ADMISSION DOCUMENT

ZENITH ENERGY LTD.

(a company incorporated in British Columbia, Canada under the Business Corporations Act (British Columbia))

Admission to trading of common shares on Merkur Market

This admission document (the "**Admission Document**") has been prepared by Zenith Energy Ltd. (the "**Company**" or "**Zenith**"), a company incorporated in British Columbia, Canada under the Business Corporations Act (British Columbia), (together with its consolidated subsidiaries, the "**Group**"), for the admission to trading Company's common shares, each with nil par value (the "**Shares**") on the Merkur Market (the "**Admission to Trading**").

The Company's Shares have been admitted for trading on the Merkur Market, and it is expected that the Shares will start trading on 8 November 2018 under the ticker code "ZENA-ME".

The Merkur Market is a multilateral trading facility operated by Oslo Børs ASA. The Merkur Market is subject to the rules in the Norwegian Securities Trading Act and the Norwegian Securities Trading Regulations that apply to such marketplaces. These rules apply to companies admitted to trading on the Merkur Market, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on the Oslo Stock Exchange and Oslo Axess. The Merkur Market is not a regulated market and is therefore not subject to the Norwegian Stock Exchange Act or to the Norwegian Stock Exchange Regulations. Investors should take this into account when making investment decisions.

THIS ADMISSION DOCUMENT SERVES AS AN ADMISSION DOCUMENT ONLY, AS REQUIRED BY THE MERKUR MARKET ADMISSION RULES. THIS ADMISSION DOCUMENT DOES NOT CONSTITUE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

No shares or other securities are being offered or sold in any jurisdiction pursuant to this Admission Document. Investing in the Shares involves a high degree of risk. See section 1 "Risk factors".

Merkur Advisor

Arctic Securities AS

The date of this Admission Document is 8 November 2018

IMPORTANT INFORMATION

This Admission Document has been prepared solely by the Company, only to provide information about the Group and its business and in relation to the Admission to Trading on the Merkur Market. This Admission Document has been prepared solely in the English language.

For definitions of terms used throughout this Admission Document, see Section 12 "Definitions and Glossary".

The Company has engaged Arctic Securities AS as "**Merkur Advisor**" for the Admission to Trading on the Merkur Market.

The Company has furnished the information in this Admission Document. This Admission Document has been prepared to comply with the Merkur Market Admission Rules. The Oslo Stock Exchange has reviewed this Admission Document in accordance with the Merkur Market Admission Rules. The Oslo Stock Exchange has not controlled or approved the accuracy or completeness of the information included in this Admission Document, but has from the Merkur Advisor received a confirmation of the Admission Document having been controlled by the Merkur Advisor. The approval by the Oslo Stock Exchange only relates to the information included in accordance with pre-defined disclosure requirements. The Oslo Stock Exchange has not made any form of control or approval relating to corporate matters described, or referred to, in this Admission Document.

All inquiries relating to this Admission Document should be directed to the Company or the Merkur Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Merkur Advisor in connection with the Admission to Trading, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Merkur Advisor.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Group subsequent to the date of this Admission Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Admission Document and before the Admission to Trading will be published and announced promptly in accordance with the Merkur Market regulations. Neither the delivery of this Admission Document nor the completion of the Admission to Trading at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Admission Document is correct as of any time since its date.

The contents of this Admission Document shall not be construed as legal, business or tax advice. Each reader of this Admission Document should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Admission Document, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

The distribution of this Admission Document may in certain jurisdictions be restricted by law. Persons in possession of this Admission Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by The Company that would permit the possession or distribution of this Admission Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Admission Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Admission to Trading or this Admission Document.

All Sections of the Admission Document should be read in context with the information included in Section 3 "General information".

Investing in the Company's Shares involves risks. See Section 1 "Risk factors" of this Admission Document.

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APPENDICES

1 RISK FACTORS

An investment in the Shares involves inherent risk. Before making an investment decision with respect to the Shares, investors should carefully consider the risk factors and all information contained in this Admission Document, including the financial statements and related notes. The risks and uncertainties described in this Section 1 are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision in respect of the Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the same.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, results of operations, cash flows, financial condition and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this Section 1 is as of the date of this Admission Document.

1.1 Risks relating to the Group's foreign operations

Risks relating to foreign oil and gas operations

International operations are subject to political, economic and other uncertainties, including, among others, risk of war, risk of terrorist activities, border disputes, expropriation, renegotiations or modification of existing contracts, restrictions on repatriation of funds, import, export and transportation regulations and tariffs, taxation policies including royalty and tax increases and retroactive tax claims, exchange controls, limits on allowable levels of production, currency fluctuations, labour disputes, sudden changes in laws, government control over domestic oil and gas pricing, and other uncertainties arising out of foreign government sovereignty over the Company's international operations. With respect to taxation matters, there is the risk that the governments and other regulatory agencies in the foreign jurisdictions in which the Company operates and intends to operate in future may make sudden changes in laws relating to royalties or taxation or impose higher tax rates which may affect the Company's operations in a significant manner. These governments and agencies may not allow certain deductions in calculating tax payable that the Company believes should be deductible under applicable laws or may have differing views as to values of transferred properties. This can result in significantly higher tax payable than initially anticipated by the Company. In many circumstances, re-adjustments to tax payable imposed by these governments and agencies may occur years after the initial tax amounts were paid by the Company, which can result in the Company having to pay significant penalties and fines. Furthermore, in the event of a dispute arising from international operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company operates in such a manner as to mitigate its exposure to these risks; however, there can be no assurance that the Company will be successful in protecting itself from the impact of all these risks.

Foreign oil and gas operations involve substantial costs and are subject to certain risks owing to the underdeveloped nature of the oil and gas industry in such countries. The oil and gas industries in various countries are not as developed as the oil and gas industry in Norway, UK, Canada and the United States. As a result, drilling and development operations may take longer to complete and may cost more than similar operations in Norway, UK, Canada and the United States. The availability of technical expertise, specific equipment and supplies is more limited in various countries other than in Norway, UK, Canada and the United States. Such factors may subject oil and gas operations in other countries to economic and operating risks not experienced in Norway, UK, Canada and the United States.

Risks relating to the Group's operations in Azerbaijan

Investors in emerging markets such as Azerbaijan should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors

should also note that emerging economies, such as Azerbaijan's, are subject to rapid change and that the information set out in this Admission Document may become outdated relatively quickly.

