case may be, with full corporate or legal power and authority to own, lease and operate its properties and assets and to conduct its businesses as currently owned and conducted. Gener8 and each of its Subsidiaries is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties and assets requires it to so qualify, except where, individually or in the aggregate, the failure to be so qualified would not have a Material Adverse Effect on Gener8.

- (b) Section 3.1(b) of the Gener8 Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of each of Gener8's Subsidiaries, together with (i) the nature of the legal organization of such Subsidiary, (ii) the jurisdiction of organization or formation of such Subsidiary, (iii) the name of each person related to Gener8 that owns beneficially or of record any equity or similar interest in such Subsidiary, and (iv) the percentage interest owned by such person in such Subsidiary. Other than as set out in the Gener8 Disclosure Letter, neither Gener8 nor any of its Subsidiaries is subject to any obligation or a series of related obligations to provide funds to or make any investment in (in the form of a loan, capital contribution or otherwise) any person other than Gener8 or a wholly owned Subsidiary of Gener8. Section 3.1(b) of the Gener8 Disclosure Letter sets forth a correct and complete list of each jurisdiction in which Gener8 or any of its Subsidiaries is qualified or licensed to do business.
- (c) Gener8 has heretofore made available to Delon complete and correct copies of its constating documents as well as the constating documents of each of its Subsidiaries, in each case as in effect on the date of this Agreement.
- (d) Except for its interest in its Subsidiaries, Gener8 does not as of the date of this Agreement own, directly or indirectly, any membership interest, partnership interest, joint venture interest or other equity interest in any person.

3.2 Capitalization

- (a) The authorized capital of Gener8 consists of an unlimited number of Gener8 Common Shares without par value and an unlimited number of Class A, Class B and Class C preferred shares without par value. As of the date of this Agreement, there are 48,863,293 Gener8 Common Shares issued and outstanding, 3,123,000 Gener8 Options permitting the holders thereof to purchase 3,123,000 Gener8 Common Shares in the aggregate, 7,241,543 Gener8 Warrants permitting the holders thereof to purchase 7,241,543 Gener8 Common Shares, 1,120,616 Gener8 Broker Warrants permitting the holders thereof to purchase 1,120,616 Gener8 Common Shares and 1,331,898 CWC Shareholder Rights permitting the CWC Shareholders to acquire 1,331,898 Gener8 Common Shares and 1,736,692 CWC Warrantholder Rights permitting the CWC Warrantholders to acquire 1,736,692 CWC Warrantholder Gener8 Warrants. There are no preferred shares outstanding. Details as to the terms and conditions of the outstanding Gener8 Options and Gener8 Warrants including, in each case, the date of issue, the

exercise price, the expiry date and the number of Gener8 Common Shares to which such Gener8 Options and Gener8 Warrants relates is set out in Section 3.2(a) of the Gener8 Disclosure Letter.

- (b) All of the Gener8 Common Shares have been duly authorized and are validly issued and fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights or any other agreement or understanding binding upon Gener8 and were issued in compliance with the BCBCA, all applicable securities Laws and the constating documents of Gener8. All of the outstanding shares and other ownership interests of the Subsidiaries of Gener8, which are held, directly or indirectly, by Gener8 have been duly authorized and are validly issued, fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights and all such shares and other ownership interests are owned directly or indirectly by Gener8, free and clear of all Liens, except for restrictions on transfers contained in the constating documents of such entities.
- (c) Except as described in Section 3.2(a) above, as of the date of this Agreement, there are no outstanding options, warrants, subscriptions, puts, calls or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Gener8 or any of its Subsidiaries to offer, issue, sell, redeem, repurchase, otherwise acquire or transfer, pledge or encumber any capital stock of Gener8 or any of its Subsidiaries, nor are there outstanding any securities or obligations of any kind of Gener8 or any of its Subsidiaries which are convertible into or exercisable or exchangeable for any capital stock of Gener8, any of its Subsidiaries or any other person and neither Gener8 nor any of its Subsidiaries has any obligation of any kind to issue any additional securities or to pay for or repurchase any securities. There are not outstanding as of the date of this Agreement any stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of Gener8 or any of its Subsidiaries. As of the date of this Agreement there are no outstanding bonds, debentures or other evidences of indebtedness of Gener8 or any of its Subsidiaries having the right to vote (or that are exchangeable or convertible for or exercisable into securities having the right to vote) with the holders of the Gener8 Common Shares on any matter. As of the date of this Agreement, there are no proxies, rights to require registration under securities Laws or other arrangements or commitments to which Gener8 or any of its Subsidiaries is a party or bound with respect to the voting, disposition or registration of any outstanding securities of Gener8 or any of its Subsidiaries.
- (d) Since September 30, 2012, except for issuances of Gener8 Common Shares pursuant to the exercise of Gener8 Options, Gener8 Warrants, and Gener8 Broker Warrants and except as set out in section 3.2(d) of the Gener8 Disclosure Letter, there have been no Gener8 Common Shares or other capital stock, voting securities or securities convertible or exchangeable therefor issued or purchased for cancellation.

3.3 **Authority and No Conflicts**

- (a) Gener8 has all requisite corporate power and authority to execute and deliver this Agreement and the other documents related to the transactions contemplated hereunder and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby, subject to the approval of Gener8 Shareholders and Gener8 Securityholders and the Court as provided in this Agreement with respect to the Plan of Arrangement. The execution and delivery of this Agreement and the other documents related to the transactions contemplated hereunder by Gener8 and the consummation by Gener8 of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Gener8 are necessary to authorize this Agreement and the other documents related to the transactions contemplated hereunder or to consummate the transactions contemplated hereby or thereby other than, with respect to the completion of the Arrangement, the approval of the Gener8 Shareholders and Gener8 Securityholders and the Court.
- (b) Each of this Agreement and the other documents related to the transactions contemplated hereunder has been or will be duly and validly executed and delivered by Gener8 and constitutes or will constitute its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency and other applicable Laws affecting creditors' rights generally, and by general principles of equity.
- (c) The board of directors of Gener8 has determined (A) that this Agreement and the transactions contemplated hereby and the Gener8 Arrangement Resolution, are fair from a financial point of view to the Gener8 Securityholders and are in the best interests of Gener8, (B) that the consideration comprising Delon Common Shares to be issued in exchange for all of the outstanding Gener8 Common Shares is fair from a financial point of view to Gener8 Securityholders, (C) to recommend that the Gener8 Securityholders vote in favour of the Gener8 Arrangement Resolution and (D) authorizing any director or officer of Gener8, acting alone, to execute and deliver all documents and do any and all other things required hereunder or necessary or desirable to give effect to the Arrangement and the transactions contemplated by this Agreement and such individuals will be available and devote such efforts as Delon may reasonably require from time to time for the purposes of the foregoing.
- (d) Neither the execution and delivery of this Agreement and all other documents related to the transactions contemplated hereunder by Gener8 nor the performance by it of its obligations hereunder and thereunder and the completion of the transactions contemplated hereby, will:
 - (i) conflict with, or violate any provision of, the constating documents of Gener8 or any of its Subsidiaries;

- (ii) subject to receipt of the Appropriate Regulatory Approvals listed in Schedule A and the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 3.4 being made or obtained, violate or breach any Laws applicable to Gener8 or any of its Subsidiaries;
- (iii) subject to the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 3.4 being made or obtained, violate or conflict with or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify, suspend or call any obligations or rights under any credit agreement, note, bond, mortgage, indenture, deed of trust, contract, agreement, lease, license, franchise, permit, concession, easement or other instrument to which Gener8 or any of its Subsidiaries is a party or by which Gener8 or any of its Subsidiaries or their property is bound or subject; or
- (iv) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any person the right to acquire any of Gener8's assets or the assets of any of its Subsidiaries or restrict, hinder, impair or limit the ability of Gener8, or any of its Subsidiaries to carry on their respective businesses as and where they are now being carried on or as contemplated to be carried on as disclosed by Gener8 to Delon;

except in the case of clauses (ii) through (iv) for any of the foregoing that would not, individually or in the aggregate, have a Material Adverse Effect on Gener8.

3.4 Consent and Approvals

Section 3.4 of the Gener8 Disclosure Letter sets forth all material consents, approvals, licenses, permits, orders or authorizations of, or registrations, declarations or filings with, or permits from, any third party or Governmental Entity required to be obtained or made by or with respect to Gener8 or any of its Subsidiaries in connection with the execution, performance and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Gener8, the performance of its obligations hereunder or the consummation by Gener8 of the transactions contemplated hereby other than (a) any approvals required by the Interim Order, (b) the Final Order, (c) the approval of the Arrangement by the Gener8 Shareholders and Gener8 Securityholders, (d) such registrations and other actions required under federal, state, provincial, and territorial securities Laws as are contemplated by this Agreement, (e) any filings under the BCBCA and securities Laws, (f) the Appropriate Regulatory Approvals listed in Schedule A required to be obtained by Gener8 in order for it to consummate the transactions contemplated hereby and (g) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on Gener8.

3.5 No Defaults

None of Gener8 or any of its Subsidiaries or any other party thereto, is in default under or violation of, and there has been no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default or violation of, or permit the termination of, any term, condition or provision of (a) their respective constating documents or (b) any credit agreement, note, bond, mortgage, indenture, contract, agreement, lease, license, franchise, permit, concession, easement or other instrument to which Gener8 or any of its Subsidiaries is a party or by which Gener8 or any of its Subsidiaries or any of its or their property is bound or subject, except, in the case of clause (b), defaults and violations which, individually or in the aggregate, would not have a Material Adverse Effect on Gener8.

3.6 Absence of Certain Changes or Events

Except as disclosed in the Gener8 Disclosure Record filed prior to the date of this Agreement, since September 30, 2012, Gener8 and its Subsidiaries have conducted their respective businesses only in the ordinary course in a manner consistent with past practice and there has been no Material Adverse Effect with respect to Gener8 or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Gener8 or which materially and adversely affects the ability of Gener8 to consummate the transactions contemplated hereby or to restrict, hinder, impair or limit the ability of Gener8, or any of its Subsidiaries to carry on their respective businesses as and where they are now being carried on or as contemplated to be carried on as disclosed by Gener8 to Delon.

3.7 Employment Matters

- (a) Except as set forth in Section 3.7(a) of the Gener8 Disclosure Letter, neither Gener8 nor any of its Subsidiaries is (i) a party to any written policy, agreement, obligation, understanding or undertaking providing for severance or termination payments to, or any employment agreement with, any former or current director, officer or employee or (ii) any oral policy, agreement, obligation, understanding or undertaking providing an entitlement to any former director, officer or employee to severance or termination payments, except such payments as may be required under statute or common law.
- (b) Neither Gener8 nor any of its Subsidiaries has agreed to recognize any union or other collective bargaining representative, nor has any union or other collective bargaining representative been certified as the exclusive bargaining representative of any of Gener8's or any of its Subsidiaries' employees. To the knowledge of Gener8, no union organizational campaign or representation petitions are currently pending with respect to any of the employees of Gener8 or any of its Subsidiaries.
- (c) All employees and former employees of Gener8 and its Subsidiaries have been, or will have been on or before the Effective Date, paid or amounts in respect thereof shall have been accrued for wages, salaries, commissions, bonuses, vacation pay,

severance and termination pay, sick pay, and other compensation for all services performed by them or that was accrued by them up to the Effective Date, in accordance with the obligations of Gener8 and its Subsidiaries under any employment or labor practices and policies.

- (d) There are no current, pending or, to the knowledge of Gener8, threatened proceedings before any board, tribunal, arbitrator or Governmental Entities or claims with respect to employment and labor Laws, including, but not limited to, employment and labor standards, unfair labor practices, employment discrimination, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labor relations. Gener8 and its Subsidiaries are not subject to any settlement agreement, conciliation agreement, letter of commitment, deficiency letter or consent decree with any present or former employee or applicant for employment, labor union or other employee representative, or any Government Entity or arbitrator relating to claims of unfair labor practices, employment discrimination, or other claims with respect to employment and labor practices and policies that would have a Material Adverse Effect on Gener8, and no Government Entity or arbitrator has issued a judgment, order, decree, injunction, decision, award or finding with respect to the employment and labor practices or policies of Gener8 or its Subsidiaries which currently has or would be reasonably expected to have a Material Adverse Effect on Gener8. There are no outstanding assessments, penalties, fines, Liens, charges, surcharges, or other amounts due and owing pursuant to any workplace safety and insurance legislation by Gener8 or any of its Subsidiaries and they have not been reassessed in any material respect under such legislation during the past three years and, to the knowledge of Gener8, no audit is currently being performed pursuant to any applicable workplace safety and insurance legislation. There are no claims or, to the knowledge of Gener8, potential claims which may materially and adversely affect accident cost experience.
- (e) None of Gener8 or any of its Subsidiaries is subject to any claim for wrongful dismissal, constructive dismissal or any tort claim, actual or, to the knowledge of Gener8, pending or threatened, or any litigation, actual or, to the knowledge of Gener8, pending or threatened, relating to employment or termination of employment of employees or independent contractors.
- (f) Gener8 and its Subsidiaries have conducted their business in accordance with all applicable Laws with respect to employment and labour, including, but not limited to, employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations, save and except for such non-compliance which do not have a Material Adverse Effect.
- (g) All accruals for premiums and assessments for unemployment insurance, health premiums, Canada Pension Plan premiums, accrued wages, salaries and

commissions and employee benefit plan payments have been reflected in the books and records of Gener8 and its Subsidiaries.

3.8 Reports and Financial Statements

- (a) Gener8 and its Subsidiaries have filed all forms, reports, schedules, statements, news releases and other documents required to be filed as of the date hereof with Canadian securities regulatory authorities (collectively, the “**Gener8 Disclosure Record**”) and all material forms, reports, schedules, statements and other documents required to be filed as of the date hereof with (i) any other applicable federal, state, provincial or territorial securities authority, and (ii) any other Governmental Entity (the Gener8 Disclosure Record and all such forms, reports, schedules, statements and other documents are collectively referred to as the “**Gener8 Documents**”). Each Gener8 Document at the time filed (x) did not contain any Misrepresentation, and (y) complied in all material respects with the requirements of applicable Laws. Gener8 has not filed any confidential material change report with any Canadian securities authority or regulator or any stock exchange that at the date of this Agreement remains confidential. There have been no material adverse changes to the financial position of Gener8 since the date of the most recent financial statements of Gener8 forming part of the Gener8 Disclosure Record.
- (b) The consolidated financial statements (including, in each case, any related notes thereto) contained in any Gener8 Disclosure Record (i) have been prepared in accordance with IFRS applied on a consistent basis during the periods involved (subject, in the case of unaudited financial statements, to the absence of notes), (ii) complied in all material respects with the requirements of applicable securities Laws, (iii) are in accordance with the books and records of Gener8; (iv) contain and reflect all necessary adjustments for fair presentation of the results of operations and the financial condition of the business of Gener8 for the periods covered thereby, (v) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of Gener8, and (vi) fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of Gener8 and its Subsidiaries as of the respective dates thereof and for the respective periods covered thereby, subject, in the case of unaudited financial statements, to normal, recurring audit adjustments none of which will be material, individually or in the aggregate. No information has come to the attention of Gener8 since the date of the most recently issued financial statements of Gener8 that would or would reasonably be expected to require any restatement or revision of such financial statements.
- (c) From September 30, 2012 to the date of this Agreement, there has been no change by Gener8 or its Subsidiaries in their accounting policies, methods, practices or principles, except as described in the notes to the most recent financial statements of Gener8 contained in the Gener8 Disclosure Record with respect to periods ended prior to the date of this Agreement.

- (d) Gener8 has no indebtedness, liabilities or obligations, secured or unsecured (whether absolute, accrued, contingent or otherwise) which are not disclosed in the financial statements forming part of the Gener8 Disclosure Record except for those incurred in the ordinary course of business or in connection with the Arrangement.
- (e) Gener8 has never had any reportable disagreement with the present or any former auditor of Gener8.

3.9 Contracts

- (a) Section 3.9(a) of the Gener8 Disclosure Letter lists as of the date of this Agreement all written or oral contracts, agreements, guarantees, leases and executory commitments (other than Gener8 Plans) to which Gener8 or any of its Subsidiaries is a party and which fall within any of the following categories: (a) contracts not entered into in the ordinary course of Gener8's and its Subsidiaries' business; (b) contracts containing covenants purporting to limit the freedom of Gener8 or any of its Subsidiaries to compete in any line of business in any geographic area; (c) contracts which after the Effective Time would have the effect of limiting the freedom of Delon or its Subsidiaries (other than Gener8 and its Subsidiaries) to compete in any line of business in any geographic area or to hire any individual or group of individuals; (d) purchase contracts which restrict or limit the purchasing relationships of Gener8 or its Subsidiaries in any material manner; (e) contracts relating to any outstanding commitment for capital expenditures; (f) indentures, mortgages, Liens, promissory notes, loan agreements, guarantees or other arrangements relating to the borrowing of money by Gener8 or any of its Subsidiaries; (g) contracts providing for "earn-outs", "savings guarantees", "performance guarantees", or other contingent payments by Gener8 or any of its Subsidiaries; (h) confidentiality or standstill agreements with any person (the effectiveness of which extends beyond the date that is six months following the date of this Agreement) that restrict Gener8 or any of its Subsidiaries in the use of any information or the taking of any actions by Gener8 or its Subsidiaries entered into in connection with the consideration by Gener8 or any of its Subsidiaries of any acquisition of equity interests or assets; (i) contracts containing provisions triggered by a change of control of Gener8 or other similar provisions; (j) contracts in favour of directors or officers that provide rights to indemnification; and (k) contracts that are material to Gener8 and its Subsidiaries taken as a whole or any other contract that provides for any expenditure or receipt by Gener8, other than those that are covered by (a) through (j) of this Section 3.9. All of the contracts described in Section 3.9(a) of the Gener8 Disclosure Letter are referred to in this Agreement as "**material contracts**".
- (b) Each material contract is valid and binding on Gener8 or its Subsidiary and, to the knowledge of Gener8, each other party thereto, and is in full force and effect, and Gener8 and each of its Subsidiaries have performed in all material respects all obligations required to be performed by them under each material contract and, to

the knowledge of Gener8, each other party to each material contract has performed in all material respects all obligations required to be performed by it under such material contract. As of the date of this Agreement, neither Gener8 nor any Subsidiary knows of, or has received notice of, any violation or default under (or any condition that with the passage of time or the giving of notice would cause such a violation of or default under) any material contract or any other agreement or contract to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not have a Material Adverse Effect on Gener8.