The disruptions recently experienced in the international capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries in the emerging markets may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty.

In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention in one market) could affect the price or availability of funding for entities within any of these markets.

Rehabilitation and production program

Pursuant to the terms of the REDPSA, Zenith Aran and SOA prepared and submitted a rehabilitation and production program to achieve an average daily crude oil production from the Contract Rehabilitation Area of 1.5 times the average daily production rate in 2015, for at least 90 consecutive days, by no later than two years following SOCAR's approval of the program. SOCAR approved the program on 3 October 2017. The 2015 average daily production was approximately 310 STB/d and accordingly the new target will be at least 465 STB/d.

The rehabilitation and production program also include a work program that plans, between 2017 and 2020, to workover 44 existing wells, in three fields, which are currently inactive or produce at low rates (< 5 STB/d).

In addition to the marginal producing wells in Muradkhanli and Jafarli, four non-producing wells and one marginally producing well completed in the Maykop zone in the Zardab field are expected to be worked over in 2019 and 2020 and to be returned to production after wellbore and sand production problems have been resolved. The Company has also purchased an additional workover rig which will be used to perform additional workovers of various wells and has installed new electro submersible pumps (ESPs) which will be utilised during 2018 to assist with production increase plans.

The Company intends to acquire a modern drilling rig capable of drilling to 4,500 m to carry out the fifteen- year drilling program. It is estimated that five new wells will be drilled in 2019 and ten wells in each year until the anticipated drilling program is completed in 2041.

The workover interventions will be financed using local cash flow. The Company believes that the acquisition of a modern drilling rig will allow the Company to be completely independent, to be able to plan its own development, operate autonomously with its own equipment and personnel and obtain a considerable financial saving.

The Company believes that, despite the delays and the relative but limited success of the workover interventions carried out until now, the goal of achieving an average daily crude oil production from the Contract Rehabilitation Area of 1.5 times the average daily production rate in 2015, for at least 90 consecutive days, by no later than two years following SOCAR's approval of the program will be reached by no later than 3 October 2019, given the Company's investment and development plan.

Further, based on the Company's review of the Azerbaijani Operations and the average daily crude oil production from the Contract Rehabilitation Area in 2015 (which the Company considers to be low), the Directors consider the material risk factor that Aran Oil Operating Company Limited, the "Joint Operating Company" formed by Zenith Aran and SOA, will not achieve the minimum production required by the RESPSA to be low. The Company considers that currently there are no material risks related to the rehabilitation and production program because the only material risk, in the event that Zenith Aran and SOA do not achieve the minimum average daily crude oil production rate within two years following SOCAR's approval of the program, is that it

will be in material breach of the REDPSA and SOCAR will have a right to terminate the provisions of the REDPSA relating only to the Contract Rehabilitation Area.

The expiry date of 3 October 2019 is considered reasonable to achieve the minimum production required by the RESPSA, as the Company plans between 2018 and 2019 to workover a total of 27 existing wells which are currently inactive or produce at low rates to bring rates up to as much as 40STB/d per well, using improved technology, non-damaging fluids and optimised treatments. It is expected that 12 wells will be worked over in 2018, 15 wells in 2019 and 11 in 2020.

On that basis, the field oil production rate will exceed 1.5 times the average 2015 rate in late 2018, ensuring that the Company will retain its rights under the REDPSA.

Minimum exploration work program

Pursuant to the terms of the REDPSA, within the four-year period commencing on the Effective Date, Zenith Aran and SOA will be required to carry out a minimum exploration work program including the following:

- to carry out an upper section site investigation survey to ensure a safe and environmentally sound base for drilling, and to shoot, process and interpret two-dimensional seismic or a minimum of sixty square kilometres of three-dimensional seismic (this will be decided by the Company at the relevant time), in the specified exploration area; and
- to drill a well to a depth of five thousand metres from the ground surface, or to the depth of 50 metres below the top of the Upper Cretaceous formation, whichever occurs first, and evaluate the drilled well using an appropriate logging and testing program.

If Zenith Aran and SOA fails to perform any of the above obligations, they will be in material breach of the REDPSA and SOCAR will have a right to terminate the provisions of the REDPSA relating to the contract exploration area (but not effecting the Contract Rehabilitation Area). The Contract Exploration Area has zero value attributed to it in the CPR.

The REDPSA does not contain any milestones in respect of the minimum exploration work program. Based on the Company's review of the Azerbaijani Operations, the Directors consider the risk that Aran Oil Operating Company Limited, the "Joint Operating Company" formed by Zenith Aran and SOA, will not achieve the minimum exploration work program to be low. Aran Oil Operating Company Limited will fund the minimum exploration work program using its accumulated cash flows from the Azerbaijani Operations.

If the Company fails to comply with its exploration obligations, the Company's understanding of the contract is that the related sanction will be to lose the exploration portion of the licence only which will not interfere with its development plans, will have no effect on its financial and economic performance and will not affect its ability to perform its other obligations under the contract.

To mitigate this risk, the Company has established a team of independent geologists, who have joined its staff to develop this particular program. They are initially focused on geological mapping and log digitizing of the area in order to improve understanding of field geology. This has included the contracting of approximately £30,000.00 in independent geological consulting services, and about £9,600 in data collection, processing and log digitizing.

Azerbaijan could be affected by regional tensions and unrest

Like other countries in the region, Azerbaijan, which is bordered by Russia, Georgia, Armenia, Turkey and Iran, could be affected by political unrest in the surrounding countries, and any resulting military action may have an effect on the world economy and political stability of other countries.

There have been a number of political and military disputes in the region that affected the transit through the pipelines crossing the countries involved, temporarily stopping it. . Future such occurrences, in one of the

Republic's other neighbours or in the region generally could have a material adverse effect on the Company's business, prospects, financial condition, cash flows or results of operations.

Azerbaijan and other countries in the region could be affected by terrorism and by military or other action taken against sponsors of terrorism in the region, which could, in turn, have a significant adverse effect on Azerbaijan's economy.

The implementation of further market-based economic reforms in Azerbaijan involves risks

The need for substantial investment in many enterprises has driven the Azerbaijani Government's privatisation program, although the Company is not aware of any plans to privatise SOCAR or any of its subsidiaries, joint ventures or associates. This risk is very mitigated for the Company because the program has excluded certain enterprises deemed strategically significant by the Azerbaijani Government.

1.2 Risks related to the Company and its operations

Activities in the oil and gas sectors can be dangerous, posing health, safety and environmental risks

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property as well as the environment or personal injury. In particular, the Group may produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Group. In accordance with industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable. Although the Company maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time.

Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. There is also the risk that implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Company's costs, any of which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Company will require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Environmental concerns

The Company is subject to significant environmental regulations in respect of its operational activities in all jurisdictions and seeks to conduct its operations in an environmentally responsible manner and to maintain the productivity goals achieved. All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the

satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Should the Company be unable to fully fund the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Italy is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol, and thus required to establish legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other "greenhouse gases". There is the risk that the Company may be subject to legislation in Italy regulating emissions of greenhouse gases. The direct and indirect costs of complying with these emissions regulations may adversely affect the business of the Company.

Significant capital expenditure

The Company's business can involve significant capital expenditure and it may require additional capital to accelerate development plans relating to its existing assets in Azerbaijan and to fund the acquisition and development of additional value enhancing exploration, development and production opportunities should they be identified and arise in the future. If such acquisitions are identified and the Company is not generating sufficient cash flows from its operations at that time to fund these it may enter into significant borrowing arrangements in addition to raising further equity financing for its acquisition, exploration, development and production plans. There can be no assurance that the Company will be able to obtain debt financing or additional equity financing in the amounts required for expenditure beyond its current capital expenditure plans, or, if debt or equity financing is available, that it will be on terms acceptable to the Company.

Moreover, future activities may require the Company to alter its capitalization significantly. If the Company fails to generate or obtain sufficient capital for its acquisition, exploration, development and production plans (beyond the Company's current planned capital expenditure), this could have a material adverse effect on the Company's future long term growth prospects.

Availability of drilling equipment and access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties). There is a risk that demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. In order to minimize this risk, the Company signed a policy to own its own oil equipment and drilling equipment. In the event of break-down of oil and drilling equipment, the Company will experience costs with respect to repairment and/or replacement of equipment, which could have a material adverse effect on the business, financial condition and results of operations.

Operational risks

Even with a combination of experience, knowledge and evaluation, oil and natural gas development involves risks that the Company may not be able to overcome. The long-term commercial success of the Group depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Group may have at any particular time, and the production therefrom, will decline over time as such existing reserves are exploited. A future increase in the Group's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also

on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Group will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations unfeasible. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Group.

There is a risk that future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit. Completion of a well does not assure a profit or recovery of costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximising production over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Title to assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, there is the risk that such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Company's claim which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Reserve estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For these reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary and risk exists when relying upon such estimates. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves, rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable and a higher level of risk exists than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, the Company's independent reserves evaluators have used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flow derived from the Company's oil and gas reserves will vary from the estimates contained in the reserve evaluations, and there is the risk that such variations may be material. The reserve evaluations are based in part on the assumed success of activities the Company intends to undertake in future years. The reserves and estimated cash flows to be derived there from contained in the reserve evaluations will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluations. The reserve evaluations are effective as of a specific effective date and have not been updated and thus do not reflect changes in the Company's reserves since that date.

Prices, markets and marketing

Brent oil prices declined sharply from the second half of 2014 to 2015. While they have recovered significantly from the low point of 2015, they remain well below the prices prevailing in the five years prior to these falls. Oil prices are expected to remain volatile in the near future as a result of market uncertainties over supply and demand. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

In addition, bank lending to the Company may, in part, be determined by the Company's borrowing base. A sustained material decline in prices could reduce the Company's borrowing base, therefore reducing the bank credit available to the Company which could require that a portion, or all, of the Company's bank debt be repaid.

Any material decline in oil and natural gas prices could result in a reduction of the Group's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of the Group's reserves. The Group might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Group's expected net production revenue and a reduction in its oil and gas acquisition, development and exploration activities. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Group. These factors include economic conditions in Europe, the United States and Canada, the actions of OPEC, governmental regulation, political stability in the Middle East, the foreign supply of oil and gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on the Group's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

There is the risk that marketability and price of oil and natural gas that may be acquired or discovered by the Company is and will continue to be affected by numerous factors beyond its control. The Company's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. The Company may also be affected by uncertainty of deliverability, as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Variations in foreign exchange rates and interest rates

World oil and gas prices are quoted in United States dollars and the price received by Canadian incorporated producers is therefore affected by the Canadian/US dollar exchange rate. A significant portion of the Company's international activities are conducted in Euros in Italy, New Manat in Azerbaijan and Pounds Sterling in the United Kingdom where the Company is exposed to changes in foreign exchange rates as operating expenses, capital expenditures, and financial instruments fluctuate due to changes in exchange rates. The Company does not use derivative instruments to hedge its exposure to foreign exchange risks. In recent years, the Canadian dollar has fluctuated materially in value against the United States dollar. Material increases in the value of the Canadian dollar lead to the risk of negatively impacting the Company's production revenues. Future

Canadian/United States exchange rates could accordingly impact the future value of the Company's reserves as determined by independent evaluators.

To the extent that the Company engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Company may contract. An increase in interest rates could result in a significant increase in the amount the Company pays to service debt.

Borrowing levels, leverage and restrictive covenants

The ability of the Company to make payments or advances will be subject to applicable laws and contractual restrictions in the instruments governing any indebtedness of the Company. The degree to which the Company is leveraged could have important consequences for shareholders including: (i) the Company's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) all or part of the Company's cash flow from operations may be dedicated to the payment of the principal of and interest on the Company's indebtedness, thereby reducing funds available for future operations; (iii) the Company's borrowings may be at variable rates of interest, which would expose the Company to the risk of increased interest rates; and (iv) the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. These factors could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Issuance of debt

From time to time the Company may enter into transactions to acquire assets or the shares of other organisations. These transactions may be financed in whole or in part with debt, which may increase the Company's debt obligations above industry standards for oil and natural gas companies of a similar size. Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Company's Articles nor its by-laws limit the amount of debt that the Company may incur. There is the risk that the level of the Company's debt obligations from time to time could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Hedging

From time to time the Company may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, there is a risk as the Company will not benefit from such increases and the Company may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Company may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Company will not benefit from the fluctuating exchange rate.