3.10 Litigation

Except as set forth in 3.10 of the Gener8 Disclosure Letter, there are no claims, actions, proceedings or investigations pending against Gener8 or any of its Subsidiaries or, to the knowledge of Gener8, threatened against Gener8 or any of its Subsidiaries before any Governmental Entity (and Gener8 and its Subsidiaries have no knowledge of any facts that are likely to give rise to any such claim, action, proceeding or investigation) that individually or in the aggregate has or would be reasonably expected to have a Material Adverse Effect on Gener8, or prevent or materially delay consummation of the transactions contemplated by this Agreement. Neither Gener8 nor any of its Subsidiaries, nor their respective assets and properties, is subject to any outstanding judgment, order, writ, injunction or decree that individually or in the aggregate has or would be reasonably expected to have a Material Adverse Effect on Gener8, or that would prevent or materially delay consummation of the transactions contemplated by this Agreement. Gener8 has not received notice of any fact, condition or circumstance which might reasonably form the basis of any claim against Gener8 or its Subsidiaries which is not covered by insurance (subject to standard deductibles) maintained by it and which could have a Material Adverse Effect on Gener8.

3.11 Tax Matters

- (a) Gener8 and its Subsidiaries have timely filed, or caused to be filed, all Tax Returns required to be filed by them with the appropriate Governmental Entity (all of which Tax Returns were correct and complete in all material respects), have timely paid, or caused to be paid to the appropriate Governmental Entity, Taxes shown to be due and payable thereon, and have satisfied in full in all respects all withholding, instalment, deposit and remittance requirements imposed on or with respect to Taxes of Gener8 and its Subsidiaries.
- (b) Gener8's most recently published financial statements contain an adequate provision in accordance with IFRS accounting principles for all Taxes payable in respect of each period covered by such financial statements and all prior periods to the extent such Taxes have not been paid, whether or not due and whether or not shown as being due on any Tax Returns. Gener8 and its Subsidiaries have made adequate provision in accordance with IFRS accounting principles in their books and records for any amount of Taxes accruing in respect of any accounting

period of Gener8 or its Subsidiaries ending subsequent to the period covered by the most recent published consolidated financial statements of Gener8.

- (c) Neither Gener8 nor its Subsidiaries has received any written notification that any issue involving an amount of Taxes of Gener8 or any of its Subsidiaries has been raised by (and is currently pending with) a Governmental Entity, in connection with any Tax Return filed or required to be filed, and no waivers of statutes of limitations or objections to any assessments or reassessments involving an amount of Taxes of Gener8 or its Subsidiaries have been given, filed or requested with respect to Gener8 or its Subsidiaries.
- (d) Gener8 and its Subsidiaries have received assessments from the appropriate Governmental Entity for all Taxes shown on the Tax Returns in respect of all periods ending on or prior to December 31, 2011. Neither Gener8 nor its Subsidiaries has received any notice from any Governmental Entity to the effect that any Tax Return is being examined, and Gener8 has no knowledge of any Tax audit or issue for any period ending prior to December 31, 2011. There are no proposals to assess or reassess additional Taxes, nor are there any assessments or reassessments of additional Taxes, of Gener8 or its Subsidiaries for any period ending prior to December 31, 2011.
- (e) There are no Tax Liens on any assets of Gener8 or its Subsidiaries. Neither Gener8 nor any of its Subsidiaries (i) has received a refund of any Taxes to which it was not entitled, or (ii) is a party to any Tax sharing or other similar agreement or arrangement or any Tax indemnification agreement of any nature with any other person (other than in agreements with Gener8 or any of its Subsidiaries) pursuant to which Gener8 or any of its Subsidiaries has or could have any material liabilities in respect of Taxes.

3.12 Pension and Employee Benefits

- (a) Neither Gener8 or any of its Subsidiaries sponsor, contribute or maintain any employee benefit, health, welfare, supplemental unemployment benefit, bonus, incentive, pension, profit sharing, deferred compensation, stock compensation, stock purchase, retirement, hospitalization insurance, medical, dental, legal, disability and similar plans or arrangements or practices, whether written or oral, (collectively referred to as the “**Gener8 Plans**”).
- (b) All of the Gener8 Plans are and have been established, registered, qualified, invested and administered, in all material respects, in accordance with all applicable Laws, and in accordance with their terms and the terms of agreements between Gener8 or a Subsidiary of Gener8, as the case may be, and their respective employees. No fact or circumstance exists that could adversely affect the existing tax status of a Gener8 Plan.

- (c) No commitments to improve or otherwise amend any Gener8 Plan have been made except as required by applicable Laws.
- (d) No insurance policy or any other contract or agreement affecting any Gener8 Plan requires or permits a retroactive increase in premiums or payments due thereunder.
- (e) No employment, severance or termination agreement, other compensation arrangement or Gener8 Plan provides for payment of a benefit, the increase of a benefit amount, the acceleration of contributions or funding, the payment of a contingent benefit or the acceleration of the payment or vesting of a benefit by reason of the execution of this Agreement or the consummation of the transactions contemplated by this Agreement or the Arrangement (whether or not some other subsequent action or event would be required to cause such payment, increase, acceleration, or vesting to be triggered).

3.13 Compliance with Laws and Permits

- (a) Gener8 and its Subsidiaries are in compliance, and at all times have complied, with all applicable Laws except where such non-compliance was not and is not material to Gener8 and the Subsidiaries or their respective operations. No investigation or review by any Governmental Entity with respect to Gener8 or any of its Subsidiaries is pending or, to the knowledge of Gener8, is threatened, nor has any Governmental Entity indicated an intention to conduct the same.
- (b) Gener8 and its Subsidiaries are in possession of the franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders set out in section 3.13(b) of the Gener8 Disclosure Letter, which are necessary to own, lease and operate their properties and to lawfully carry on their respective businesses as they are now being conducted (collectively, the “**Gener8 Permits**”) and there is no action, proceeding, review or investigation pending or, to the knowledge of Gener8, threatened regarding any of the Gener8 Permits. None of Gener8 or any of its Subsidiaries is in conflict with, or in default or violation of any of the Gener8 Permits.

3.14 Restrictions on Business Activities

To the knowledge of Gener8, there is no agreement, judgment, injunction, order or decree binding upon Gener8 or any of its Subsidiaries that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing any business practice of Gener8 or any of its Subsidiaries, any acquisition of property by Gener8 or any of its Subsidiaries or the conduct of business by Gener8 or any of its Subsidiaries as currently conducted.

3.15 Intellectual Property

Gener8 and its Subsidiaries own all right, title and interest in, or have the right to use, sell or license, all patent applications, patents, trademark applications, trademarks, service marks, trade names, copyright applications, copyrights, trade secrets, know-how, technology, customer lists, proprietary processes and formulae, source and object code, algorithms, inventions, development tools and documentation and media constituting, describing or relating to the above, including manuals, memoranda and records and other intellectual property and proprietary rights (“**Intellectual Property**”) used in or reasonably necessary or required for the conduct of their respective businesses. Set forth in section 3.15 of the Gener8 Disclosure Letter is a true and complete list of all copyright and trademark registrations and applications, common law trademarks, patents and patent applications and mask works and mask work applications for Intellectual Property owned by Gener8 or its Subsidiaries. Gener8 is not aware of any material loss, cancellation, termination or expiration of any such common law right, registration, application or patent. To the knowledge of Gener8, the businesses of Gener8 and its Subsidiaries do not cause Gener8 or any of its Subsidiaries to infringe or violate any of the patents, trademarks, service marks, trade names, mask works, copyrights, trade secrets, proprietary rights or other Intellectual Property of any other person, and Gener8 has not received any oral or written claim or notice of infringement, potential infringement, violation, potential violation, misappropriation or potential misappropriation of the Intellectual Property of any other person. There are no royalties, fees or other payments payable by Gener8 or any of its Subsidiaries to any person by reason of the ownership, use, license, sale or disposition of Intellectual Property. To the knowledge of Gener8, neither the manufacture, marketing, sale or intended use of any product currently licensed or sold by Gener8 or any of its Subsidiaries or currently under development by Gener8 or any of its Subsidiaries violates any license or agreement between Gener8 or any of its Subsidiaries and any third party. Gener8 and each of its Subsidiaries have taken reasonable and practicable steps designed to safeguard and maintain the secrecy and confidentiality of, and their respective proprietary rights in, all material Intellectual Property used in or reasonably necessary or required for the conduct of their respective businesses. Gener8 is not aware of any infringement of any of its Intellectual Property Rights by any third party. All officers, employees, consultants and independent contractors of Gener8 and its Subsidiaries have executed and delivered an agreement regarding the protection of proprietary information and the assignment to Gener8 of all Intellectual Property rights arising from the services performed for Gener8 or any of its Subsidiaries by such persons.

3.16 Insurance

Section 3.16 of the Gener8 Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of all insurance policies held by Gener8 and its Subsidiaries, all of which are in all material respects in full force and effect in accordance with their terms, no notice of cancellation or termination has been received, and there is no existing default or event which, with the giving of notice or lapse of time or both would constitute a default thereunder. Gener8 has not received notice of any fact, condition or circumstance which might reasonably form the basis of any claim against Gener8 or any of its Subsidiaries which is not fully covered by insurance (subject to standard deductibles) maintained by it.

3.17 Property

Gener8 and each of its Subsidiaries as the case may be, has legal and beneficial, good and marketable title to all of its properties and assets (real and personal, immovable and movable, tangible and intangible, including leasehold interests) sufficient to carry on their respective business as currently conducted including all the properties and assets reflected in the balance sheets forming part of the financial statements contained in the Gener8 Disclosure Record, except as indicated in the notes thereto, together with all additions thereto and less all dispositions thereof in the ordinary course of its business and such property is held free and clear of all liens, charges, security interests and other encumbrances except as disclosed in Section 3.17 of the Gener8 Disclosure Letter. All real and tangible personal property of Gener8 and its Subsidiaries is in good repair and is operational and usable in the manner it is designed to be utilized, subject to normal wear and tear. All necessary permits or registrations required to perfect title in and to such assets have been carried out in compliance with applicable Law and are in full force and effect, except for any non-compliance that, individually or in the aggregate, does not have a Material Adverse Effect on Gener8.

3.18 Brokerage and Finders' Fees

Neither Gener8 nor any Subsidiary of Gener8 or any shareholder, director, officer or employee thereof, has incurred or will incur on behalf of Gener8, any brokerage, finders' or similar fee in connection with the transactions contemplated hereby.

3.19 Books and Records

The books, records and accounts of Gener8 and its Subsidiaries, in all material respects, (i) have been maintained in accordance with good business practices and on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of Gener8 and its Subsidiaries, and (iii) accurately and fairly reflect the basis for Gener8's financial statements contained in the Gener8 Disclosure Record. Gener8 has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization, and (ii) transactions are recorded as necessary (A) to permit preparation of financial statements in conformity with IFRS accounting principles, and (B) to maintain accountability for assets.

3.20 No Shareholder Rights Plan

Gener8 is not a party to and, prior to the Effective Date, Gener8 will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Gener8 Common Shares or other securities of Gener8 or rights, entitlements or privileges in favour of any person upon the entering into of the Agreement or the Arrangement.

3.21 Management Controls

There has been no fraud, whether or not material, that involves management or other employees who have a significant role in Gener8's internal controls.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF DELON

Delon represents and warrants to Gener8 as follows in each case except as set forth in the Delon Disclosure Letter (each of which exceptions shall specifically identify the relevant section hereof to which it relates):

4.1 Organization and Standing

- (a) Each of Delon and its Subsidiaries has been duly organized or formed and is validly existing and, to the extent such concept is legally recognized, in good standing under the Laws of its jurisdiction of incorporation, organization or formation, as the case may be, with full corporate or legal power and authority to own, lease and operate its properties and assets and to conduct its businesses as currently owned and conducted except where, individually or in the aggregate, the failure of a Subsidiary to be so organized, formed or existing or to have such power or authority would not have a Material Adverse Effect on Delon. Each of Delon and its Subsidiaries is duly qualified to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties and assets requires it to so qualify, except where, individually or in the aggregate, the failure to be so qualified would not have a Material Adverse Effect on Delon.
- (b) Delon is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and is not in default in any material respects of any requirements of the applicable securities Laws of Canada or the United States.
- (c) The Delon Common Shares are listed for trading on the CNSX and Delon is not in default in any material respects of any of the policies or listing requirements of such exchange.
- (d) No order (or the equivalent) ceasing or suspending the trading of its securities or prohibiting the sale of securities by Delon has been issued or is in force and to the knowledge of Delon, no proceedings for this purpose have been instituted or are pending, contemplated or threatened.
- (e) Delon has heretofore made available to Gener8 complete and correct copies of its constating documents.

4.2 **Capitalization**

- (a) The authorized capital of Delon consists of an unlimited number of Delon Common Shares without par value. There are 11,060,000 Delon Common Shares issued and outstanding, 650,000 Delon Options permitting the holders thereof to purchase 650,000 Delon Common Shares in the aggregate, and 270,000 Delon Warrants entitling the holders thereof to purchase 270,000 Delon Common Shares in the aggregate.
- (b) All of the Delon Common Shares have been duly authorized and are validly issued and fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights or any other agreement or understanding binding upon Delon and were issued in compliance with the BCBCA, all applicable securities Laws and the constating documents of Delon. All of the outstanding shares and other ownership interests of the Subsidiaries of Delon which are held, directly or indirectly, by Delon have been duly authorized and are validly issued, fully paid and non-assessable, were not issued in violation of pre-emptive or similar rights and all such shares and other ownership interests are owned directly or indirectly by Delon, free and clear of all Liens, except for restrictions on transfers contained in the constating documents of such entities.
- (c) Except as described in Section 4.2(a) above, and except as set forth in section 4.2(c) of the Delon Disclosure Letter, there are no outstanding options, warrants, subscriptions, puts, calls or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Delon or any of its Subsidiaries to offer, issue, sell, redeem, repurchase, otherwise acquire or transfer, pledge or encumber any capital stock of Delon or any of its Subsidiaries, nor are there outstanding any securities or obligations of any kind of Delon or any of its Subsidiaries which are convertible into or exercisable or exchangeable for any capital stock of Delon, any of its Subsidiaries or any other person and neither Delon nor any of its Subsidiaries has any obligation of any kind to issue any additional securities or to pay for or repurchase any securities. There are not outstanding as of the date of this Agreement any stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of Delon or any of its Subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of Delon or any of its Subsidiaries having the right to vote (or that are exchangeable or convertible for or exercisable into securities having the right to vote) with the holders of the Delon Common Shares on any matter. There are no stockholder agreements, proxies, voting trusts, rights to require registration under securities Laws or other arrangements or commitments to which Delon or any of its Subsidiaries is a party or bound with respect to the voting, disposition or registration of any outstanding securities of Delon or any of its Subsidiaries.
- (d) The Delon Common Shares to be issued to Gener8 Shareholders pursuant to the Arrangement will be validly issued as fully paid and non-assessable common

shares in the capital of Delon free and clear of all liens, charges and encumbrances.

4.3 Authority and No Conflicts

- (a) Delon has all requisite corporate power and authority to execute and deliver this Agreement and the other documents related to the transactions contemplated hereunder and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the other documents related to the transactions contemplated hereunder by Delon and the consummation by Delon of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Delon are necessary to authorize this Agreement and the other documents related to the transactions contemplated hereunder or to consummate the transactions contemplated hereby or thereby. No approval by the holders of Delon Common Shares of the transactions contemplated hereby is necessary to authorize the execution, delivery or performance of this Agreement or any of the other documents related to the transactions contemplated hereunder or the consummation of the transactions contemplated hereby and no such approval will be sought by Delon.
- (b) Each of this Agreement and the other documents related to the transactions contemplated hereunder has been and will be duly executed and delivered by Delon and constitutes and will constitute a legal, valid and binding obligation of Delon, enforceable against Delon in accordance with its terms, except as the same may be limited by bankruptcy, insolvency and other applicable Laws affecting creditors' rights generally, and by general principles of equity.
- (c) The board of directors of Delon has determined (A) that the consideration comprising Delon Common Shares to be issued in exchange for all of the outstanding Gener8 Common Shares [is fair from a financial point of view to Delon Shareholders, (B) to recommend that the Delon Shareholders vote in favour of the Delon Arrangement Resolution and (C) authorizing any director or officer of Delon, acting alone, to execute and deliver all documents and do any and all other things required hereunder or necessary or desirable to give effect to the Arrangement and the transactions contemplated by this Agreement and such individuals will be available and devote such efforts as Gener8 may reasonably require from time to time for the purposes of the foregoing.
- (d) Neither the execution and delivery of this Agreement and all other documents related to the transactions contemplated hereunder by Delon nor the performance by Delon of the obligations hereunder and thereunder and the completion of the transactions contemplated hereby, will:

- (i) conflict with, or violate any provision of, the constating documents of Delon or any of its Subsidiaries;
- (ii) subject to receipt of the Appropriate Regulatory Approvals listed in Schedule A and the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 4.4 being made or obtained, violate or breach any Laws applicable to Delon or any of its Subsidiaries;
- (iii) subject to the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 4.4 being made or obtained, violate or conflict with or result in the breach of, or constitute a default (or an event that with the giving of notice, the passage of time, or both would constitute a default) under, or entitle any party (with the giving of notice, the passage of time or both) to terminate, accelerate, modify, suspend or call any obligations or rights under any credit agreement, note, bond, mortgage, indenture, deed of trust, contract, agreement, lease, license, franchise, permit, concession, easement or other instrument to which Delon or any of its Subsidiaries is a party or by which Delon or any of its Subsidiaries or their property is bound or subject; or
- (iv) result in the imposition of any encumbrance, charge or Lien upon or require the sale or give any person the right to acquire any of Delon's assets or the assets of any of its Subsidiaries or restrict, hinder, impair or limit the ability of Delon, or any of its Subsidiaries to carry on their respective businesses as and where they are now being carried on or as contemplated to be carried on as disclosed by Delon to Gener8;

except in the case of clauses (ii) through (iv) for any of the foregoing that would not, individually or in the aggregate, have a Material Adverse Effect on Delon.

4.4 Consents and Approvals

There are no consents, approvals, licenses, permits, orders or authorizations of, or registrations, declarations or filings with, or permits from, any third party or Governmental Entity required by or with respect to Delon or any of its Subsidiaries in connection with the execution, performance and delivery of this Agreement or any other documents related to the transactions contemplated hereunder by Delon, the performance of the obligations hereunder or the consummation by Delon of the transactions contemplated hereby other than (a) any approvals required by the Interim Order, (b) the Final Order, (c) such registrations and other actions required under federal, state, provincial and territorial securities Laws as are contemplated by this Agreement, (d) the Appropriate Regulatory Approvals listed in Schedule A required to be obtained by Delon in order for it to consummate the transactions contemplated hereby, (e) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on Delon or prevent or materially delay the consummation of any of the transactions

contemplated hereby or materially impair the ability of Delon to perform their obligations hereunder.

4.5 No Defaults

None of Delon or any of its Subsidiaries or other party thereto, is in default under or violation of, and there has been no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default or violation of, any term, condition or provision of, or permit the termination of (a) their respective constating documents, or (b) any credit agreement, note, bond, mortgage, indenture, contract, agreement, lease, license, franchise, permit, concession, easement or other instrument to which Delon or any of its Subsidiaries is a party or by which Delon or any of its Subsidiaries or any of its or their property is bound or subject, except, in the case of clause (b), defaults and violations which, individually or in the aggregate, would not have a Material Adverse Effect on Delon.

4.6 Absence of Certain Changes or Events

Except as disclosed in the Delon Disclosure Record filed prior to the date of this Agreement, since June 30, 2012, Delon and its Subsidiaries have conducted their respective businesses only in the ordinary course in a manner consistent with past practice and there has been no Material Adverse Effect with respect to Delon or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Delon or which materially and adversely affects the ability of Delon to consummate the transactions contemplated hereby or to restrict, hinder, impair or limit the ability of Delon, or any of its Subsidiaries to carry on their respective businesses as and where they are now being carried on or as contemplated to be carried on as disclosed by Delon to Gener8.

4.7 Reports and Financial Statements

- (a) Delon and its Subsidiaries have filed all forms, reports, schedules, statements and other documents required to be filed as of the date hereof with (i) Canadian securities regulatory authorities (collectively, the “**Delon Disclosure Record**”), (ii) any other applicable federal, state, provincial or territorial securities authority, and (iii) any other Governmental Entity (all such forms, reports, schedules, statements and other documents are collectively referred to as the “**Delon Documents**”). Each Delon Document at the time filed (x) did not contain any Misrepresentation, (y) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made and (z) complied in all material respects with the requirements of applicable Laws. Delon has not filed any confidential material change report with any Canadian securities authority or regulator or any stock exchange that remains confidential. There have been no material adverse changes to the financial position of Delon since the date of the most recent financial statements of Delon forming part of the Delon Disclosure Record.

- (b) The consolidated financial statements (including, in each case, any related notes thereto) contained in any Delon Disclosure Record (i) have been prepared in accordance with IFRS applied on a consistent basis during the periods involved (subject, in the case of unaudited financial statements, to the absence of notes), (ii) complied in all material respects with the requirements of applicable securities Laws, (iii) are in accordance with the books and records of Delon; (iv) contain and reflect all necessary adjustments for fair presentation of the results of operations and the financial condition of the business of Delon for the periods covered thereby, (v) contain and reflect adequate provision or allowance for all reasonably anticipated liabilities, expenses and losses of Delon, and (vi) fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of Delon and its Subsidiaries as of the respective dates thereof and for the respective periods covered thereby, subject, in the case of unaudited financial statements, to normal, recurring audit adjustments none of which will be material, individually or in the aggregate. No information has come to the attention of Delon since the date of the most recently issued financial statements of Delon that would or would reasonably be expected to require any restatement or revision of such financial statements.
- (c) From June 30, 2012 to the date of this Agreement, there has been no change by Delon or its Subsidiaries in their accounting policies, methods, practices or principles except as described in the notes to the most recent financial statements of Delon contained in the Delon Disclosure Record with respect to periods ending prior to the date of this Agreement.
- (d) Except as set forth in section 4.7(d) of the Delon Disclosure Letter, Delon has no indebtedness, liabilities or obligations, secured or unsecured (whether absolute, accrued, contingent or otherwise) which are not disclosed in the financial statements forming part of the Delon Disclosure Record except for those incurred in the ordinary course of business or in connection with the Arrangement.
- (e) Delon has never had any reportable disagreement with the present or any former auditor of Delon.

4.8 Litigation

There are no claims, actions, proceedings (including regulatory proceedings before a Government Entity) or investigations pending against Delon or any of its Subsidiaries or, to the knowledge of Delon, threatened against Delon or any of its Subsidiaries before any Governmental Entity (and Delon and its Subsidiaries have no knowledge of any facts that are likely to give rise to any such claim, action, proceeding or investigation) that, individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect on Delon, or prevent or materially delay consummation of the transactions contemplated by this Agreement. Neither Delon nor any of its Subsidiaries, nor their respective assets and properties, is subject to any outstanding judgment, order, writ, injunction or decree that has had or would be reasonably expected to have a Material Adverse Effect on Delon or that would prevent or materially delay

consummation of the transactions contemplated by this Agreement. Delon has not received notice of any fact, condition or circumstance which might reasonably form the basis of any claim against Delon or any of its Subsidiaries which is not fully covered by insurance (subject to standard deductibles) maintained by it and which could have a Material Adverse Effect on Delon.

4.9 Brokerage and Finders' Fees

Except as set forth in section 4.9 of the Delon Disclosure Letter, neither Delon nor any Subsidiary of Delon or any shareholder, director, officer or employee thereof, has incurred or will incur on behalf of Delon, any brokerage, finders' or similar fee in connection with the transactions contemplated hereby.

4.10 Books and Records

The books, records and accounts of Delon and its Subsidiaries, in all material respects, (i) have been maintained in accordance with good business practices and on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of Delon and its Subsidiaries, and (iii) accurately and fairly reflect the basis for Delon's financial statements contained in the Delon Disclosure Record. Delon has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization, and (ii) transactions are recorded as necessary (A) to permit preparation of financial statements in conformity with IFRS, and (B) to maintain accountability for assets.

4.11 Tax Matters

Delon and each of its Subsidiaries has timely filed or caused to be filed all Canadian, provincial, foreign and local tax returns that are required to be filed or has requested extensions thereof (except in any case in which the failure so to file would not have a Material Adverse Effect or, except as set forth in or contemplated in the Delon Documents) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as would not have a Material Adverse Effect, except as set forth in or contemplated in the Delon Documents.

4.12 Property

- (a) Delon and each of its Subsidiaries as the case may be, has legal and beneficial, good and marketable title to all of its properties and assets (real and personal, immovable and movable, tangible and intangible, including leasehold interests) sufficient to carry on their respective business as currently conducted including all the properties and assets reflected in the balance sheets forming part of the financial statements contained in the Delon Disclosure Record, except as indicated in the notes thereto, together with all additions thereto and less all dispositions thereof in the ordinary course of its business. All real and tangible

personal property of Delon and its Subsidiaries is in good repair and is operational and usable in the manner it is designed to be utilized, subject to normal wear and tear. All necessary permits or registrations required to perfect title in and to such assets have been carried out in compliance with applicable Law and are in full force and effect, except for any non-compliance that, individually or in the aggregate, does not have a Material Adverse Effect on Delon.

- (b) The businesses of Delon and each of its Subsidiaries have been and are being operated in a manner which does not, to the knowledge of Delon, violate the terms of any easements, rights of way, permits, servitudes, licenses, leasehold estates and similar rights relating to real property (collectively, “**Delon Easements**”) used by Delon and each of its Subsidiaries in such businesses. All Delon Easements are valid and enforceable, except as the enforceability thereof may be affected by bankruptcy, insolvency or other Laws of general applicability affecting the rights of creditors generally or principles of equity, and grant the rights purported to be granted thereby and all rights necessary thereunder for the current operation of such businesses.

4.13 Restrictions on Business Activities

There is no agreement, judgment, injunction, order or decree binding upon Delon or any of its Subsidiaries that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing any business practice of Delon or any of its Subsidiaries, any acquisition of property by Delon or any of its Subsidiaries or the conduct of business by Delon or any of its Subsidiaries as currently conducted.

4.14 Insurance

Delon and its Subsidiaries have maintained such insurance policies as are prudent, having regard to the size of Delon and its Subsidiaries, and the industry and the jurisdictions where Delon and its Subsidiaries operate their business. All such insurance policies are in full force and effect in all material respects in accordance with their terms, no notice of cancellation or termination has been received, and there is no existing default or event which, with the giving of notice or lapse of time or both would constitute a default thereunder. Delon has not received notice of any fact, condition or circumstance which might reasonably form the basis of any claim against Delon or any of its Subsidiaries which is not fully covered by insurance (subject to standard deductibles) maintained by it.

4.15 Management Controls

There has been no fraud, whether or not material, that involves management or other employees who have a significant role in Delon's internal controls.

4.16 Liabilities

Except as set forth in section 4.16 of the Delon Disclosure Letter, Delon is not a party to any written or oral policy, agreement, obligation or understanding providing for the payment, in any form whatsoever, in the future of more than \$5,000.

4.17 Compliance with Laws and Permits

Delon and its Subsidiaries are in compliance, and at all times have complied, with all applicable Laws except where such non-compliance was not and is not material to Delon and the Subsidiaries or their respective operations. No investigation or review by any Governmental Entity with respect to Delon or any of its Subsidiaries is pending or, to the knowledge of Delon, is threatened, nor has any Governmental Entity indicated an intention to conduct the same.

ARTICLE 5 COVENANTS AND AGREEMENTS

5.1 Covenants of Gener8

- (a) Gener8 agrees as follows from the date of this Agreement until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, in each case except with the consent of Delon to any deviation therefrom, or as otherwise expressly contemplated by this Agreement or the Plan of Arrangement:
 - (i) Gener8 and each of its Subsidiaries shall (A) carry on its businesses in the usual and ordinary course consistent with past practices, (B) use commercially reasonable efforts to preserve intact its present business organizations and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with customers, suppliers and others having business dealings with it, and (C) maintain and keep its material properties and assets in as good repair and condition as at the date of this Agreement, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Time.
 - (ii) Gener8 shall not, and it shall not permit any of its Subsidiaries to: (A) declare, set aside or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, in cash, stock property or otherwise; (B) split, combine, subdivide or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock; (C) issue, sell, pledge, reserve, set aside, dispose of, grant or encumber, repurchase, redeem or otherwise acquire any shares of its capital stock or any securities or obligations

convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock (including any phantom interest or other right linked to the price of the Gener8 Common Shares), or authorize any of the foregoing, except (1) as required by the terms of any securities outstanding on the date of this Agreement, (2) pursuant to Gener8 Options, Gener8 Warrants, Gener8 Broker Warrants, CWC Shareholder Right, CWC Warrantholder Right granted prior to the date of this Agreement, or (3) Gener8 may issue up to 500,000 Gener8 Options; (D) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares; or (E) amend or modify in any respect any of the terms and conditions of the Gener8 Common Shares, the Gener8 Warrants, Gener8 Broker Warrants or the Gener8 Options.

- (iii) Gener8 shall not, nor shall it permit any of its Subsidiaries to authorize, make or commit to make any expenditures (including capital expenditures and capital lease obligations) except for expenditures that, in the aggregate, do not exceed \$2 million.
- (iv) Gener8 shall not, nor shall it permit any of its Subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any other person.
- (v) Except as required by applicable Law or any agreement to which Gener8 or any of its Subsidiaries is a party on the date of this Agreement, Gener8 shall not, nor shall it permit any of its Subsidiaries to:
 - (A) except as set out in section 5.1(a)(v)(A) of the Gener8 Disclosure Letter, increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of Gener8 or any of its Subsidiaries;
 - (B) amend, vary or modify the Gener8 Stock Option Plan or any options outstanding thereunder; or
 - (C) adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of Gener8 or any of its Subsidiaries or amend any employee benefit plan, policy, severance or termination agreement.

- (vi) Gener8 shall not, nor shall it permit any of its Subsidiaries to, amend or propose to amend its constating documents.
 - (vii) Gener8 shall not, nor shall it permit any of its Subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Gener8 or any Subsidiary of Gener8 except as required by Law or by IFRS as advised by Gener8's or such Subsidiary's regular independent accountants, as the case may be.
 - (viii) Gener8 shall not, nor shall it permit any of its Subsidiaries to, (i) make, change or rescind any material tax election, (ii) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any Tax Return or the payment of any Tax (except as otherwise required by Law), (iii) settle any material Tax claim or assessment, (iv) surrender any right or claim to a Tax refund, or (v) amend any of its transfer pricing policies.
 - (ix) Gener8 shall not, nor shall it permit any of its Subsidiaries to, take or fail to take any action which would cause any of Gener8's representations or warranties hereunder to be untrue in any material respect or would be reasonably expected to prevent or materially impede, interfere with or delay the Arrangement or which would cause the conditions set forth in Section 6.2(b) not to be satisfied.
 - (x) Gener8 shall not, nor shall it permit any of its Subsidiaries to, amend, modify or terminate any insurance policy in effect on the date of this Agreement, except for scheduled renewals of any insurance policy in effect on the date hereof in the ordinary course of business consistent with past practice.
 - (xi) Gener8 shall not, nor shall it permit any of its Subsidiaries to, enter into any recognition agreement, collective agreement, works council agreement or similar agreement with any trade union or representative body other than with the prior approval of Delon, acting reasonably.
 - (xii) Gener8 shall not, nor shall it permit any of its Subsidiaries to, announce an intention, enter into any formal or informal agreement or otherwise make a commitment to do any of the foregoing.
- (b) Gener8 shall promptly advise Delon in writing:
- (i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Gener8 contained in this Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);

- (ii) of any Material Adverse Effect on Gener8 or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Gener8; and
 - (iii) of any material breach by Gener8 of any covenant, obligation or agreement contained in this Agreement.
- (c) Gener8 shall use its commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause its Subsidiaries to, perform all obligations required to be performed by Gener8 or any of its Subsidiaries under this Agreement, cooperate with Delon in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing:
 - (i) subject to Sections 5.5 and 5.6 solicit from the Gener8 Securityholders proxies in favour of approval of the Gener8 Arrangement Resolution (in a commercially reasonable manner) and use commercially reasonable efforts to obtain the approval by Gener8 Shareholders and Gener8 Securityholders of the Gener8 Arrangement Resolution and shall fully cooperate with Delon in connection therewith including providing to Delon such information as Delon may request and doing such other things as Delon may reasonably request in connection therewith;
 - (ii) offer to the Gener8 Warrantholders the Gener8 Warrant Offer;
 - (iii) subject to the last sentence of Section 5.6(a), not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Gener8 Meeting without Delon's prior written consent except as required by Law or, in the case of adjournment, as may be required by Gener8 Shareholders as expressed by majority resolution;
 - (iv) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent that are set forth in Article 6 hereof that are the obligation of Gener8 to satisfy;
 - (v) as soon as reasonably practicable to apply for and use all commercially reasonable efforts to obtain all Appropriate Regulatory Approvals required to be obtained by Gener8 or any of its Subsidiaries in order for Gener8 to consummate the transactions contemplated hereby and, in doing so, to keep Delon reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such Appropriate Regulatory Approvals, including, but not limited to, providing Delon the opportunity to be present for all communications with any Governmental Entity and providing Delon with copies of all related applications and notifications, in draft and final form, in order for Delon to

provide its reasonable comments and all such applications and notifications shall be subject to the prior approval of Delon, acting reasonably;

- (vi) apply for and use commercially reasonable efforts to obtain the Interim Order and the Final Order, which Final Order shall be applied for on the basis that it shall be effective only upon Gener8 notifying the Court that the Appropriate Regulatory Approvals have been obtained;
 - (vii) carry out the terms of the Interim Order and the Final Order applicable to it and use all commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on Gener8 or its Subsidiaries with respect to the transactions contemplated hereby and by the Arrangement;
 - (viii) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
 - (ix) use all commercially reasonable efforts to have lifted or rescinded any injunction or restraining order relating to Gener8 or its Subsidiaries or other order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby;
 - (x) effect all necessary registrations, filings and submissions of information required by Governmental Entities from Gener8 or any of its Subsidiaries in connection with the transactions contemplated hereby;
 - (xi) consult with Delon prior to making publicly available its financial results for any financial period ending after the date of this Agreement and prior to filing any Gener8 Disclosure Record; and
 - (xii) use commercially reasonable efforts to obtain all waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by Gener8 or a Subsidiary of Gener8 to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of Gener8 or its Subsidiaries to consummate the transactions contemplated hereby including those waivers, consents and approvals referred to in Section 3.4 of this Agreement; and
- (d) The board of directors of Gener8 shall recommend to the Gener8 Securityholders the approval of the Gener8 Arrangement Resolution, provided that, notwithstanding any other provision of this Agreement, the board of directors of Gener8 may withdraw, modify or change its recommendation if such withdrawal, modification or change is permitted by, and made in accordance with, the

provisions of Sections 5.5 and 5.6 and prior to the approval of the Gener8 Arrangement Resolution by the Gener8 Shareholders and Gener8 Securityholders.