Insurance

The Company's involvement in the exploration for and development of oil and natural gas properties may result in the Company becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although the Company maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, leads to the risk of a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational financial systems and to expand, train and manage its employees. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Third-party credit risk

The Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. If entities fail to meet their contractual obligations to the Company, this may have a material adverse effect on the Company's business, financial condition, and operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner.

Conflicts of interest

Certain Directors of the Company are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the Business Corporations Act (British Columbia).

Reliance on key personnel

The Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Company does not have any key person insurance in effect. The contributions of the existing management team to the immediate and near-term operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

Competition

The petroleum industry is competitive and investing in the Company contains an inherent level of risk. The Company will compete with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Company's competitors will include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Company. The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

Seasonality

The level of activity in the international jurisdictions where the Company is or is intending to be active is influenced by seasonal weather patterns. There is the risk that seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines may delay the Company's activities and/or affect the prices for the Company's sales.

Possible failure to realise anticipated benefits of future acquisitions and disposals

The Company may make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of any future acquisitions depends in part on successfully consolidating

functions and integrating operations and procedures in a timely and efficient manner as well as the Company's ability to realise the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that my adversely affect the Company's ability to achieve the anticipated benefits of these and future acquisitions. Non-core assets may be periodically disposed of, so that the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Company, if disposed of, could be expected to realise less than their carrying value on the Company's financial statements.

Expiration of permits, licenses and leases

The Company's properties are held in the form of permits, licenses, leases and working interests in permits, licenses and leases. If the Company or the holder of the permit, license or lease fails to meet the specific requirement of a permit, license or lease, the permit, license or lease may terminate or expire. There can be no assurance that any of the obligations required for maintaining each permit, license or lease will be met. The termination or expiration of the Company's permits, licenses or leases or the working interests relating to a permit, license or lease may have a material adverse effect on the Company's results of operations and business.

Delay in cash receipts

In addition to the expected time-lags in payment by producers of oil and natural gas to the operators of the Company's properties, and by the operators to the Company, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of the Company's properties or the establishment by the operator of reserves for such expense.

Impact of future expenditures

The reserve values of the Company's properties, as estimated by independent engineering consultants, are based in part on cash flows to be generated in future years as a result of future capital expenditures and therefore contain a level of risk. The reserve values of the Company's properties, as estimated by independent engineering consultants, will be reduced to the extent that such capital expenditures on such properties do not achieve the level of success assumed in such engineering reports.

Changes in legislation

It is possible that the Canadian and international governments and provincial/state or regulatory authorities may choose to change the income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas companies and that any such changes could materially adversely affect the Company and the market value of its Common Shares. In addition, it is also possible that changes to legislation, which could adversely affect the market value of the Company could occur in other jurisdictions where the Company operates.

1.3 Risks related to taxation

Future changes in tax regulation applicable to the company's entities may reduce net returns to shareholders

The treatment of Group entities is subject to changes in tax regulation or practices in territories in which Group entities are resident for tax purposes. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid. Any changes to tax legislation in territories in which the Group entities are resident for tax purposes may have a material adverse effect on the financial position of the Company, reducing net returns to Shareholders. In many jurisdictions, the resources sector is subject to particular taxation regimes which sometimes impose a comparatively heavy burden on activities within the sector and the comments made above are particularly salient in relation to such regimes.

Tax risks related to Italian operations

In Italy, for onshore permits, the state royalty on production of both oil and gas is a maximum of 10%, with a provision that no royalties are paid on yearly production less than 125,000 bbls of oil and approximately 700 MMcf of gas, per field (or approximately 340 bbls/d and 1.9 MMcf/d). At the present time, the Group does not pay any state royalties since all its producing fields fall below the minimum royalty threshold. The corporate tax is a maximum of 25% and there are no restrictions on repatriation of profits. Going forward, there is the risk that potential changes in the tax and/or royalty system could have a significant impact on the tax payable by the Group.

Tax risks related to Azerbaijani operations

There are currently three separate and distinct tax regimes that are applicable in Azerbaijan: (i) the statutory regime, (ii) the tax regime applicable to oil and gas companies and mining companies operating under production sharing agreements (this being the regime applicable to the Company) and (iii) the tax regime for companies working under host government agreements on the "Main Export Pipeline" and the "South Caucasus Pipeline". In general, any changes to the tax regimes that currently apply in Azerbaijan may have an adverse effect on the financial position of the companies that operate in Azerbaijan. The tax regime applicable to the Company is the number (ii), it was provided in the REDPSA and transformed into a law of the country; the tax risks is mitigated because the applied tax regime to the Company is difficult to be changed.

1.4 Risks related to the Shares

The price of the Shares may fluctuate significantly

The trading volume and price of the Common Shares could fluctuate significantly. Securities markets in general have been volatile in the past. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the strategy described in this Admission Document, as well as the evaluation of the related risks, changes in general economic conditions and consumer preferences, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of the Shares.

Market interest rates could influence the price of the Common Shares

One of the factors that could influence the price of the Common Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer additional Shares or other securities in order to finance new capital intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. There can be no assurance the Company will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not be able to purchase additional equity securities.

If the Company raises additional funds by issuing additional equity securities, holdings and voting interests of existing shareholders may be diluted.

The Company is incorporated in Canada, and as such is subject to Canadian Company Law

The Company is a company incorporated under the Business Corporations Act (British Columbia), and as such its corporate structure, the rights and obligations of Shareholders and its corporate bodies may be different from

those of the home countries of international investors. Furthermore, non-Canadian residents may find it more difficult and costly to exercise shareholder rights. International investors may also find it costly and difficult to effect service of process and enforce their civil liabilities against the Company or some of its directors, controlling persons or officers.

The Common Shares are listed on separate stock markets and investors seeking to take advantage of price differences between such markets may create unexpected volatility in the share price, investors may experience different levels of liquidity between the two markets, and investors may experience difficulties in moving their shares and trading arrangements between the markets.

The Common Shares are admitted to trading on both the TSXV and the Main Market of the London Stock Exchange. While shares are traded on both markets, price and volume levels for Common Shares may fluctuate significantly on either market, independent of the share price or trading volume on the other market. Investors could seek to sell or buy Common Shares to take advantage of any price differences between the two markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both Common Share prices on either exchange and in the volumes of Common Shares available for trading on either market. In addition, holders of Common Shares in either jurisdiction will not be immediately able to transfer such shares for trading on the other market without effecting necessary procedures with the Company's transfer agents/registrars and will require share trading facilities in both markets. This could result in time delays and additional cost for Shareholders.