5.2 Covenants of Delon

- (a) Delon agrees that from the date of this Agreement until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, in each case except with the consent of Gener8 to any deviation therefrom, or as otherwise expressly contemplated by this Agreement or the Plan of Arrangement:
 - (i) Delon shall not, nor shall it permit any of its Subsidiaries to: (A) declare, set aside or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests, in cash, stock property or otherwise; (B) split, combine, subdivide or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock, other than the Delon Consolidation; (C) issue, sell, pledge, reserve, set aside, dispose of, grant or encumber, repurchase, redeem or otherwise acquire any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock (including any phantom interest or other right linked to the price of the Delon Common Shares), or authorize any of the foregoing, except (1) as required by the terms of any securities outstanding on the date of this Agreement, or (2) pursuant to Delon Options or Delon Warrants granted prior to the date of this Agreement; (D) enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares; or (E) amend or modify in any respect any of the terms and conditions of the Delon Common Shares, the Delon Warrants or the Gener8 Options;
 - (ii) Delon shall not, nor shall it permit any of its Subsidiaries to authorize, make or commit to make any expenditures (including capital expenditures and capital lease obligations) except for expenditures that, in the aggregate, do not exceed \$200,000;
 - (iii) Delon shall not, nor shall it permit any of its Subsidiaries to, reorganize, recapitalize, consolidate, dissolve, liquidate, amalgamate or merge with any other person, nor acquire or agree to acquire, by amalgamating, merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, or by any other manner, any business or person or otherwise acquire or agree to acquire any assets of any other person;

- (iv) Delon shall not, nor shall it permit any of its Subsidiaries to: (A) incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into a “keepwell” or similar arrangement with respect to, any indebtedness (B) enter into interest rate swaps, (C) enter into any material operating lease or create any Liens on the property of Delon or any of its Subsidiaries in connection with any indebtedness, or (D) refinance any debt;
- (v) Delon shall not, nor shall it permit any of its Subsidiaries to, make any changes to the existing accounting practices, methods and principles relating to Delon or any Subsidiary of Delon except as required by Law or by IFRS as advised by Delon's or such Subsidiary's regular independent accountants, as the case may be.
- (vi) Delon shall not, nor shall it permit any of its Subsidiaries to, (i) make, change or rescind any material tax election, (ii) take any action, or omit to take any action, in either case inconsistent with past practice, relating to the filing of any Tax Return or the payment of any Tax (except as otherwise required by Law), (iii) settle any material Tax claim or assessment, (iv) surrender any right or claim to a Tax refund, or (v) amend any of its transfer pricing policies.
- (vii) Delon shall not, nor shall it permit any of its Subsidiaries to, sell, pledge, encumber, lease or otherwise dispose of any material assets, or cause any of its Subsidiaries to do the same;
- (viii) Delon shall not, nor shall it permit any of its Subsidiaries to, take or fail to take any action which would cause any of Delon's representations or warranties hereunder to be untrue in any material respect or would be reasonably expected to prevent or materially impede, interfere with or delay the Arrangement or cause the conditions set forth in section 6.2 not to be satisfied, or cause any of its Subsidiaries to do the same;
- (ix) Delon shall not, nor shall it permit any of its Subsidiaries to, amend, modify or terminate any insurance policy in effect on the date of this Agreement, except for scheduled renewals of any insurance policy in effect on the date hereof in the ordinary course of business consistent with past practice.
- (x) Delon shall not, nor shall it permit any of its Subsidiaries to, enter into any recognition agreement, collective agreement, works council agreement or similar agreement with any trade union or representative body other than with the prior approval of Gener8, acting reasonably.
- (xi) Delon shall not, nor shall it permit any of its Subsidiaries to, adopt or propose to adopt any amendments to its constituting documents which

would have a Material Adverse Effect on the consummation of the transactions contemplated hereby; and

- (xii) Delon shall not, nor shall it permit any of its Subsidiaries to, announce an intention or enter into any formal or informal commitment or agreement or otherwise make a commitment to do any of the foregoing.
- (b) Delon shall promptly advise Gener8 in writing:
- (i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of Delon contained in this Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);
 - (ii) of any Material Adverse Effect on Delon or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Delon; and
 - (iii) of any material breach by Delon of any of its covenants, obligations or agreements contained in this Agreement.
- (c) Delon shall use its commercially reasonable efforts to, and shall use its commercially reasonable efforts to cause its Subsidiaries to, perform all obligations required to be performed by it or any such Subsidiaries under this Agreement, cooperate with Gener8 in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing:
- (i) use commercially reasonable efforts to satisfy or cause to be satisfied as soon as reasonably practicable all conditions precedent that are set forth in Article 6 hereof;
 - (ii) as soon as practicable apply for and use all commercially reasonable efforts to obtain all Appropriate Regulatory Approvals required to be obtained by Delon or any of its Subsidiaries in order for Delon to consummate the transactions contemplated hereby and, in doing so, to keep Gener8 reasonably informed as to the status of the proceedings and any material discussions or correspondence related to obtaining such Appropriate Regulatory Approvals, including, but not limited to, providing Gener8 the opportunity to be present for all communications with any Governmental Entity and providing Gener8 with copies of all related applications and notifications, in draft and final form, in order for Gener8 to provide its reasonable comments and all such applications and

notifications shall be subject to the prior approval of Gener8, acting reasonably;

- (iii) carry out the terms of the Interim Order and Final Order applicable to it and use all commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on Delon or its Subsidiaries with respect to the transactions contemplated hereby and by the Arrangement;
- (iv) diligently defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (v) use all commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order relating to Delon or its Subsidiaries which may adversely affect the ability of the parties to consummate the transactions contemplated hereby;
- (vi) effect all necessary registrations, filings and submissions of information required by Governmental Entities from Delon or any of its Subsidiaries in connection with the transactions contemplated hereby;
- (vii) reserve or have available a sufficient number of Delon Common Shares, Delon Warrants and Delon Options for issuance upon completion of the Arrangement and use all reasonable efforts to cause such Delon Common Shares to be conditionally accepted for listing on the CNSX subject to official notice of issuance, prior to the Effective Time; and
- (viii) use all reasonable efforts to obtain all waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by Delon or any Subsidiary of Delon to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of Delon or its Subsidiaries to consummate the transactions contemplated hereby including those waivers, consents and approvals referred to in Section 4.4 of this Agreement.

5.3 **Access to Information and Confidentiality**

- (a) Subject to Section 5.3(c) and applicable Laws, upon reasonable notice to the senior officer of Gener8, Gener8 shall (and shall cause each of its Subsidiaries and their respective representatives, officers, directors, employees and agents to) afford the officers, employees, and other authorized representatives and advisors (including financial advisors, counsel & accountants) (collectively the “**Representatives**”) of Delon access, during normal business hours from the date of this Agreement and until the earlier of the Effective Time and the date on

which this Agreement is terminated in accordance with Article 7, to its respective properties, books, contracts and records, as well as to its management personnel; provided that such access shall be provided on a basis that minimizes the disruption to the operations of Gener8. During such period, Gener8 shall (and shall cause each of its Subsidiaries to) furnish promptly to Delon all information concerning Gener8's and each of its Subsidiaries' business, properties and personnel as Delon may reasonably request.

- (b) Subject to Section 5.3(c) and applicable Laws, upon reasonable notice to the senior officer of Delon, Delon shall (and shall cause each of its Subsidiaries and their respective representatives, officers, directors, employees and agents to) afford the Representatives of Delon access, during normal business hours from the date of this Agreement and until the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with Article 7, to its respective properties, books, contracts and records, as well as to its management personnel; provided that such access shall be provided on a basis that minimizes the disruption to the operations of Delon. During such period, Delon shall (and shall cause each of its Subsidiaries to) furnish promptly to Gener8 all information concerning Delon's and each of its Subsidiaries' business, properties and personnel as Gener8 may reasonably request.
- (c) Each party hereto shall treat confidentially and not disclose, and shall cause each of its Representatives to treat confidentially and not disclose, other than as expressly contemplated by this Agreement, any Confidential Information of the other party. Either party hereto may disclose Confidential Information only to those of its Representatives, each of whom needs to know such Confidential Information for the purpose of implementing the transactions contemplated by this Agreement, and only to the extent necessary. Each party hereto shall not use, and shall use commercially reasonable efforts to cause each of the aforementioned persons to not use, Confidential Information for any other purpose or in any way that is, directly or indirectly, detrimental to the other party.

If either party hereto or any of its Representatives receives a request or is legally required to disclose all or any part of the Confidential Information, such party shall (a) immediately notify the other party of the request or requirement, (b) consult with the other party on the advisability of taking legally available steps to resist or narrow the request or lawfully avoid the requirement, and (c) if requested by the other party, take all necessary steps to seek a protective order or other appropriate remedy. If a protective order or other remedy is not available, or if the other party waives compliance with the provisions of this Section 5.3 (i) the party receiving the request for disclosure or its Representatives, as the case may be, may disclose to the Person requiring disclosure only that portion of the Confidential Information which such party is advised by written opinion of counsel is legally required to be disclosed, and (ii) such party shall not be liable for such disclosure unless such disclosure was caused by or resulted from a

previous disclosure by such party or its Representatives not permitted by this Agreement.

Following the termination of this Agreement, each party hereto shall (and shall cause each of its Representatives to) (a) return promptly to the other party all physical copies of the Confidential Information then in such Party's possession or in the possession of its Representatives, and (b) destroy all (i) electronic copies of the Confidential Information, and (ii) notes (including electronic copies thereof) prepared by such party or any of its Representatives, including electronic back-ups of the foregoing in a manner that ensures the same may not be retrieved or undeleted by such party or any of its Representatives.

5.4 Indemnification

Delon agrees that all rights to indemnification for acts or omissions occurring prior to the Effective Time existing as of the date of this Agreement in favour of the directors or officers of Gener8 as provided in its constituting documents or in written contracts in effect on the date of this Agreement, shall survive the Arrangement and shall continue in full force and effect until the earlier of the expiration of the applicable statute of limitations with respect to any claims against directors or officers of Gener8 arising out of such acts or omissions and the sixth anniversary of the Effective Date.

5.5 Covenants Regarding Non-Solicitation

- (a) Subject to Section 5.6 and other than in connection with the Financing, Gener8 agrees that it shall not, and shall not authorize or permit any of its Subsidiaries or any of its or its Subsidiaries' Representatives, directly or indirectly, to (i) solicit, initiate, encourage or facilitate, including by way of furnishing information or entering into any form of agreement, arrangement or understanding, any inquiries or the making of any proposals regarding an Acquisition Proposal, (ii) participate in any discussions or negotiations regarding any Acquisition Proposal, (iii) withdraw, modify, qualify or change in a manner adverse to Delon, or publicly propose to withdraw, modify, qualify or change in a manner adverse to Delon the approval, recommendation or declaration of advisability of the board of directors of Gener8 of the transactions contemplated hereby (it being understood that failing to affirm the approval or recommendation of the board of directors of Gener8 of the transactions contemplated hereby after an Acquisition Proposal has been publicly announced shall be considered an adverse modification), (iv) approve or recommend any Acquisition Proposal or (v) enter into any agreement, arrangement or understanding related to any Acquisition Proposal (excluding any confidentiality agreements provided for below in this Section 5.5(a)), requiring Gener8 to abandon, terminate or fail to consummate the Arrangement or providing for the payment of any break, termination or other fees or expenses to any person in the event that Gener8 or any of its Subsidiaries completes the transactions contemplated hereby or any other transaction with Delon or any of its affiliates agreed to prior to any termination of this Agreement.

Notwithstanding the preceding paragraph and any other provisions of this Agreement, the board of directors of Gener8 may, prior to the approval of the Arrangement by the Gener8 Shareholders and Gener8 Securityholders, consider, participate in any discussions or negotiations with, or provide information in accordance with the last paragraph of this Section 5.5(a) to, any person who has delivered a bona fide written Acquisition Proposal which was not solicited or encouraged after the date of this Agreement and did not otherwise result from a breach of this Section 5.5 and that the board of directors of Gener8 determines in good faith, after consultation with its financial advisors and outside legal counsel, is a Superior Proposal; provided, however, that prior to taking any such action, (x) the board of directors of Gener8 must determine in good faith, after due consultation with its outside counsel, that its failure to do so would be inconsistent with the exercise of its fiduciary duties, and (y) Gener8 must obtain a confidentiality agreement from the person making such Acquisition Proposal; provided further that Gener8 shall not commence or participate in discussions or negotiations with, or provide information to any person who has delivered an unsolicited bona fide written Acquisition Proposal until 48 hours after Gener8 shall have advised Delon of its determination that such Acquisition Proposal would, if completed, constitute a Superior Proposal and of its intention to take such actions. Gener8 shall not consider, negotiate, accept, approve or recommend an Acquisition Proposal or provide information to any person proposing an Acquisition Proposal, in each case after the date of the approval of the Arrangement by the Gener8 Shareholders and Gener8 Securityholders.

If Gener8 receives a request for material non-public information from a person who has made an unsolicited bona fide written Acquisition Proposal and Gener8 is permitted, as contemplated under the second paragraph of this Section 5.5(a), to negotiate the terms of such Acquisition Proposal, then, and only in such case, the board of directors of Gener8 may, subject to the execution by such person of the confidentiality agreement as described in (y) above, provide such person with access to information regarding Gener8; provided that Gener8 sends a copy of any such confidentiality agreement to Delon promptly upon its execution and Delon is provided with a list of, and copies of, the information provided to such person and is immediately provided with access to similar information to which such person was provided, if not previously provided to Delon by Gener8.

- (b) From and after the date of this Agreement, Gener8 shall promptly (and in any event within 24 hours) notify Delon, at first orally and then in writing, of any inquiries, proposals or offers relating to or constituting an Acquisition Proposal, or any request for non-public information relating to Gener8 or any of its Subsidiaries. Such notice shall include a description of the terms and conditions of any proposal, inquiry or offer, the identity of the person making such proposal, inquiry or offer, a copy of any written proposal, inquiry or offer, and provide such other details of the proposal, inquiry or offer as Delon may reasonably request.

Gener8 shall keep Delon fully informed on a prompt basis of the status, including any change to the material terms, of any such inquiry, proposal or offer.

- (c) Gener8 shall ensure that its officers, directors and employees and its Subsidiaries and their officers, directors and employees and any financial advisors or other advisors or representatives retained by it are aware of the provisions of this Section 5.5, and it shall be responsible for any breach of this Section 5.5 by such officers, directors, employees, financial advisors or other advisors or representatives.
- (d) Nothing contained in Section 5.1(d) or 5.5(a) shall prohibit the board of directors of Gener8 from withdrawing, modifying, qualifying or changing its recommendation to the Gener8 Securityholders in respect of the transactions contemplated hereby prior to the approval of the Arrangement by the Gener8 Shareholders and Gener8 Securityholders, if the board of directors of Gener8 determines, in good faith (after due consultation with outside counsel) that such withdrawal, modification, qualification or change is necessary for the board of directors of Gener8 to act in a manner consistent with its fiduciary duties or applicable Laws; provided that (i) not less than 48 hours before the board of directors of Gener8 considers any proposal in respect of any such withdrawal, modification, qualification or change, Gener8 shall give Delon written notice of such proposal and promptly advise Delon of the proposed consideration of such proposal, including a summary of the reasons for the proposed withdrawal, modification, qualification or change, and (ii) the foregoing shall not relieve Gener8 from its obligation to proceed to call and hold the Gener8 Meeting and to hold the vote on the Arrangement Resolution, except in circumstances where this Agreement is terminated in accordance with the terms hereof.

5.6 Right to Accept a Superior Proposal

- (a) If Gener8 has complied with Section 5.5 with respect thereto, Gener8 may accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal prior to the approval of the Arrangement by the Gener8 Shareholders and Gener8 Securityholders and terminate this Agreement if, and only if (with the exception of a confidentiality agreement the execution of which shall not be subject to the conditions of this Section 5.6), (i) Gener8 has provided Delon with a copy of the Superior Proposal document, (ii) five Business Days shall have elapsed from the later of (x) the date Delon received written notice (a “**Section 5.6 Notice**”) advising Delon that Gener8's board of directors has resolved, subject only to compliance with this Section 5.6, to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal, specifying the terms and conditions of such Superior Proposal and identifying the person making such Superior Proposal, and (y) the date Delon received a copy of the Superior Proposal document, (iii) Gener8's board of directors has determined in good faith (following due consultation with its outside legal counsel) that the failure of the board of directors of Gener8 to take such action would be

inconsistent with the exercise of its fiduciary duties, (iv) such Superior Proposal does not provide for the payment of any break, termination or other fees or expenses to the other party in the event that Gener8 or any of its Subsidiaries completes the transactions contemplated by this Agreement or any similar other transaction with Delon or any of its affiliates agreed to prior to any termination of this Agreement, and (v) taking into account any revised proposal made by Delon since receipt of the Section 5.6 Notice, such Superior Proposal remains a Superior Proposal and the Gener8 board of directors has again made the determinations referred to in this Section 5.6(a). In the event that Gener8 provides Delon with a Section 5.6 Notice on a date that is less than five Business Days prior to the Gener8 Meeting, Gener8 may, at its discretion, and will, at the request of Delon, adjourn the Gener8 Meeting to a date that is not less than five Business Days and not more than 10 Business Days after the date of the Section 5.6 Notice.

- (b) During the five Business Day period referred to in Section 5.6(a)(ii), Gener8 agrees that Delon shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The board of directors of Gener8 will review any proposal by Delon to amend the terms of this Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties, whether Delon's amended proposal upon acceptance by Gener8 would result in such Superior Proposal ceasing to be a Superior Proposal. If the board of directors of Gener8 so determines, it will enter into an amended agreement with Delon reflecting Delon's amended proposal. If the board of directors of Gener8 continues to believe, in good faith and after consultation with financial advisors and outside counsel, that such Superior Proposal remains a Superior Proposal and therefore rejects Delon's amended proposal, Gener8 may, on termination of this Agreement in accordance with Section 7.2(d)(v), accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.
- (c) Gener8 also acknowledges and agrees that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of Section 5.5 and the requirement under clause (ii) of Section 5.6(a) to initiate an additional five Business Day notice period.

5.7 Proxies Received and Dissent Notices

- (a) Gener8 shall advise Delon:
 - (i) as reasonably requested as to the aggregate tally of the proxies and votes received in respect of the Gener8 Arrangement Resolution; and
 - (ii) of any written notice of dissent, withdrawal of such notice, and any other instruments received by Gener8 pursuant to the Dissent Rights.

- (b) Delon shall advise Gener8 as reasonably requested as to the aggregate tally of the proxies and votes received in respect of the Delon Arrangement Resolution and Delon Consolidation Resolution.

5.8 **Closing Matters**

Delon and Gener8 shall deliver, at the Effective Time, such customary certificates, resolutions and other closing documents as may be required by the other parties hereto, acting reasonably.

5.9 **Privacy Matters**

- (a) Delon and Gener8 acknowledge and agree that certain information provided by Gener8 to Delon in connection with the transactions contemplated hereunder constitutes Personal Information (the “**Disclosed Personal Information**”) which is necessary for the purposes of determining if Delon shall proceed with the Arrangement, that the disclosure of the Disclosed Personal Information relates solely to the carrying on of the business, or the completion of the Arrangement and that, such Disclosed Personal Information:
 - (i) may not be used for any purpose other than those related to the performance of this Agreement;
 - (ii) must be kept strictly confidential and Delon shall ensure that access to such Personal Information shall be restricted to those Representatives of Delon who have a bona fide need access to such information and shall instruct those Representatives to protect the confidentiality of such information in a manner consistent with Delon's obligations hereunder; and
 - (iii) upon the expiry or termination of this Agreement, or otherwise upon the request of Gener8, Delon shall forthwith cease all use of the Disclosed Personal Information acquired by Delon in connection with this Agreement and will return to Gener8 or, at Gener8's request, destroy in a secure manner the Disclosed Personal Information (and any copies).
- (b) Without limiting the foregoing, each of Gener8 and Delon acknowledge and agree that their respective disclosure letters and all information contained in them is confidential and may not be disclosed to any other person unless (a) such disclosure is required under applicable Law, unless such Law permits it to refrain from disclosing such information for confidentiality or other reasons or (b) such disclosure is required in order to enforce its rights under this Agreement.

ARTICLE 6 CONDITIONS

6.1 Mutual Conditions

The respective obligations of the parties hereto to consummate the Arrangement shall be subject to the satisfaction of the following conditions on or before the Effective Date:

- (a) the Arrangement shall have been approved by the Gener8 Shareholders and Gener8 Securityholders at the Gener8 Meeting in the manner required by applicable Laws (including any conditions imposed by the Interim Order);
- (b) the Arrangement and Delon Consolidation shall have been approved by the Delon Shareholders at the Delon Meeting in the manner required by applicable Laws;
- (c) the Interim Order and the Final Order shall each have been obtained in form and on terms satisfactory to each of Delon and Gener8, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (d) no provision of any applicable Laws and no judgment, injunction, order or decree shall be in effect which restrains or enjoins or otherwise prohibits the consummation of the Arrangement or the transactions contemplated by this Agreement;
- (e) the Delon Common Shares issuable at the Effective Time pursuant to the Arrangement shall be issued pursuant to exemptions from the registration and prospectus requirements of applicable Canadian securities Laws and issued in a transaction exempt from registration under the 1933 Act pursuant to Section 3(a)(10) of the 1933 Act and such shares shall have been conditionally accepted for listing on the CNSX, subject to official notice of issuance;
- (f) the Appropriate Regulatory Approvals shall have been obtained and be in full force and effect and shall not be subject to any stop-order or proceeding seeking a stop-order or revocation;
- (g) Gener8 Shareholders holding in the aggregate not more than 5% of the Gener8 Common Shares shall have exercised their Dissent Rights (and not withdrawn such exercise) in respect of the Arrangement;
- (h) all other consents, waivers, permits, orders and approvals of any Governmental Entity, and the expiry of any waiting periods, in connection with, or required to permit, the consummation of the Arrangement, the failure to obtain which or the non-expiry of which would constitute a criminal offense, or would, individually or in the aggregate, have a Material Adverse Effect on Delon or Gener8 after the Effective Time, shall have been obtained or received;

- (i) Baron Global Financial Canada Ltd. shall have been retained to act as a financial advisor on terms mutually agreeable to the parties, acting reasonably, and
- (j) this Agreement shall not have been terminated pursuant to Article 7 hereof.

6.2 Additional Conditions to the Obligations of Delon

The obligations of Delon to consummate the Arrangement shall be subject to the satisfaction of the following conditions (each of which is for the exclusive benefit of Delon and may be waived by Delon on behalf of Delon) on or before the Effective Date:

- (a) Gener8 shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Time;
- (b) each of the representations and warranties of Gener8 under this Agreement (which for purposes of this clause (b) shall be read as though none of them contained any Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date) except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on Gener8;
- (c) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to Gener8 or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Gener8;
- (d) Delon shall have received a certificate of Gener8 addressed to Delon and dated the Effective Date, signed on behalf of Gener8 by two senior officers, confirming that the conditions in Sections 6.2(a), (b) and (c) have been satisfied;
- (e) there shall not be any action taken, any Law enacted, entered, enforced or deemed applicable by any Governmental Entity or pending or threatened any suit, action or proceeding by any Governmental Entity in connection with the grant of any Appropriate Regulatory Approval or otherwise (i) seeking to prohibit or restrict the acquisition by Delon or any of its Subsidiaries of any Gener8 Common Shares, (ii) challenging or seeking to restrain or prohibit the consummation of the Plan of Arrangement or seeking to obtain from Gener8 or Delon any damages that are material in relation to Gener8 and its Subsidiaries taken as a whole, (iii) seeking to prohibit or materially limit the ownership or operation by Delon or any of its Subsidiaries of any material portion of the business or assets of Delon, Gener8 or any of their respective Subsidiaries or to compel Delon or any of its Subsidiaries to dispose of or hold separate any material portion of the business or assets of Delon or Gener8 or any of their respective Subsidiaries, as a result of the

Plan of Arrangement, (iv) seeking to impose limitations on the ability of Delon or any of its Subsidiaries to acquire or hold, or exercise full rights of ownership of, any Gener8 Common Shares, including the right to vote the Gener8 Common Shares purchased by it on all matters properly presented to the shareholders of Gener8, (v) seeking to prohibit Delon or any of its Subsidiaries from effectively controlling in any material respect the business or operations of Gener8 and its Subsidiaries or (vi) imposing any condition or restriction that in the judgment of Delon, acting reasonably, would be materially burdensome to the future operations or business of any business unit of Delon or Gener8 after the Effective Time;

- (f) the board of directors of Gener8 shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Gener8 and its Subsidiaries to permit the consummation of the Arrangement in accordance with all applicable Laws and upon terms and conditions satisfactory to Delon, acting in its sole discretion;
- (g) the consents and approvals set forth in Section 3.4 of the Gener8 Disclosure Letter shall have been obtained or received;
- (h) Roderick Armes and/or his designate will have executed a return to treasury agreement with Gener8 and Delon, pursuant to which Roderick Armes will agree to return to treasury the number of Delon Common Shares equivalent to the number of Delon Common Shares actually issued by Delon to CWC Shareholders (as and when such shares are issued by Delon) pursuant to the CWC Amalgamation Agreement;
- (i) all Permits set out in Section 3.13(b) of the Gener8 Disclosure Letter shall be in full force and effect and in good standing and none of such Permits shall require, as a condition of their continuance, effect or validity, that any action be taken by Gener8 or its Subsidiaries within the one-year period following the Effective Date.

6.3 Additional Conditions to the Obligations of Gener8

The obligations of Gener8 to consummate the Arrangement shall be subject to satisfaction of the following conditions (each of which is for the exclusive benefit of Gener8 and may be waived by Gener8 on behalf of Gener8) on or before the Effective Date:

- (a) Delon shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Time;
- (b) Delon shall have completed the Financing and all conditions to convert the Subscription Receipts (other than the completion of the Arrangement) by January 31, 2013;

- (c) each of the representations and warranties of Delon under this Agreement (which for purposes of this clause (b) shall be read as though none of them contained any Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date (except for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date) except where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on Delon;
- (d) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to Delon or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Delon;
- (e) the board of directors of Delon shall be restructured such that at the Effective Time, the board of directors of Delon shall consist of six directors, four of which shall be nominated by Gener8 and two of which shall be nominated by Delon;
- (f) Gener8 shall have received a certificate of Delon addressed to Gener8 and dated the Effective Date, signed on behalf of Delon by two senior officers, confirming that the conditions in Sections 6.3(a), (b) and (d) have been satisfied;
- (g) the board of directors of Delon shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Delon and its Subsidiaries to permit the consummation of the Arrangement in accordance with all applicable Laws and upon terms and conditions satisfactory to Gener8, acting in its sole discretion;
- (h) Delon shall have completed the Delon Consolidation;
- (i) Delon shall, on or before the Effective Date:
 - (i) Terminate, and have no further obligations or liabilities under (other than mineral claim maintenance fees for a maximum of twelve months from the Effective Date), all agreements referenced in Section 4.16 of the Delon Disclosure Letter with the exception of the Velisek Consulting Agreement provided that there are no obligations or liabilities accrued or otherwise outstanding under such agreement (with the exception of incentive stock options) as of the Effective Time; and
 - (ii) Have indebtedness, liabilities or obligations, secured or unsecured (whether absolute, accrued, contingent or otherwise) (the “**Liabilities**”) not exceeding in aggregate \$50,000 (the “**Maximum Liabilities Amount**”). Notwithstanding the foregoing, Delon’s Liabilities may exceed the Maximum Liabilities Amount if such Liabilities relate to Liabilities reasonably incurred

by Delon in connection with the Arrangement and Financing, as determined by Gener8 in their sole discretion acting reasonably; and

- (j) the Delon Common Shares issuable at the Effective Time pursuant to the Arrangement shall have been approved for listing on the CNSX and shall not be subject to any statutory or other hold period (subject only to restrictions on transfer by reason of, among other things, a holder being a “**control person**” for purposes of Canadian federal, provincial or territorial securities Laws or an “**affiliate**” of Delon or Gener8 before or after the Arrangement for purposes of the 1933 Act).

6.4 Satisfaction of Conditions

The conditions precedent set out in Sections 6.1, 6.2 and 6.3 shall be conclusively deemed to have been satisfied, waived or released on completion of the Arrangement.

ARTICLE 7 AMENDMENT AND TERMINATION

7.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Gener8 Meeting and/or the Delon Meeting, as the case may be, but not later than the Effective Time, be amended by mutual written agreement of the parties hereto and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties, including an extension of the Termination Date;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties; and
- (d) waive compliance with or modify any conditions precedent herein contained.

7.2 Termination

- (a) If any condition contained in Sections 6.1 or 6.2 is not satisfied at or before the Termination Date to the satisfaction of Delon, then, provided Delon is not in material breach of this Agreement, Delon may, by notice to Gener8 terminate this Agreement and the obligations of the parties hereunder (except as otherwise herein provided) but without detracting from the rights of Delon arising from any breach by Gener8 but for which the condition would have been satisfied.

- (b) If any condition contained in Sections 6.1 or 6.3 is not satisfied at or before the Termination Date to the satisfaction of Gener8, then, provided Gener8 is not in material breach of this Agreement, Gener8 may by notice to Delon terminate this Agreement and the obligations of the parties hereunder (except as otherwise herein provided) but without detracting from the rights of Gener8 arising from any breach by Delon but for which the condition would have been satisfied.
- (c) If the condition contained in Section 6.3(b) is not satisfied at or before January 31, 2013 to the satisfaction of Gener8, then, Gener8 may by notice to Delon terminate this Agreement and the obligations of the parties hereunder (except as otherwise herein provided) but without detracting from the rights of Gener8 arising from any breach by Delon but for which the condition would have been satisfied.
- (d) This Agreement may:
 - (i) be terminated by the mutual agreement of Gener8 and Delon (without any action on the part of the Gener8 Securityholders and/or the Delon Shareholders);
 - (ii) be terminated upon notice by either Gener8 or Delon, if there shall be passed any Law, or order of a Governmental Entity, that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited, and in the case of an order, such order shall have become final and without right of appeal;
 - (iii) be terminated by Delon if (A) the board of directors of Gener8 shall have failed to recommend, or withdrawn, modified, qualified or changed in a manner adverse to Delon, its approval or recommendation of the Arrangement or the Gener8 Arrangement Resolution (including as contemplated in Section 5.5(d)) or in any manner which could reasonably be expected to reduce the likelihood of the Gener8 Arrangement Resolution being approved at the Gener8 Meeting or (B) the board of directors of Gener8 shall have approved or recommended an Acquisition Proposal;
 - (iv) be terminated by Gener8 if (A) the board of directors of Delon shall have failed to recommend, or withdrawn, modified, qualified or changed in a manner adverse to Gener8, its approval or recommendation of the Arrangement, the Delon Arrangement Resolution or the Delon Consolidation Resolution or in any manner which could reasonably be expected to reduce the likelihood of the Delon Arrangement Resolution or Delon Consolidation Resolution being approved at the Delon Meeting;
 - (v) be terminated by Gener8 in order to enter into a definitive written agreement with respect to a Superior Proposal, subject to compliance with Section 5.6;

- (vi) be terminated by Gener8 or Delon if the approval of the Gener8 Shareholders and/or Gener8 Securityholders shall not have been obtained by reason of the failure to obtain the required vote on the Gener8 Arrangement Resolution at the Gener8 Meeting;
- (vii) be terminated by Gener8 or Delon if the approval of the Delon Shareholders shall not have been obtained by reason of the failure to obtain the required vote on the Delon Arrangement Resolution at the Delon Meeting;
- (viii) be terminated by Gener8 if there is an intentional, wilful or deliberate breach of the covenants in Section 5.2 by Delon, any of its Subsidiaries or any of their respective directors, officers, employees, agents, consultants or any other representative, prior to the Termination Date; and
- (ix) be terminated by Delon if there is an intentional, wilful or deliberate breach of the covenants in Section 5.5 or 5.6 by Gener8, any of its Subsidiaries or any of their respective directors, officers, employees, agents, consultants or any other representative,

in each case, prior to the Termination Date.

- (e) If the Effective Time does not occur on or prior to 4 pm (Vancouver time) on the Termination Date, then this Agreement shall terminate.

7.3 Effect of Termination

If this Agreement is terminated in accordance with the provisions of Section 7.2, no party shall have any further liability to perform its obligations hereunder except for those obligations arising under the provisions of this Section 7.3, Section 5.3(c), Section 8.9 and Section 8.11 which shall continue notwithstanding such termination; provided that neither the termination of this Agreement nor anything contained in this Section 7.3 shall relieve any party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants and agreements made herein. If it shall be judicially determined that termination of this Agreement was caused by an intentional breach of this Agreement, then, in addition to any other remedies at law or equity for breach of this Agreement, the party so found to have intentionally breached this Agreement shall indemnify and hold harmless the other parties for their out-of-pocket costs, including reasonable fees and expenses of their counsel, accountants, financial advisors and other experts and advisors, incidental to the negotiation, preparation and execution of this Agreement and related documentation.

ARTICLE 8 GENERAL

8.1 Investigation

Any investigation by a party hereto and its advisors shall not mitigate, diminish or affect the representations and warranties of any other party to this Agreement.

8.2 Notices

All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally, telecopied (which is confirmed) or dispatched (postage prepaid) to a nationally recognized overnight courier service with overnight delivery instructions, in each case addressed to the particular party at:

- (a) If to Gener8, at:

GENER8 DIGITAL MEDIA CORP.
9 – 375 Water Street
Vancouver, BC V6B 5C6

Attention: Rory Armes, President
Facsimile No.: (604) 669-8855

with a copy to:

Clark Wilson LLP
800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Conrad Nest
Facsimile No.: (604) 687-6314

- (b) If to Delon, at:

DELON RESOURCES CORP.
Suite #1980-1075 West Georgia Street
Vancouver, BC V6E 3C9

Attention: Herrick Lau, President
Facsimile No.: (778) 329-9361

with a copy to:

McMillan LLP
Suite 1500, 1055 West Georgia Street
PO Box 11117
Vancouver, BC V6E 4N7

Attention: Desmond Balakrishnan
Facsimile No.: (604) 685-7084

or at such other address of which any party may, from time to time, advise the other parties by notice in writing given in accordance with the foregoing.

Any notice delivered or telecopied will be deemed to have been given and received on the business day next following the date of delivery.

8.3 Assignment

No party hereto may assign this Agreement or any of its rights, interests or obligations under this Agreement or the Arrangement (whether by operation of law or otherwise).

8.4 Binding Effect

Subject to Section 8.3, this Agreement and the Arrangement shall be binding upon, enure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

8.5 Third-Party Beneficiaries

Except for the agreement set forth in Section 5.3(c), nothing in this Agreement, express or implied, shall be construed to create any third-party beneficiaries or create any liability or obligation to any person not a party to this Agreement.

8.6 Waiver and Modification

Gener8 and Delon may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

8.7 No Personal Liability

- (a) No director or officer of Delon or any of its Subsidiaries shall have any personal liability whatsoever to Gener8 under this Agreement, or any other document delivered in connection with the Arrangement on behalf of Delon.
- (b) No director or officer of Gener8 or any of its Subsidiaries shall have any personal liability whatsoever to Delon under this Agreement, or any other document delivered in connection with the Arrangement on behalf of Gener8.