Following the Admission to the Merkur Market in Oslo, Zenith Energy Ltd. will be listed on three markets (Toronto Stock Exchange (ZEE), London Stock Exchange main market (ZEN) and Merkur Market).

Investors will experience a dilution of their percentage ownership of the company on the exercise of outstanding options, warrants or conversion of convertible loan notes or if the company decides to offer additional common shares in the future

Other than the Offering, the Company has no current plans for an offering of its Common Shares. However, the Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company, including Common Shares, which may be dilutive. The Company may also issue additional Common Shares from time to time as the Board may determine pursuant to its Stock Option Plan. The exercise of Options or Warrants or conversion of Convertible Loan Notes will have a dilutive effect on shareholder's percentage ownership of the Company and may result in a dilution of shareholders' interest if the price per Common Share exceeds the subscription/conversion price payable at the relevant time.

The Company does not currently intent to pay dividends and its ability to pay dividends in the future may be limited

The Company has never declared or paid any dividends on the Common Shares. The Company currently intends to retain future earnings, if any, for future operations, expansion and debt repayment, if necessary. Therefore, at present, there is no intention to pay dividends and a dividend may never be paid. Any decision to declare and pay dividends will be made at the discretion of the Board of Directors of Zenith (the "**Board of Directors**") and will depend on, among other things, the Group's results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board of Directors may consider relevant.

2 RESPONSIBILITY FOR THE ADMISSION DOCUMENT

This Admission Document has been prepared solely in connection with the Admission to Trading on the Merkur Market described herein.

The Board of Directors of Zenith Energy Ltd. accepts responsibility for the information contained in the Admission Document. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Admission Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

8 November 2018

The Board of Directors of Zenith Energy Ltd.

Jose Ramon Lopez-Portillo *Chairman*	*Andrea Cattaneo* *Board Member*	*Luigi Milano* *Board Member*
Dario Sodero *Board Member*	*Erik Sture Larre* *Board Member*	*Saadallah Al-Fathi* *Board Member*
	Sergey Borovskiy *Board Member*	

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Admission Document. The Merkur Advisor disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Admission Document or any such statement.

None of the Company or the Merkur Advisor, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Investing in the Shares involves a high degree of risk. See Section 1 "Risk factors" beginning on page 4.

3.2 Presentation of financial and other information

3.2.1 Financial information

The financial information contained in this Admission Document related to the Group has been derived from the Company's audited consolidated financial statements as at, and for the financial years ended, 31 March 2018 and 2017 (the "**Financial Statements**") and the Company's unaudited consolidated interim financial statements as at, and for the three month periods ended, 30 June 2018 and 2017 (the "**Interim Financial Statements**").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "**EU**") ("**IFRS**"), while the Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU ("**IAS 34**"). The Financial Statements have been audited by PKF Littlejohn LLP, as set forth in their report included therein.

The Financial Statements and the Interim Financial Statements are together referred to as the "**Financial Information**". The Financial Information is incorporated by reference hereto, see Section 11.2 "Incorporation by reference".

3.2.2 Industry and market data

In this Admission Document, the Company has used industry and market data obtained from independent industry publication, market research and other public available information. While the Company has complied, extracted and reproduced industry and market data from external sources, the Company has not independently verified the correctness of such data. The Company cautions prospective investors to not place undue reliance on the above-mentioned data. Unless otherwise indicated in the Admission Document, the basis for any statement regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Admission Document that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and

subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

3.2.3 Other information

In this Admission Document, references to "GBP", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the UK; references to "USD", "USD $", "US dollars", "dollars", "US $", "cents" or "c" are to the lawful currency of the United States; references to "Canadian dollars", "Canadian $", "CAD" or "CAD $" are to the lawful currency of Canada; references to "Euro" or "EUR" are to the lawful currency of the member states of the European Union who have adopted the Euro; references to "Swiss Francs" or "CHF" are to the lawful currency of Switzerland; "NOK" are to the lawful currency of Norway; and references to "New Manat", "Manat" or "AZN" are to the lawful currency of Azerbaijan.

3.2.4 Rounding

Percentages and certain amounts in this Admission Document including financial, statistical and operating information, have been rounded to the nearest thousand whole numbers or single decimal place for ease of presentation.

As a result, the figures shown as totals may not be the precise sum of the figures that precede them. In addition, certain percentages and amounts contained in this Admission Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

3.3 Cautionary note regarding forward-looking statements

Certain statements in this Admission Document including any information as to the Group's strategy, plans or future financial or operating performance constitute, or may be deemed to constitute, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "aims", "plans", "predicts", "may", "will", "target", "continue", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Admission Document and include statements regarding the intentions, beliefs or current expectations of the Directors of the Company concerning, amongst other things, the investment objectives and policies, financing strategies, performance, results of operations, financial condition, prospects, growth and dividend policy of the Company and the markets in which it and the other companies in the Group operate.

By their nature, forward-looking statements address matters that involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, dividend policy, the development of its financing and operational strategies and the development of the business sector in which the Group operates may differ materially from the impression created by the forward-looking statements contained in this Admission Document. In addition, even if the performance, results of operations, financial condition and dividend policy of the Company, the development of its financing and operating strategies and the development of the business sector in which the Group operates, are consistent with the forward-looking statements contained in this Admission Document, those results or developments may not be indicative of results or developments in subsequent periods.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Admission Document.

Prospective investors are advised to read this Admission Document and the accompanying documents in their entirety for further discussion of the factors that could affect the Group's future performance and the industries and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Admission Document and the accompanying documents may not occur. Prospective investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Admission Document.

4 BUSINESS OF THE GROUP

4.1 Introduction

The business of the Company is international oil and gas exploration, development and production. The Company has a portfolio of oil and gas assets in Italy and Azerbaijan. The Group's principal assets are held through: (i) its wholly-owned subsidiary, Zenith Aran Oil Company Limited ("**Zenith Aran**"), which holds an 80% interest in three petroleum producing onshore fields in Azerbaijan; and (ii) Canoel Italia S.r.l. (in which the Company has a 98.64% shareholding), which holds various working interests in 13 onshore exploration and production properties in Italy, as set out in Sections 4.4 "Italy" and 4.5 "Azerbaijan" below.

The Group will shortly start the activity of oilfield services, on behalf of its fully owned subsidiary Zena Drilling.