8.8 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.9 Expenses

Subject to Sections 7.3, the parties agree that all expenses of the parties relating to this Agreement and the transactions contemplated hereby, including legal fees, accounting fees, financial advisory fees, regulatory filing fees, all disbursements of advisors, and printing and mailing costs, shall be paid by the party incurring such expenses.

8.10 Public Announcements

Delon and Gener8 agree to consult with each other prior to issuing any news releases or public statements with respect to this Agreement or the Arrangement, and to use their respective commercially reasonable efforts not to issue any news releases or public statements inconsistent with the results of such consultations. Subject to applicable Laws, each party shall use its commercially reasonable efforts to enable the other parties to review and comment on all such news releases prior to the release thereof. The parties agree to issue jointly a news release with respect to this Arrangement as soon as practicable following the execution of this Agreement. Delon and Gener8 also agree to consult with each other in preparing and making any filings and communications in connection with any Appropriate Regulatory Approvals. Gener8 shall provide to Delon a copy of any press release to be issued by Gener8 after the date of this Agreement and shall consult with Delon in connection therewith.

8.11 Governing Laws and Consent to 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 and shall be treated in all respects as a British Columbia contract. Each party hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

8.12 Remedies

The parties acknowledge and agree that an award of money damages would be inadequate for any breach of this Agreement by any party or its representatives and any such breach would cause the non-breaching party irreparable harm. Accordingly, the parties hereto agree that, in the event of any breach or threatened breach of this Agreement by one of the parties, the parties will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, provided such party is not in material default hereunder. Such remedies will not be the exclusive remedies for

any breach of this Agreement but will be in addition to all other remedies available at law or equity to each of the parties.

8.13 Time of Essence

Time shall be of the essence in this Agreement.

8.14 Entire Agreement

This Agreement including the disclosure letters, the agreements and other documents referred to herein constitute the entire agreement among the parties hereto and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties hereto with respect to the matters hereof and thereof including the letter agreement between the parties hereto dated October 18, 2012, as amended on November 6, 2012, November 26, 2012, and December 7, 2012.

8.15 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

8.16 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

[signature page to follow]

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

DELON RESOURCES CORP.

By: “Herrick Lau”
Name: Herrick Lau
Title: President and CEO

GENER8 DIGITAL MEDIA CORP.

By: “Rory Armes”
Name: Rory Armes
Title: President

SCHEDULE A

APPROPRIATE REGULATORY APPROVALS

Approval of the CNSX to the Arrangement on behalf of Delon and to the listing of the Delon Common Shares to be issued under the Arrangement.

SCHEDULE B

FORM OF PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 288 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, unless the context otherwise requires, the following terms shall have the following meanings respectively:

- (a) “**Affiliate**” has the meaning ascribed thereto in the BCSA, unless otherwise expressly stated herein;
- (b) “**Amalgamated Company**” means the corporation resulting from the Amalgamation;
- (c) “**Amalgamating Companies**” means Delon Subco and Gener8 collectively;
- (d) “**Amalgamation**” means the amalgamation of the Amalgamating Companies as contemplated by this Plan of Arrangement;
- (e) “**Arrangement**” means the arrangement under Section 288 of the BCBCA, on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made (i) in accordance with Section 7.1 of the Arrangement Agreement, (ii) in accordance with Section 6.1 hereof, or (iii) at the direction of the Court in the Final Order;
- (f) “**Arrangement Agreement**” means the agreement made as of January 2, 2013 between Gener8 and Delon to which this Plan of Arrangement is attached as Schedule B, as the same may be supplemented or amended from time to time;
- (g) “**BCBCA**” means the *Business Corporations Act* (British Columbia), and the rules and regulations made thereunder, as now in effect and as it may be amended from time to time prior to the Effective Date;
- (h) “**BCSA**” means the *Securities Act* (British Columbia) and the rules, regulations and policies made thereunder, as now in effect and as they may be amended from time to time prior to the Effective Date;
- (i) “**Business Day**” means any day on which commercial banks are generally open for business in Vancouver, British Columbia other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia under the Laws of the Province of British Columbia or the federal Laws of Canada;

- (j) **“Certificate of Amalgamation”** means the certificate evidencing the Amalgamation issued under the BCBCA;
- (k) **“CNSX”** means the Canadian National Stock Exchange.
- (l) **“Converted Delon Broker Warrant”** has the meaning ascribed in Section 3.1(d) hereof;
- (m) **“Converted Delon CWC Warrant”** has the meaning ascribed in Section 3.1(g) hereof;
- (n) **“Converted Delon Option”** has the meaning ascribed in Section 3.1(e) hereof;
- (o) **“Converted Delon Warrant”** has the meaning ascribed in Section 3.1(c) hereof;
- (p) **“Court”** means the Supreme Court of British Columbia;
- (q) **“CWC”** means Conversion Works Corporation;
- (r) **“CWC Amalgamation Agreement”** means the amalgamation agreement between Gener8, 8055661 Canada Inc. and CWC dated February 24, 2012;
- (s) **“CWC Shareholder”** means a former shareholder of CWC that has not delivered to Gener8 all documents required to acquire Gener8 Common Shares in accordance with Section 4 of the CWC Amalgamation Agreement;
- (t) **“CWC Shareholder Right”** means the right of a CWC Shareholder to receive a Gener8 Common Share upon delivery to Gener8 of all documents required to acquire Gener8 Common Shares in accordance with Section 4 of the CWC Amalgamation Agreement for a period of six years from the effective date of the CWC Amalgamation Agreement;
- (u) **“CWC Warrantholder”** means a former holder of warrants of CWC that has not delivered to Gener8 all documents required to acquire a CWC Warrantholder Gener8 Warrant in accordance with Section 4 of the CWC Amalgamation Agreement;
- (v) **“CWC Warrantholder Gener8 Warrant”** means the warrants of Gener8 issuable to the CWC Warrantholders in accordance with the CWC Amalgamation Agreement;
- (w) **“CWC Warrantholder Right”** means the right of a CWC Warrantholder to receive a CWC Warrantholder Gener8 Warrant upon delivery to Gener8 of all documents required to acquire CWC Warrantholder Gener8 Warrants in accordance with Section 4 of the CWC Amalgamation Agreement for a period of six years from the effective date of the CWC Amalgamation Agreement;

- (x) **“Delon”** means Delon Resources Corp., a corporation incorporated under the laws of Province of British Columbia;
- (y) **“Delon Common Shares”** means common shares in the capital of Delon as constituted as of the Effective Time;
- (z) **“Delon Options”** means the Delon Common Share purchase options granted under the Delon Stock Option Plan;
- (aa) **“Delon Subco”** means a wholly owned subsidiary of Delon incorporated under the BCBCA and created solely for the purpose of the Arrangement;
- (bb) **“Depositary”** means such institution as Gener8 may determine prior to the mailing of the Letter of Transmittal and Election Form by notice in writing to Delon, engaged for the purpose of, among other things, exchanging certificates representing Gener8 Common Shares for Delon Common Shares in connection with the Arrangement;
- (cc) **“Dissent Rights”** means the rights of dissent in respect of the Arrangement described in Section 4.1;
- (dd) **“Dissenting Shares”** means the Gener8 Common Shares held by Dissenting Shareholders;
- (ee) **“Dissenting Shareholders”** means holders of Gener8 Common Shares who have duly and validly exercised their Dissent Rights pursuant to Article 4 and the Interim Order;
- (ff) **“Effective Date”** means the date agreed to by Delon and Gener8 in writing as the effective date of the Arrangement after all of the conditions to the completion of the Arrangement as set out in Sections 6.1, 6.2 and 6.3 of the Arrangement Agreement have been satisfied or waived in accordance with Arrangement Agreement and all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, or such other date as the parties to the Arrangement Agreement may agree;
- (gg) **“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date or such other time agreed to be the parties in writing;
- (hh) **“Final Order”** means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (ii) **“Holder”** means, when used with reference to the Gener8 Common Shares, Gener8 Options, Gener8 Warrants, or Gener8 Broker Warrants, the holders of Gener8 Common Shares, Gener8 Options, Gener8 Warrants, or Gener8 Broker

Warrants as the case may be, shown from time to time in the registers maintained by or on behalf of Gener8 (and including for the purposes hereof any person who surrenders to the Depositary certificates representing Gener8 Common Shares duly endorsed for transfer to such person in accordance with the provisions of the Letter of Transmittal);

- (jj) “**Interim Order**” means the interim order of the Court, as the same may be amended, in respect of the Arrangement, providing for, among other things, the calling and holding of the Gener8 Meeting;
- (kk) “**ITA**” means the *Income Tax Act* (Canada) as amended from time to time;
- (ll) “**Letter of Transmittal**” means the letter of transmittal to be delivered by Gener8 to the Gener8 Shareholders providing, among other things, for the delivery by the Gener8 Shareholders of the certificates representing the Gener8 Common Shares to the Depositary;
- (mm) “**Lien**” means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, lease, option, right of third parties or other charge or encumbrance, including the lien or retained title of a conditional vendor, and any easement, servitude, right of way or other encumbrance on title to real or immovable property or personal or movable property;
- (nn) “**Notice of Dissent**” means a notice of dissent duly and validly given by a Holder exercising Dissent Rights as contemplated in the Interim Order and as described in Article 4;
- (oo) “**Gener8**” means Gener8 Corporation, a corporation incorporated under the laws of the Province of British Columbia;
- (pp) “**Gener8 Broker Warrants**” means the Gener8 Warrants issued to Haywood Securities Inc., Leede Financial Markets, Raymond James Ltd., and Macquarie Private Wealth Inc. issued in connection with brokered financings in 2011 and 2012;
- (qq) “**Gener8 Broker Warrantholders**” means, at any time, a holder of Gener8 Broker Warrants;
- (rr) “**Gener8 Common Shares**” means the common shares in the capital of Gener8;
- (ss) “**Gener8 Meeting**” means the meeting of Gener8 Securityholders, including any adjournments or postponements thereof, held for the purpose of considering and approving the Arrangement and the transactions contemplated by the Arrangement Agreement by way of the Gener8 Arrangement Resolution;
- (tt) “**Gener8 Options**” means outstanding options to acquire Gener8 Common Shares issued under the Gener8 Stock Option Plan;

- (uu) **“Gener8 Optionholder”** means, at any time, a holder of Gener8 Options;
- (vv) **“Gener8 Option Price”** means with respect to each Gener8 Option, the exercise price of such option as specified in the option agreement between Gener8 and the Gener8 Optionholder relating thereto;
- (ww) **“Gener8 Shareholder”** means, at any time, holders of Gener8 Common Shares;
- (xx) **“Gener8 Warrants”** means the issued and outstanding warrants entitling the holders thereof to purchase Gener8 Common Shares, other than the Gener8 Broker Warrants;
- (yy) **“Gener8 Warrantholder”** means, at any time, a holder of Gener8 Warrants;
- (zz) **“Plan of Arrangement”, “hereof”, “herein”, “hereunder”** and similar expressions means this plan of arrangement, including any appendices hereto, and any amendments, variations or supplements hereto made from time to time in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court in the Final Order; and
- (aaa) **“Share Exchange Ratio”** means the quotient obtained by dividing (a) 29,500,000 by (b) the number of Gener8 Common Shares issued and outstanding as of the Effective time.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an “Article” or “Section” or “paragraph” followed by a number and/or a letter refer to the specified Article or Section of this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa. Words importing gender include all genders.

1.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in the Circular and Letter of Transmittal are local time (Vancouver, British Columbia) unless otherwise stipulated herein or therein.

1.6 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

ARTICLE 2 EFFECT OF THE ARRANGEMENT

2.1 This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement. At the Effective Time, the Arrangement shall be binding upon Gener8, the Gener8 Shareholders, the Gener8 Optionholders, the Gener8 Warrantholders, the Gener8 Broker Warrantholders, the CWC Shareholders, CWC Warrantholders, Delon Subco, the Amalgamated Company and Delon.

ARTICLE 3 ARRANGEMENT

3.1 The Arrangement

At the Effective Time, without any further act or formality, each of the events set out below shall occur and be deemed to occur in the following order:

- (a) the Amalgamating Companies will be amalgamated under Division 5 of Part 9 of the BCBCA and continue as one company as if they were amalgamated under section 273 of the BCBCA on the following terms and otherwise on the terms set out in this Plan of Arrangement and:
 - (i) the Amalgamated Company will have, as its notice of articles, the notice of articles contained in the Amalgamation Application, which will be substantially in the form set out as Appendix “A” to this Plan of Arrangement,
 - (ii) the Amalgamated Company will have as its articles, the articles attached to this Plan of Arrangement as Appendix “B”,
 - (iii) the Amalgamated Company will become capable immediately of exercising the functions of an incorporated company,
 - (iv) the shareholders of the Amalgamated Company will have the powers and the liability provided in the BCBCA,

- (v) the property, rights and interests of each Amalgamating Company will continue to be the property, rights and interests of the Amalgamated Company (except amounts receivable from the other Amalgamating Company or shares of the capital stock of the other Amalgamating Company),
 - (vi) the Amalgamated Company will continue to be liable for the liabilities and obligations of each Amalgamating Company,
 - (vii) every existing cause of action, claim or liability to prosecution of an Amalgamating Company will be unaffected,
 - (viii) the number of directors of the Amalgamated Company will be set at one,
 - (ix) the first director of the Amalgamated Company will be Roderick Armes,
 - (x) the name of the Amalgamated Company will be “Gener8 Digital Media Corp.”,
 - (xi) every legal proceeding being prosecuted or pending by or against an Amalgamating Company may be prosecuted, or its prosecution may be continued, as the case may be, by or against the Amalgamated Company, and
 - (xii) every conviction against, or ruling, order or judgement in favour of or against, an Amalgamating Company may be enforced by or against the Amalgamated Company.
- (b) In consequence of the Amalgamation,
- (i) each Gener8 Common Share held by Delon Subco, if any, will be canceled without any repayment of capital in respect thereof; and
 - (ii) each Gener8 Common Share held by a Gener8 Shareholder (other than a Dissenting Shareholder) will, subject to Article 4 and Section 5.5, be cancelled and the holder’s name shall be removed from the register of holders of Gener8 Common Shares, and in consideration therefor the holder thereof shall receive the number of Delon Common Shares determined by multiplying:
 - (A) the number of Gener8 Common Shares held by the Gener8 Shareholder immediately before the Effective Time by,
 - (B) the Share Exchange Ratio.
- (c) In consequence of the Amalgamation, each Gener8 Warrant outstanding immediately before the Effective Time, whether or not vested, will be deemed to

be exchanged, without any further act of formality, for a warrant of Delon (a **“Converted Delon Warrant”**) to acquire (on the same terms and conditions as were applicable to such Gener8 Warrant) that number (rounded down to the nearest whole number) of Delon Common Shares determined by multiplying:

- (i) the number of Gener8 Common Shares subject to such Gener8 Warrant immediately prior to the Effective Time by,
- (ii) the Share Exchange Ratio.

The exercise price per Delon Common Share subject to any such Converted Delon Warrant will be the amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient obtained by dividing

- (i) the exercise price per Gener8 Common Share subject to such Gener8 Warrant immediately prior to the Effective Time by,
- (ii) the Share Exchange Ratio.

- (d) In consequence of the Amalgamation, each Gener8 Broker Warrant outstanding immediately before the Effective Time, whether or not vested, will be deemed to be exchanged, without any further act of formality, for a warrant of Delon (a **“Converted Delon Broker Warrant”**) to acquire (on the same terms and conditions as were applicable to such Gener8 Broker Warrant) that number (rounded down to the nearest whole number) of Delon Common Shares equal to the number of Gener8 Common Shares subject to such Gener8 Broker Warrant immediately prior to the Effective Time.

The exercise price per Delon Common Share subject to any such Converted Delon Broker Warrant will be equal to \$0.70.

- (e) In consequence of the Amalgamation, each Gener8 Option outstanding immediately before the Effective Time, whether or not vested, will be deemed to be exchanged, without any further act of formality, for an Option of Delon (a **“Converted Delon Option”**) to acquire (on the same terms and conditions as were applicable to such Gener8 Option) that number (rounded down to the nearest whole number) of Delon Common Shares determined by multiplying:

- (i) the number of Gener8 Common Shares subject to such Gener8 Option immediately prior to the Effective Time by,
- (ii) the Share Exchange Ratio.

The exercise price per Delon Common Share subject to any such Converted Delon Option will be the amount equal to the closing price of the Delon Common Shares on the CNSX on the second business day after the Effective Time. Notwithstanding the foregoing, if required, the exercise price of each Converted

Delon Option will be increased such that (i) the excess (if any) of the aggregate fair market value of the Delon Common Shares underlying such holder's Converted Delon Option immediately following the exchange over (ii) the aggregate exercise price of such Converted Delon Option otherwise determined does not exceed (iii) the excess (if any) of the aggregate fair market value of the Gener8 Common Shares underlying the holder's corresponding Gener8 Options immediately before the exchange over (iv) the aggregate exercise price of such Gener8 Options.

- (f) In consequence of the Amalgamation, each CWC Shareholder Right outstanding immediately before the Effective Time will be deemed to be exchanged, without any further act of formality, for a right of the CWC Shareholder to acquire that number (rounded down to the nearest whole number) of Delon Common Shares (on the same terms and conditions as were applicable to such CWC Shareholder Right, including the requirement to submit the paperwork required by section 4.1 of the CWC Amalgamation Agreement) determined by multiplying:
 - (i) the number of Gener8 Common Shares subject to such CWC Shareholder Right immediately prior to the Effective Time by,
 - (ii) the Share Exchange Ratio.
 - (g) In consequence of the Amalgamation, each CWC Warrantholder Right outstanding immediately before the Effective Time, whether or not vested, will be deemed to be exchanged, without any further act of formality, for a right of the CWC Warrantholder to acquire that number (rounded down to the nearest whole number) of warrants of Delon (a "**Converted Delon CWC Warrant**") to acquire (on the same terms and conditions as were applicable to such CWC Warrantholder Gener8 Warrant) that number (rounded down to the nearest whole number) of Delon Common Shares determined by multiplying:
 - (i) the number of Gener8 Common Shares subject to such CWC Warrantholder Gener8 Warrant immediately prior to the Effective Time by,
 - (ii) the Share Exchange Ratio.
- The exercise price per Delon Common Share subject to any such Converted Delon CWC Warrant will be the amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient obtained by dividing
- (iii) the exercise price per Gener8 Common Share subject to the CWC Warrantholder Gener8 Warrant immediately prior to the Effective Time by,
 - (iv) the Share Exchange Ratio.

- (h) Delon shall receive one fully paid and non-assessable share in the capital of the Amalgamated Company for each Delon Subco Share held by Delon immediately before the Effective Time, and all such Delon Subco Shares shall be cancelled.
- (i) In consideration of the issuance of Delon Common Shares, the Amalgamated Company shall issue to Delon one common share in the capital of the Amalgamated Company for each Delon Share issued.

3.2 Letter of Transmittal

The Letter of Transmittal shall be sent to each holder of record of Gener8 Common Shares.

3.3 Transfer and Exchange

The transfer and exchange of Gener8 Common Shares contemplated by Section 3.1 shall be made as follows:

- (a) each Holder shall deposit with the Depositary an irrevocable Letter of Transmittal duly signed and completed in accordance with the provisions thereof, together with the certificates representing such Holder's Gener8 Common Shares;
- (b) any Letter of Transmittal so deposited with the Depositary shall be irrevocable and may not be withdrawn by the Holder;
- (c) a Letter of Transmittal and accompanying certificates may be deposited at any of the addresses of the Depositary specified in the Letter of Transmittal; and
- (d) a Holder who holds Gener8 Common Shares as a nominee, custodian, depository, trustee or in any other representative capacity for beneficial owners of Gener8 Common Shares may submit Letters of Transmittal on behalf of each beneficial owner.

ARTICLE 4 DISSENT RIGHTS

4.1 Dissent Rights

A Gener8 Shareholder may exercise dissent rights (“**Dissent Rights**”) conferred by the Interim Order in connection with the Arrangement in the manner set out in Section 238 of the BCBCA, as modified by the Interim Order, provided the Notice of Dissent is received by Gener8 by no later than 4:00 p.m. (Vancouver time) on the date which is two Business Days prior to the date of the Gener8 Meeting. Without limiting the generality of the foregoing, Gener8 Shareholders who duly exercise such Dissent Rights shall be deemed to have transferred such Gener8 Common Shares, as of the Effective Time, without any further act or formality, to Delon in consideration of their entitlement to be paid the fair value of the Gener8 Common Shares under the Dissent Rights. In no case shall Gener8 or Delon be required to recognize such

Holders as Gener8 Shareholders at and after the Effective Time, and the names of such Holders shall be removed from Gener8's securities register as of the Effective Time.

ARTICLE 5 DELON CERTIFICATES

5.1 Effect of Arrangement

After the Effective Time, certificates formerly representing Gener8 Common Shares shall represent only the right to receive any certificates representing Delon Common Shares which the former Holder of such Gener8 Common Shares is entitled to receive pursuant to Article 3 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 5.

5.2 Right of Holder to Receive Delon Common Shares

- (a) On or promptly after the Effective Date, Delon shall deposit with the Depositary, for the benefit of the Gener8 Shareholders, certificates representing the aggregate number of Delon Common Shares which the Gener8 Shareholders are entitled to receive hereunder.
- (b) Subject to Section 5.3, Delon shall cause the Depositary, as soon as practicable following the later of the Effective Date and the date of deposit with the Depositary, of a duly completed Letter of Transmittal and the certificates representing the Gener8 Common Shares or other documentation as provided in the Letter of Transmittal, to:
 - (i) forward or cause to be forwarded by first class mail (postage prepaid) to the Holder at the address specified in the Letter of Transmittal; or
 - (ii) if requested by the Holder in the Letter of Transmittal, make available at the Depositary for pick-up by the Holder; or
 - (iii) if the Letter of Transmittal neither specifies an address nor contains a request as described in (ii), forward or cause to be forwarded by first class mail (postage prepaid) to the Holder at the address of such holder as shown on the share register maintained by Gener8 as at the Effective Time,

certificates representing the number of Delon Common Shares, if any, issuable to such Gener8 Shareholder as determined in accordance with the provisions hereof, subject to any withholding obligation under applicable tax laws.

- (c) No Gener8 Shareholder shall be entitled to receive any consideration with respect to the Gener8 Common Shares other than the certificates representing the Delon Common Shares, which they are entitled to receive in accordance with Article 3 of this Plan of Arrangement, if any, and for greater certainty, no Gener8

Shareholder will be entitled to receive any interest, dividends, premium or other payment with respect to the Gener8 Common Shares subject to Section 5.3.

- (d) Until such time as a former Holder of Gener8 Common Shares complies with the provisions of paragraph 5.2(a), all certificates, if any, to Delon Common Shares to which such Holder is entitled (and all dividends paid or distributions made in respect thereof) shall, be delivered to the Depositary to be held in trust for such Holder for delivery to the Holder, upon delivery of the Letter of Transmittal and the certificates representing the Gener8 Common Shares in accordance with paragraph 5.2(a).
- (e) All payments to be made to any Gener8 Shareholder hereunder shall be subject to any withholding obligations under applicable tax laws.

5.3 Surrender of Rights

Any certificate formerly representing Gener8 Common Shares not duly surrendered on or prior to the sixth anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature, including a claim for dividends or other distributions under paragraph 5.2(c), against Delon or Gener8 by a former Holder. On such date, all Delon Common Shares to which the former Holder of such certificates was entitled shall be deemed to have been surrendered to Delon.

5.4 Right of Gener8 Optionholder to Receive Converted Delon Options

Gener8 Optionholders shall be entitled to receive any Converted Delon Options to which they are entitled under paragraph 3.1(e) by executing and delivering to Delon such documentation as Delon may reasonably require.

5.5 Right of Gener8 Warrantholder to Receive Converted Delon Warrants

Gener8 Warrantholders shall be entitled to receive any Converted Delon Warrants to which they are entitled under paragraph 3.1(c) by executing and delivering to Delon such documentation as Delon may reasonably require.

5.6 Right of Gener8 Broker Warrantholder to Receive Converted Delon Broker Warrants

Gener8 Broker Warrantholders shall be entitled to receive any Converted Delon Broker Warrants to which they are entitled under paragraph 3.1(d) by executing and delivering to Delon such documentation as Delon may reasonably require.

5.7 Right of CWC Shareholders to Receive Delon Common Shares

CWC Shareholders shall be entitled to receive any Delon Common Shares to which they are entitled under paragraph 3.1(f) by executing and delivering to Delon such documentation as

Delon may reasonably require. As of the Effective Time, the CWC Shareholders have no rights under the CWC Amalgamation Agreement.

5.8 Right of CWC Warrantholder to Receive Delon Converted CWC Warrants

CWC Warrantholders shall be entitled to receive any Delon Converted CWC Warrants to which they are entitled under paragraph 3.1(g) by executing and delivering to Delon such documentation as Delon may reasonably require. As of the Effective Time, the CWC Warrantholders have no rights under the CWC Amalgamation Agreement.

5.9 Fractional Shares

No fractional shares shall be issued by Delon. Fractional shares will be rounded up or down, as applicable, by Delon.

5.10 Withholding Rights

The Amalgamated Company, Delon, Delon Subco, Gener8 and the Depositary shall be entitled to deduct and withhold from the consideration payable to any Holder such amounts as the Amalgamated Company, Delon, Delon Subco, Gener8 or the Depositary is required, entitled or permitted to deduct and withhold with respect to such payment under the ITA, the *United States Internal Revenue Code of 1986*, as amended, or any provisions of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 6 AMENDMENT

6.1 Amendment of Plan of Arrangement

- (a) Gener8 and Delon reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Gener8 Meeting, approved by the Court and communicated to Holders in the manner required by the Court (if so required).
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Gener8 or Delon at any time prior to or at the Gener8 Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Gener8 Meeting, shall become part of this Plan of Arrangement for all purposes.

- (c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Gener8 Meeting shall be effective only if it is consented to in writing by Gener8 and Delon (acting reasonably).
- (d) This Plan of Arrangement may be terminated or withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.
- (e) Notwithstanding the foregoing provisions of this Section 6.1, no amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time except in accordance with the terms of the Arrangement Agreement.

ARTICLE 7 FURTHER ASSURANCES

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

Appendix “A”

Amalgamation Application



Telephone: 250 356 – 8626

Office Hours: 8:30 – 4:30 (Monday – Friday)

Ministry of Finance
Corporate and Personal
Property Registries
www.fin.gov.bc.ca/registries

AMALGAMATION APPLICATION

FORM 13 – BC COMPANY

Section 275 *Business Corporations Act*

DO NOT MAIL THIS FORM to the Corporate and Personal Property Registries unless you are instructed to do so by registry staff. The regulations under the *Business Corporations Act* requires this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FIPPA)

The personal information requested on this form is made available to the public under the authority of the *Business Corporations Act*. Questions about how the *FIPPA* applies to this personal information can be directed to the Administrative Assistant of the Corporate and Personal Property Registries at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A. 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 by adding “B.C. Ltd.” after the incorporation number of the company, OR

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

- ☒ The name of the amalgamating company being adopted is:
Gener8 Digital Media Corp.

The incorporation number associated with that company is:
BC901376

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.

B. AMALGAMATION STATEMENT – Please indicate the statement applicable to the amalgamation.:

- ☐ **With Court Approval:**
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.
- OR**
- ☒ **Without Court Approval:**
This amalgamation has been effected without court approval. A copy of all 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.

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

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

D. 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
Gener8 Digital Media Corp.	BC901376	N/A
[Delon Subco]	TBD	N/A

E. 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.

F. 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.

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

NOTICE OF ARTICLES

A. NAME OF COMPANY

Set out the name of the company as set out in Item A of the Amalgamation Application.

Gener8 Digital Media Corp.

B. TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada, or if none, enter "not applicable".

N/A

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 delivery address must be for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days. If there is no office at which the individual can usually be served with records during statutory business hours, enter the delivery address and mailing address, if different, of the individual's residence. Attach an additional sheet if more space is required.

FULL NAME INCLUDING MIDDLE NAME, IF APPLICABLE	DELIVERY ADDRESS INCLUDING POSTAL CODE	MAILING ADDRESS INCLUDING POSTAL CODE
Roderick James Armes	Suite 9 – 375 Water Street Vancouver, BC V6B 5C6	Suite 9 – 375 Water Street Vancouver, BC V6B 5C6

D. REGISTERED OFFICE ADDRESSES

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

800 - 885 West Georgia Street, Vancouver, BC V6C 3H1

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

800 - 885 West Georgia Street, Vancouver, BC V6C 3H1

E. RECORDS OFFICE ADDRESSES

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

800 - 885 West Georgia Street, Vancouver, BC V6C 3H1

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

800 - 885 West Georgia Street, Vancouver, BC V6C 3H1

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	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED	PAR VALUE	TYPE OF CURRENCY	YES/NO
Common	Unlimited	None	CDN	Yes
Class A Common	Unlimited	None	CDN	Yes
Class B Common	Unlimited	None	CDN	Yes
Class C Preferred	Unlimited	None	CDN	Yes

Appendix “B”

Articles

Incorporation No. _____

BUSINESS CORPORATIONS ACT

ARTICLES

OF

GENER8 DIGITAL MEDIA CORP.

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BUSINESS CORPORATIONS ACT
ARTICLES
OF
GENER8 DIGITAL MEDIA CORP.
(the “Company”)

PART 1– INTERPRETATION

1.1 Definitions

Without limiting Article 1.2, in these Articles, unless the context requires otherwise:

“**adjourned meeting**” means the meeting to which a meeting is adjourned under Article 8.7 or 8.11;

“**board**” and “**directors**” mean the directors or sole director of the Company for the time being;

“**Common Shares**” means the voting common shares in the capital of the Company, or any successor or replacement shares from time to time;

“**Business Corporations Act**” means the *Business Corporations Act*, S.B.C. 2002, c.57, and includes its regulations;

“**Interpretation Act**” means the *Interpretation Act*, R.S.B.C. 1996, c. 238;

“**Preferred Shares**” when no specific class is designated, means the Class A Preferred Shares, Class B Preferred Shares and Class C Preferred Shares.

“**special rights or restrictions**” has the meaning ascribed to such term in the *Business Corporations Act*;

“**trustee**” in relation to a shareholder, means the personal or other legal representative of the shareholder, and includes a trustee in bankruptcy of the shareholder.

1.2 Business Corporations Act definitions apply

The definitions in the *Business Corporations Act* apply to these Articles.

1.3 Interpretation Act applies

The *Interpretation Act* applies to the interpretation of these Articles as if these Articles were an enactment.

1.4 Conflict in definitions

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.

1.5 Conflict between Articles and legislation

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 Form of share certificate

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

2.2 Shareholder Entitled to Certificate or Acknowledgement

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

2.3 Sending of share certificate

Any share certificate to which a shareholder is entitled may be sent to the shareholder by mail and neither the Company nor any agent is liable for any loss to the shareholder because the certificate sent is lost in the mail or stolen.

2.4 Replacement of worn out or defaced certificate

If the directors are satisfied that a share certificate is worn out or defaced, they must, on production to them of the certificate and on such other terms, if any, as they think fit,

- (a) order the certificate to be cancelled, and
- (b) issue a replacement share certificate.

2.5 Replacement of lost, stolen or destroyed certificate

If a share certificate is lost, stolen or destroyed, a replacement share certificate must be issued to the person entitled to that certificate if the directors receive

- (a) proof satisfactory to them that the certificate is lost, stolen or destroyed, and
- (b) any indemnity the directors consider adequate.

2.6 Splitting share certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name 2 or more certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate, so surrendered, the Company must cancel the surrendered certificate and issue replacement share certificates in accordance with that request.

2.7 Shares may be uncertificated

Notwithstanding any other provisions of this Part, the directors may, by resolution, provide that:

- (a) the shares of any or all of the classes and series of the Company's shares may be uncertificated shares; or
- (b) any specified shares may be uncertificated shares.

PART 3 – ISSUE OF SHARES

3.1 Directors authorized to issue shares

The directors may, subject to the rights of the holders of the issued shares of the Company, issue, allot, sell, grant options on or otherwise dispose of the unissued shares, and issued shares held by the Company, at the

times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices that the directors, in their absolute discretion, may determine.

3.2 Company need not recognize unregistered interests

Except as required by law or these Articles, the Company need not recognize or provide for any person's interests in or rights to a share unless that person is the shareholder of the share.

PART 4 – SHARE TRANSFERS

4.1 Recording or registering transfer

A transfer of a share of the Company must not be registered

- (a) unless a duly signed instrument of transfer in respect of the share has been received by the Company and the certificate (or acceptable documents pursuant to Article 2.5 hereof) representing the share to be transferred has been surrendered and cancelled, or
- (b) if no certificate has been issued by the Company in respect of the share, unless a duly signed instrument of transfer in respect of the share has been received by the Company.

4.2 Form of instrument of transfer

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

4.3 Signing of instrument of transfer

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

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

4.4 Enquiry as to title not required

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

4.5 Transfer fee

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

PART 5 – ACQUISITION OF SHARES

5.1 Company authorized to purchase shares

Subject to the special rights and restrictions attached to any class or series of shares, the Company may, if it is authorized to do so by the directors, purchase or otherwise acquire any of its shares.

5.2 Company authorized to accept surrender of shares

The Company may, if it is authorized to do so by the directors, accept a surrender of any of its shares.

5.3 Company authorized to convert fractional shares into whole shares

The Company may, if it is authorized to do so by the directors, convert any of its fractional shares into whole shares in accordance with, and subject to the limitations contained in, the *Business Corporations Act*.

PART 6 – BORROWING POWERS

6.1 Powers of directors

The directors may from time to time on behalf of the Company

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate,
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person, and at any discount or premium and on such other terms as they consider appropriate,
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person, and
- (d) mortgage or charge, whether by way of specific or floating charge, or give other security on the whole or any part of the present and future assets and undertaking of the Company.

PART 7 – GENERAL MEETINGS

7.1 Annual general meetings

Unless an annual general meeting is deferred or waived in accordance with section 182(2)(a) or (c) of the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual general meeting.

7.2 When annual general meeting is deemed to have been held

If all of the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 7.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

7.3 Calling of shareholder meetings

The directors may, whenever they think fit, call a meeting of shareholders.

7.4 Notice for meetings of shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting and to each director, 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.

7.5 Record date for notice

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

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

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

7.6 Record date for voting

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

7.7 Failure to give notice and waiver of notice

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

7.8 Notice of special business at meetings of shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 8.1, the notice of meeting must:

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

PART 8 – PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

8.1 Special business

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

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting or the election or appointment of directors;
- (b) at an annual general meeting, all business is special business except for the following:

- (i) business relating to the conduct of or voting at the meeting;
- (ii) consideration of any financial statements of the Company presented to the meeting;
- (iii) consideration of any reports of the directors or auditor;
- (iv) the setting or changing of the number of directors;
- (v) the election or appointment of directors;
- (vi) the appointment of an auditor;
- (vii) the setting of the remuneration of an auditor;
- (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
- (ix) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

8.2 Special resolution

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

8.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one or more persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 1/20 of the issued shares entitled to be voted at the meeting.

8.4 One shareholder may constitute quorum

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

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

8.5 Other persons may attend

The directors, the president, if any, the secretary, if any, and any lawyer or auditor for the Company are entitled to attend any meeting of shareholders, but if any of those persons do attend a meeting of shareholders, that person is not to be counted in the quorum, and is not entitled to vote at the meeting, unless that person is a shareholder or proxy holder entitled to vote at the meeting.

8.6 Requirement of quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote at the meeting is present at the commencement of the meeting.