4.2 History and important events

Zenith Energy Ltd. was incorporated, as Canoel International Energy Ltd., under the Business Corporations Act (British Columbia) on 20 September 2007. The following are important events with respect to the business of the Group since its establishment:

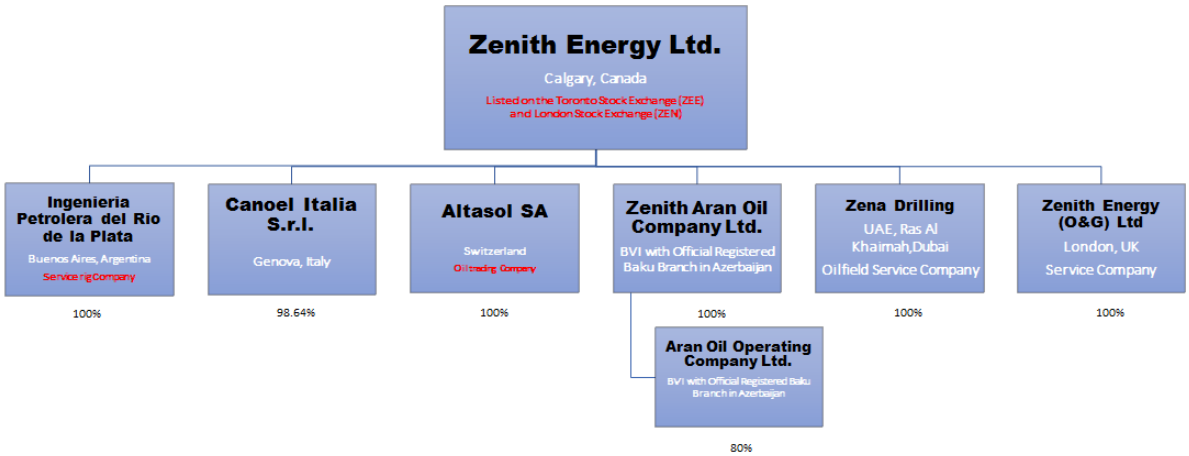
Year	Important event
December 2008	The Company was fully listed on the TSX-V (Toronto Stock Exchange- Venture) on 5 December 2008.
July 2010	Acquisition of two oilfields in Argentina.
June 2011	Zenith establishes an Italian subsidiary, Canoel Italia S.R.L. as first step towards acquiring natural gas production interests in Italy.
June 2013	Zenith announces the completion of the acquisition of 13 Italian production and exploration assets after Zenith received final approval for the change of ownership from the Italian Ministry for Economic Development.
August 2013	Zenith's Italian subsidiary begins production of natural gas and natural gas condensate.
October 2014	Canoel International Energy Ltd. changes name to Zenith Energy Ltd. on 2 October 2014.
January 2015	Zenith reports record oil production of approximately 168 BOPD from the Don Alberto and Don Ernesto oilfields.
September 2015	Zenith announces opening of regional office in Baku, Azerbaijan.
October 2015	Zenith purchased a "gas to power" plant, to start producing electricity from its Torrente Cigno concession, in Italy. Zenith announces that the Company has received approval by Presidential Decree following negotiations with SOCAR (State Oil Company of the Azerbaijan Republic) for a field area of 642.4 square kilometres comprised of three oilfields. Zenith announces beginning of electricity production activities at Torrente Cigno concession following acquisition of gas powered electricity generation infrastructure.
January 2016	Zenith establishes a fully owned subsidiary, Zenith Aran Oil Company Limited, to operate in Azerbaijan.
March 2016	Zenith announces signing of REDPSA (Rehabilitation, Exploration, Development and Production Sharing Agreement) with SOCAR (State Oil Company of the Azerbaijan Republic)
May 2016	Azerbaijan's Cabinet of Ministers officially approves the Rehabilitation, Exploration, Development and Production Sharing Agreement (REDPSA) signed between Zenith and SOCAR
June 2016	The Parliament of the Republic of Azerbaijan unanimously ratifies the REDPSA between SOCAR and Zenith and enacts this agreement into statutory law. The Republic of Azerbaijan's Parliamentary Committee on Natural Resources, Energy & Environment issues recommendation that the Rehabilitation, Exploration and Development Production Sharing Agreement (REDPSA) between SOCAR (State Oil Company of the Azerbaijan Republic) and Zenith receive parliamentary ratification
August 2016	Zenith produces first oil under the Zenith banner in Azerbaijan following completion of the handover process from SOCAR to Aran Oil Operating Company, an entity jointly created and owned by Zenith Aran Oil Company Limited (80%) and SOCAR (20%).
January 2017	On 11 January 2017 Zenith was admitted to trading on the London Stock Exchange Main Market

	standard listing segment of the FCA Official List under the ticker symbol "ZEN".
February 2017	Divestment of operations in Argentina is announced. This is a strategic move with the primary intention of directing management focus towards the transformational opportunities in Azerbaijan and the consolidation of energy production interests in Italy
January 2018	The Company announces the signing of a purchase agreement for an A-100 truck-mounted workover rig to be manufactured in Azerbaijan
April 2018	The Company announced that it has a total of 34 active production wells producing an average daily production of approximately 300 barrels The Company announced that it has commissioned a geological study in view of its plans to begin development drilling activities in 2018.
September 2018	The oilfield service company subsidiary, Zena Drilling Limited, ("Zena") signed a purchase agreement for the acquisition of a BD-260 drilling rig assembled by B Robotics W S.r.l., in order to complete the Company's planned workover and drilling activities in the Muradkhanli, Jafarli and Zardab fields for the next 18 months.
October 2018	ARC Ratings, SA. ("ARC Ratings") assigned the Company a medium to long-term issuer credit rating of "B+" with Positive Outlook. The Company announced that: • it was preparing to commence drilling operations, having finalised a program to deepen well C-37 in the Jafarli field. This has been based on a series of in-depth geological investigations, including analysis of 2D and 3D seismic lines, which have evidenced a highly prospective, unexploited structure comprised of Upper Cretaceous carbonates formations. • it had appointed Mr. Ion Tica as Workover and Drilling Manager of Zenith Aran, its fully-owned Azerbaijan subsidiary.

4.3 Group structure

The Company, the parent company of the Group, is a holding company and the operations of the Group are carried out through the operating subsidiaries of the Company.

Below is an organization chart of the Group.



The following table sets out information about the Company's subsidiaries.

Company	Country of incorporation	Field of activity	Holding (%):
Canoel Italia S.r.l.	Italy	Gas, electricity and condensate production	98.65[1]
Ingenieria Petrolera del Rio de la Plata S.r.l.	Argentina	Oil services	100
Aran Oil Operating Company Limited	British Virgin Islands	Oil production	80[2]
Zena Drilling Limited	UAE	Oilfield service company	100[3]
Leonardo Energy Consulting S.r.l.	Italy	Service company	48[4]
Altasol S.A.	Switzerland	Oil trading	100
Zenith Aran Oil Company Limited	British Virgin Islands	Oil production	100[5]
Zenith Energy (O & G) Limited	United Kingdom	Administrative service company	100

1 The holder of the remaining 1.35% in the capital of Canoel Italia S.r.l. is Luigi Regis Milano.

2 Aran Oil Operating Company Limited has registered a branch in Baku, Azerbaijan. The remaining 20.00% in the capital is held by SOCAR.

3 Zena Drilling Limited ("Zena") is incorporated in the Ras Al Khaimah Free Trade Zone ("RAKFTZ"), United Arab Emirates ("UAE"). Zena is a 100% beneficially owned subsidiary of the Company. Zena was incorporated by and the shares in Zena are currently registered in the name of Andrea Cattaneo as trustee for the Company. Due to the process of incorporation in RAKFTZ, this was the most efficient method of establishment and due to the UAE not being a signatory to the Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, the process of transferring legal ownership to Zenith is elongated and is not expected to be completed until later in 2018.

4 The holders of the remaining 52.00% in the capital of Leonardo Energy Consulting S.r.l. are Giuliano Pennisi (4%), Fabrizio Tondelli (43%) and Cristiano Maiorano (5%).

5 Zenith Aran has registered a branch in Baku, Azerbaijan.

4.4 Italy

In Italy, the Group owns various working interests in 13 onshore exploration and production properties and two gas concessions currently shut-in. The two gas concessions (Canaldente and Torrente Vulgano) were assigned to Canoel Italia S.r.l. from the Ministry of Economic Development in 2011, whilst the other onshore exploration and production properties were acquired from Medoilgas Italia S.P.A. and Medoilgas Civita Limited, each a subsidiary of Mediterranean Oil and Gas Plc, in June 2013. The concessions have various expiration dates.

The production and exploration properties comprise the following concessions, permits and applications, further details of which are set out below:

(a) 6 operated onshore gas production concessions:

- (i) Torrente Cigno (45% working interest)
- (ii) Masseria Grottavecchia (20% working interest)
- (iii) San Teodoro (100% working interest)
- (iv) Misano Adriatico (100% working interest)
- (v) Sant'Andrea (40% working interest)
- (vi) Masseria Petrilli (50% working interest)

(b) 3 non-operated onshore gas production concessions:

- (i) Masseria Acquasalsa (8.8% working interest)
- (ii) Lucera (13.6% working interest)
- (iii) San Mauro (18% working interest)

(c) 1 operated exploration permit:

- (i) Montalbano (57.15% working interest)

(d) 1 non-operated exploration permit

(i) Colle dei Nidi (25% working interest)

(e) 2 exploration applications:

(i) Serra dei Gatti (100% working interest)
(ii) Villa Carbone (50% working interest)

Torrente Cigno

Description. The Group owns a 45% working interest in the Torrente Cigno gas and condensate concession covering approximately 38,163 acres and located onshore in southern Italy, along the Adriatic coast. From 1 October 2015, the Company has used the gas produced to generate electricity which is sold directly to the national electrical grid in Italy.

As at September 2018, production at Torrente Cigno (from one well) was approximately 450 Mscf/d.

Expiry date. This concession is scheduled to expire in 2019, for which a 10-year extension was requested on 7 March 2017.

Masseria Grottavecchia

Description. The Group owns a 20% working interest in the Masseria Grottavecchia gas concession covering approximately 13,160 acres and located onshore in southern Italy, along the Adriatic coast.

This concession is not currently producing, but development plans are in progress.

Expiry date. This concession is scheduled to expire in 2018, for which a 10-year extension was requested on 28 July 2016.

San Teodoro

Description. The Group owns a 100% working interest in the San Teodoro gas concession covering approximately 14,640 acres and located onshore in southern Italy, along the Adriatic coast.

This concession is not currently producing, but development plans are in progress.

Expiry date. This concession is scheduled to expire in 2019, for which a 10-year extension was requested on 1 December 2016.

Misano Adriatico

Description. The Group owns a 100% working interest in the Misano Adriatico gas concession covering approximately 18,610 acres and located onshore in central Italy, along the Adriatic coast.

As at September 2018, production at Misano Adriatico (from one well) was approximately 45 Mscf/d.

Expiry date. This concession is scheduled to expire in 2020, with the intention that it be renewed to align with the Company's additional development plans.

Sant'Andrea

Description. The Group owns a 40% working interest in the Sant'Andrea gas concession covering approximately 40,605 acres and located onshore in northern Italy, along the Adriatic coast.

This concession is not currently producing.

Expiry date. This concession is scheduled to expire in 2022, with the intention that it be renewed to align with the Company's additional development plans.

Masseria Petrilli

Description. The Group owns a 50% working interest in the Masseria Petrilli gas concession covering approximately 29,227 acres and is located onshore in southern Italy, along the Adriatic coast.

This concession is not currently producing.

Expiry date. This concession is scheduled to expire in 2020, with the intention that it be renewed to align with the Company's additional development plans.

Masseria Acquasalsa

Description. The Group owns a 8.8% working interest in the Masseria Acquasalsa gas concession covering approximately 10,200 acres and located onshore in southern Italy, along the Adriatic coast.

This concession is not currently producing.

Expiry date. This concession was due to expire during 2005 but the Group has requested an additional ten-year extension on 12 March 2004, and an additional five-year extension on 5 November 2013, which are both currently being evaluated by the competent authorities.

Lucera

Description. The Group owns a 13.6% working interest in the Lucera gas concession covering approximately 38,514 acres and located onshore in southern Italy, along the Adriatic coast.

This concession is not currently producing.

Expiry date. This concession is scheduled to expire in 2022, with the intention that it be renewed to align with the Company's additional development plans.