8.7 Lack of quorum

If, within 1/2 hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting convened by requisition of shareholders, the meeting is dissolved; and

- (b) in the case of any other meeting of shareholders, the shareholders entitled to vote at the meeting who are present, in person or by proxy, at the meeting may adjourn the meeting to a set time and place.

8.8 Lack of quorum at succeeding meeting

If, at the meeting to which the first meeting referred to in Article 8.7 was adjourned, a quorum is not present within 1/2 hour from the time set for the holding of the meeting, the persons present and who are, or who represent by proxy, shareholders entitled to attend and vote at the meeting constitute a quorum.

8.9 Chair

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

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

8.10 Alternate chair

At any meeting of shareholders, the directors present must choose one of their number to be chair of the meeting if: (a) there is no chair of the board or president present within 15 minutes after the time set for holding the meeting; (b) the chair of the board and the president are unwilling to act as chair of the meeting; or (c) if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting. If, in any of the foregoing circumstances, all of the directors present decline to accept the position of chair or fail to choose one of their number to be chair of the meeting, or if no director is present, the shareholders present in person or by proxy must choose any person present at the meeting to chair the meeting.

8.11 Adjournments

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

8.12 Notice of adjourned meeting

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

8.13 Motion need not be seconded

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

8.14 Manner of taking a poll

Subject to Article 8.15, if a poll is duly demanded at a meeting of shareholders,

- (a) the poll must be taken
 - (i) at the meeting, or within 7 days after the date of the meeting, as the chair of the meeting directs, and
 - (ii) in the manner, at the time and at the place that the chair of the meeting directs,
- (b) the result of the poll is deemed to be a resolution of, and passed at, the meeting at which the poll is demanded, and
- (c) the demand for the poll may be withdrawn.

8.15 Demand for a poll on adjournment

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

8.16 Demand for a poll not to prevent continuation of meeting

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

8.17 Poll not available in respect of election of chair

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

8.18 Casting of votes on poll

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

8.19 Chair must resolve dispute

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

8.20 Chair has no second vote

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

8.21 Declaration of result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting.

8.22 Meetings by telephone or other communications medium

A shareholder or proxy holder who is entitled to participate in a meeting of shareholders may do so in person, or by telephone or other communications medium, if all shareholders and proxy holders participating in the meeting are able to communicate with each other; provided, however, that nothing in this Section shall obligate the Company to take any action or provide any facility to permit or facilitate the use of any communications medium at a meeting of shareholders. If one or more shareholders or proxy holders participate in a meeting of shareholders in a manner contemplated by this Section 8.22,

- (a) each such shareholder or proxy holder shall be deemed to be present at the meeting, and
- (b) the meeting shall be deemed to be held at the location specified in the notice of the meeting.

PART 9 – ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by resolution of the directors:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

- (c) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares,
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares,
 - (iii) subdivide all or any of its unissued or fully paid issued shares with par value into shares of smaller par value, or
 - (iv) consolidate all or any of its unissued or fully paid issued shares with par value into shares of larger par value;
- (d) subdivide all or any of its unissued or fully paid issued shares without par value;
- (e) change all or any of its unissued or fully paid issued shares with par value into shares without par value or all or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares;
- (g) consolidate all or any of its unissued or fully paid issued shares without par value; or
- (h) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Change of Name

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

9.3 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by resolution of the directors authorize an alteration of these Articles.

PART 10 – VOTES OF SHAREHOLDERS

10.1 Voting rights

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint registered holders of shares under Article 10.3,

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote at the meeting has one vote, and
- (b) on a poll, every shareholder entitled to vote has one vote in respect of each share held by that shareholder that carries the right to vote on that poll and may exercise that vote either in person or by proxy.

10.2 Trustee of shareholder may vote

A person who is not a shareholder may vote on a resolution at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting in relation to that resolution, if, before doing so, the person satisfies the chair of the meeting at which the resolution is to be considered, or satisfies all of the directors present at the meeting, that the person is a trustee for a shareholder who is entitled to vote on the resolution.

10.3 Votes by joint shareholders

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

- (a) any one of the joint shareholders, but not both or all, may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it, or
- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, the joint shareholder present whose name stands first on the central securities register in respect of the share is alone entitled to vote in respect of that share.

10.4 Trustees as joint shareholders

Two or more trustees of a shareholder in whose sole name any share is registered are, for the purposes of Article 10.3, deemed to be joint shareholders.

10.5 Representative of a corporate shareholder

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

- (a) for that purpose, the instrument appointing a representative must
 - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least 2 business days before the day set for the holding of the meeting, or
 - (ii) unless the notice of the meeting provides otherwise, be provided, at the meeting, to the chair of the meeting, and
- (b) if a representative is appointed under this Article 10.5,
 - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder, and
 - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

10.6 When proxy provisions do not apply

Articles 10.7 to 10.13 do not apply to the Company if and for so long as it is a public company.

10.7 Appointment of proxy holder

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

10.8 Alternate proxy holders

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

10.9 When proxy holder need not be shareholder

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

- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 10.5,
- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting, or

- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

10.10 Form of proxy

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

(Name of Company)

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

Signed this day of, ...

.....
Signature of shareholder

10.11 Provision of proxies

A proxy for a meeting of shareholders must

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, 2 business days, before the day set for the holding of the meeting, or
- (b) unless the notice of the meeting provides otherwise, be provided at the meeting to the chair of the meeting.

10.12 Revocation of proxies

Subject to Article 10.13, every proxy may be revoked by an instrument in writing that is

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used, or
- (b) provided at the meeting to the chair of the meeting.

10.13 Revocation of proxies must be signed

An instrument referred to in Article 10.12 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her trustee; or
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 10.5.

10.14 Validity of proxy votes

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

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used, or

- (b) by the chair of the meeting, before the vote is taken.

10.15 Production of evidence of authority to vote

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

PART 11 – DIRECTORS

11.1 First directors; number of directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 12.8, is set at:

- (a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the number most recently established:
 - (i) by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (ii) under Article 12.4;
- (c) if the Company is not a public company, the number most recently established:
 - (i) by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (ii) under Article 12.4.

11.2 Change in number of directors

If the number of directors is set under Articles 11.1(b)(i) or 11.1(c)(i):

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

11.3 Directors' acts valid despite vacancy

An act or proceeding of the directors is not invalid merely because fewer directors have been appointed or elected than the number of directors set or otherwise required under these Articles.

11.4 Qualifications of directors

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

11.5 Remuneration of directors

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

11.6 Reimbursement of expenses of directors

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

11.7 Special remuneration for directors

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

11.8 Gratuity, pension or allowance on retirement of director

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

PART 12 – ELECTION AND REMOVAL OF DIRECTORS

12.1 Election at annual general meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 7.2:

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

12.2 Consent to be a director

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

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

12.3 Failure to elect or appoint directors

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 7.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 7.2, to elect or appoint any directors;

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

- (c) the date on which his or her successor is elected or appointed; and

- (d) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

12.4 Places of retiring directors not filled

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

12.5 Directors may fill casual vacancies

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

12.6 Remaining directors' power to act

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

12.7 Shareholders may fill vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, and the directors have not filled the vacancies pursuant to Article 12.6 above, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

12.8 Additional directors

Notwithstanding Articles 11.1 and 11.2, between annual general meetings or unanimous resolutions contemplated by Article 7.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 12.8 must not at any time exceed:

- (a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 12.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 12.1(a), but is eligible for re-election or re-appointment.

12.9 Ceasing to be a director

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (d) the director is removed from office pursuant to Articles 12.10 or 12.11.

12.10 Removal of director by shareholders

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

12.11 Removal of director by directors

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

PART 13 – PROCEEDINGS OF DIRECTORS

13.1 Meetings of directors

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

13.2 Chair of meetings

Meetings of directors are to be chaired by

- (a) the chair of the board, if any,
- (b) in the absence of the chair of the board, the president, if any, if the president is a director, or
- (c) any other director chosen by the directors if
 - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting,
 - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting, or
 - (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

13.3 Voting at meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does have a second or casting vote.

13.4 Meetings by telephone or other communications medium

A director may participate in a meeting of the directors or of any committee of the directors in person, or by telephone or other communications medium, if all directors participating in the meeting are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 13.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

13.5 Who may call extraordinary meetings

A director may call a meeting of the board at any time. The secretary, if any, must on request of a director, call a meeting of the board.

13.6 Notice of extraordinary meetings

Subject to Articles 13.7 and 13.8, if a meeting of the board is called under Article 13.4, reasonable notice of that meeting, specifying the place, date and time of that meeting, must be given to each of the directors

- (a) by mail addressed to the director's address as it appears on the books of the Company or to any other address provided to the Company by the director for this purpose,
- (b) by leaving it at the director's prescribed address or at any other address provided to the Company by the director for this purpose, or
- (c) orally, by delivery of written notice or by telephone, voice mail, e-mail, fax or any other method of legibly transmitting messages.

13.7 When notice not required

It is not necessary to give notice of a meeting of the directors to a director if

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed or is the meeting of the directors at which that director is appointed, or
- (b) the director has filed a waiver under Article 13.9; or
- (c) the director attends such meeting.

13.8 Meeting valid despite failure to give notice

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

13.9 Waiver of notice of meetings

Any director may file with the Company a notice waiving notice of any past, present or future meeting of the directors and may at any time withdraw that waiver with respect to meetings of the directors held after that withdrawal.

13.10 Effect of waiver

After a director files a waiver under Article 13.9 with respect to future meetings of the directors, and until that waiver is withdrawn, notice of any meeting of the directors need not be given to that director unless the director otherwise requires in writing to the Company.

13.11 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is a majority of the directors.

13.12 If only one director

If, in accordance with Article 11.1, the number of directors is one, the quorum necessary for the transaction of the business of the directors is one director, and that director may constitute a meeting.

PART 14 – COMMITTEES OF DIRECTORS

14.1 Appointment of committees

The directors may, by resolution,

- (a) appoint one or more committees consisting of the director or directors that they consider appropriate,
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except
 - (i) the power to fill vacancies in the board,
 - (ii) the power to change the membership of, or fill vacancies in, any committee of the board, and
 - (iii) the power to appoint or remove officers appointed by the board, and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution.

14.2 Obligations of committee

Any committee formed under Article 14.1, in the exercise of the powers delegated to it, must

- (a) conform to any rules that may from time to time be imposed on it by the directors, and
- (b) report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held after the act or thing has been done.

14.3 Powers of board

The board may, at any time,

- (a) revoke the authority given to a committee, or override a decision made by a committee, except as to acts done before such revocation or overriding,
- (b) terminate the appointment of, or change the membership of, a committee, and
- (c) fill vacancies in a committee,

14.4 Committee meetings

Subject to Article 14.2(a),

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

PART 15 – OFFICERS

15.1 Appointment of officers

The board may, from time to time, appoint a president, secretary or any other officers that it considers necessary or desirable, and none of the individuals appointed as officers need be a member of the board.

15.2 Functions, duties and powers of officers

The board may, for each officer,

- (a) determine the functions and duties the officer is to perform,

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

15.3 Remuneration

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the board thinks fit and are subject to termination at the pleasure of the board.

PART 16 – CERTAIN PERMITTED ACTIVITIES OF DIRECTORS

16.1 Other office of director

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

16.2 No disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise.

16.3 Professional services by director or officer

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

16.4 Remuneration and benefits received from certain entities

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

PART 17 – INDEMNIFICATION

17.1 Indemnification of directors

The directors must cause the Company to indemnify its directors and former directors, and their respective heirs and personal or other legal representatives to the greatest extent permitted by Division 5 of Part 5 of the *Business Corporations Act*.

17.2 Deemed contract

Each director is deemed to have contracted with the Company on the terms of the indemnity referred to in Article 17.1.

PART 18 – AUDITOR

18.1 Remuneration of an auditor

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

18.2 Waiver of appointment of an auditor

The Company shall not be required to appoint an auditor if all of the shareholders of the Company, whether or not their shares otherwise carry the right to vote, resolve by a unanimous resolution to waive the appointment of an auditor. Such waiver may be given before, on or after the date on which an auditor is required to be appointed under the *Business Corporations Act*, and is effective for one financial year only.

PART 19 – DIVIDENDS

19.1 Declaration of dividends

Subject to the rights, if any, of shareholders holding shares with special rights as to dividends, the directors may from time to time declare and authorize payment of any dividends the directors consider appropriate.

19.2 No notice required

The directors need not give notice to any shareholder of any declaration under Article 19.1.

19.3 Directors may determine when dividend payable

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

19.4 Dividends to be paid in accordance with number of shares

Subject to the rights of shareholders, if any, holding shares with special rights as to dividends, all dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

19.5 Manner of paying dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of paid up shares or fractional shares, bonds, debentures or other debt obligations of the Company, or in any one or more of those ways, and, if any difficulty arises in regard to the distribution, the directors may settle the difficulty as they consider expedient, and, in particular, may set the value for distribution of specific assets.

19.6 Dividend bears no interest

No dividend bears interest against the Company.

19.7 Fractional dividends

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

19.8 Payment of dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed

- (a) subject to paragraphs (b) and (c), to the address of the shareholder,
- (b) subject to paragraph (c), in the case of joint shareholders, to the address of the joint shareholder whose name stands first on the central securities register in respect of the shares, or
- (c) to the person and to the address as the shareholder or joint shareholders may direct in writing.

19.9 Receipt by joint shareholders

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

PART 20 – ACCOUNTING RECORDS

20.1 Recording of financial affairs

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

PART 21 – EXECUTION OF INSTRUMENTS

21.1 Who may attest seal

The Company's seal, if any, must not be impressed on any record except when that impression is attested by the signature or signatures of

- (a) any 2 directors,
- (b) any officer, together with any director,
- (c) if the Company has only one director, that director, or
- (d) any one or more directors or officers or persons as may be determined by resolution of the directors.

21.2 Sealing copies

For the purpose of certifying under seal a true copy of any resolution or other document, the seal must be impressed on that copy and, despite Article 21.1, may be attested by the signature of any director or officer.

21.3 Execution of documents not under seal

Any instrument, document or agreement for which the seal need not be affixed may be executed for and on behalf of and in the name of the Company by any one director or officer of the Company, or by any other person appointed by the directors for such purpose.

PART 22 – NOTICES

22.1 Method of giving notice

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

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address,
 - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class, or
 - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (i) for a record delivered to a shareholder, the shareholder's registered address,
 - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class, or
 - (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; or
- (f) such other manner of delivery as is permitted by applicable legislation governing electronic delivery.

22.2 Deemed receipt of mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 22.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

22.3 Certificate of sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 22.1, prepaid and mailed or otherwise sent as permitted by Article 22.1 is conclusive evidence of that fact.

22.4 Notice to joint shareholders

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

22.5 Notice to trustees

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

- (a) mailing the record, addressed to them:
 - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in Article 22.5(a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

PART 23 – RESTRICTION ON SHARE TRANSFER

23.1 Application

Article 23.2 does not apply to the Company if and for so long as it is a public company.

23.2 Consent required for transfer

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

PART 24 – SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO COMMON SHARES

The Common Shares have attached thereto the following rights, privileges, restrictions and conditions:

24.1 Voting

The holders of Common Shares will be entitled to receive notice of and to attend at all meetings of the holders of Common Shares of the Company and, subject to any agreement respecting the election of directors of the Company to which the holders of Common Shares are party and except as otherwise permitted or required by law and except at meetings at which only holders of another class or series of shares of the Company are entitled to vote separately as a class or series, at each such meeting will have one vote in person or by proxy for each Common Share.

24.2 Discretionary dividends

Subject to the *Business Corporations Act* and to the rights of the holders of Preferred Shares, the holders of the Common Shares are entitled to dividends at such times and in such amounts as the directors may in their discretion from time to time declare. The declaration of dividends on Common Shares will in no way obligate the Company or the directors to declare dividends on any other class of shares. No dividends shall be declared or paid on the Common Shares if to do so would impair the ability of the Company to redeem any issued Preferred Shares.

24.3 Participating upon dissolution

In the event of the liquidation or dissolution of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, the holders of the Common Shares will be entitled, after payment of all amounts due to holders of the Preferred shares as provided for in these articles, to the distribution of all of the remaining property and assets of the Company.

PART 25 – SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO CLASS A PREFERRED SHARES

The Class A Preferred Shares of the Company (“**Class A Shares**”) have attached thereto the following rights, privileges, restrictions and conditions:

25.1 Class A Shares issuable in series

The Class A Shares may include one or more series and, subject to the *Business Corporations Act*, the directors may, by resolution, if none of the shares of any particular series are issued, alter the Articles of the Company and authorize the alteration of the Notice of Articles of the Company, as the case may be, to do one or more of the following:

- (a) determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- (b) create an identifying name for the shares of that series, or alter any such identifying name; and
- (c) attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

PART 26 – SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO CLASS B PREFERRED SHARES

The Class B Preferred Shares of the Company (“**Class B Shares**”) have attached thereto the following rights, privileges, restrictions and conditions:

26.1 Class B Shares issuable in series

The Class B Shares may include one or more series and, subject to the *Business Corporations Act*, the directors may, by resolution, if none of the shares of any particular series are issued, alter the Articles of the Company and authorize the alteration of the Notice of Articles of the Company, as the case may be, to do one or more of the following:

- (a) determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- (b) create an identifying name for the shares of that series, or alter any such identifying name; and

- (c) attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

**PART 27 – SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO
CLASS C PREFERRED SHARES**

The Class C Preferred Shares of the Company (“**Class C Shares**”) have attached thereto the following rights, privileges, restrictions and conditions:

27.1 Class C Shares issuable in series

The Class C Shares may include one or more series and, subject to the *Business Corporations Act*, the directors may, by resolution, if none of the shares of any particular series are issued, alter the Articles of the Company and authorize the alteration of the Notice of Articles of the Company, as the case may be, to do one or more of the following:

- (a) determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- (b) create an identifying name for the shares of that series, or alter any such identifying name; and
- (c) attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.