San Mauro

Description. The Group owns a 18% working interest in the San Mauro gas concession covering approximately 6,257 acres and located onshore in southern Italy, along the Adriatic coast.

As at September 2017, production at San Mauro (from one well) was approximately 180 Mscf/d.

Expiry date. This concession is scheduled to expire in 2020, for which a 10-year extension was requested on 6 February 2018.

4.5 Azerbaijan

On 16 March 2016, the Company's wholly-owned subsidiary, Zenith Aran, entered into the REDPSA with SOCAR and SOA. The REDPSA covers 642 square kilometers which include the active Muradkhanli, Jafarli and Zardab oil fields located in the Lower Kura Region, about 300 kilometers inland from the city of Baku, Azerbaijan (the "**Azerbaijani Operations**"). Pursuant to the terms of the REDPSA, the Company and SOA have the exclusive right to conduct petroleum operations from the Azerbaijani Operations, through a newly incorporated operating company, Aran Oil Operating Company Limited ("**Aran Oil**"). Aran Oil, in which Zenith has an 80% interest, is the operator of the concession, with the remaining 20% interest being held by SOA.

On 24 June 2016, the President of the Republic of Azerbaijan signed the REDPSA into law, following approval by Parliament on 14 June 2016. The delivery of the capital assets previously used in respect of the petroleum operations at the Azerbaijani Operations, from the previous operating company to Aran Oil, officially completed on 11 August 2016 ("**Handover**" or the "**Effective Date**"). Aran Oil now has operational control of the Azerbaijani Operations. The transfer of operational control did not involve any interruption of petroleum production operations at the Azerbaijani Operations.

As a part of the Handover, an inventory of equipment and material was prepared and the volumes of oil in the pipelines and tanks were recorded. Any revenues related to the existing oil as at the date of Handover will be

allocated to SOCAR. As the Azerbaijani Operations are currently producing oil, they have generated revenues for the Company since the completion of the transfer to Aran Oil.

The capital assets which transferred to Aran Oil as part of the Handover include production equipment, vehicles, wells, pumps, storage facilities, tools, generators, compressors, pipelines, offices, warehouses, buildings, rigs, yards, roads, infrastructure, radios, tubular goods, supplies, materials and facilities. The Company appointed a consultant in Azerbaijan to review and report on the availability and the state of the assets prior to Handover.

Aran Oil operates under the terms of the REDPSA. Revenue will be divided between cost recovery petroleum and profit petroleum. Aran Oil will first recover all operating costs from revenues after deduction of compensatory petroleum as explained below. Capital costs will then be recovered from a maximum of 50% of the remaining revenue. Any unrecovered costs can be carried forward to be recovered in future years. The remaining revenue is divided between Aran Oil and SOCAR according to an R-factor model. The R-factor varies as the ratio between Aran Oil's profits and capital costs vary. Aran Oil's share of profit petroleum varies between 25% and 80%.

Zenith Aran will pay 100% of all of Aran Oil's costs (including SOA's 20%) until the end of the four consecutive calendar quarters where production has been more than two times the average rate in 2015. The carried costs will be recovered from SOA's profit petroleum after that time. It is expected that the additional carried costs can be taken from Zenith Aran's profit petroleum.

Zenith Aran and SOA have an obligation:

1. within one year following the Effective Date, to deliver at no charge to SOCAR 5% of the total production of petroleum produced from the contract rehabilitation area in each calendar quarter; and

2. commencing on the first anniversary of the Effective Date, to start delivering, at no charge to SOCAR, 15% of the total production of petroleum produced from the contract rehabilitation area in each calendar quarter,

until the amount delivered is the equivalent of approximately 315,000 barrels of "compensatory" crude oil to SOCAR ("**Compensatory Petroleum**").

The balance of production remaining after (i) the relevant Compensatory Petroleum has been delivered and (ii) quantities to enable recovery of certain operating and capital costs are deducted, is calculated on a quarterly basis and is shared between SOCAR and the Contractor according to a detailed "R factor" model (see above).

Rehabilitation and production program

As is typical with other onshore projects in Azerbaijan, the contract area to which the REDPSA relates includes areas where existing production needs to be improved (the "Contract Rehabilitation Area") and where new production needs to be developed (the "Contract Exploration Area"). Zenith Aran and SOA have different obligations in respect of each area.

The Rehabilitation and Production program was signed on 3 October 2017 and approved by SOCAR on the same date, and has a term of 25 years for the Contract Rehabilitation Area; a 5 year extension may be approved by SOCAR. It provides for a maximum production of approximately 2,382 barrels of crude oil per day in 2023. The program will involve drilling 26 development wells: 21 in Muradkhanli and 5 in Jafarli with the cost per well-being $4.3million. Therefore, a total of $111.8 million is planned to be spent on drilling. The program will also involve the workover of 44 wells, which includes 12 old well reactivations, with the cost per workover being $150,000. Therefore, a total of $6.85 million would be spent on the workovers. Additionally, the program will provide for facility upgrades of $2.5million and involve running a 64km2 3D exploration seismic and drilling a 1-5000m exploration well. The total net cash flow for the program is $176 million and the total OPEX of $122.5 million and total CAPEX of $121.5 million. An annual plan is required to be prepared each year and presented to SOCAR.

Zenith Aran has acquired the exclusive rights to conduct petroleum operations in three petroleum producing onshore fields in Azerbaijan.

Pursuant to the terms of the REDPSA, Zenith Aran and SOA prepared and submitted a rehabilitation and production program to achieve an average daily crude oil production from the Contract Rehabilitation Area of 1.5 times the average daily production rate in 2015, for 90 consecutive days, by no later than two years following SOCAR's approval of the program. SOCAR approved the program on 3 October 2017. The 2015 average daily production was approximately 310 STB/d and accordingly the new target will be at least 465 STB/d.

The Company has undertaken nine well workovers between the effective date of the REDPSA in August 2016 and March 2017. The workover on C21 (Jafarli field) was relatively successful, returning the well to production at 10 STB/d. One other workover on M66 (Muradkhanli Volcanic) was partially successful, increasing production from 1.5 STB/d to 3.0 STB/d. Five other workovers are in progress or are waiting for equipment for finishing or milling. Two workovers are considered to be unsuccessful. As experience is gained, it is anticipated that the degree of success will increase.

Electro submersible pumps (ESPs) have been resized and/or set deeper in 10 wells with a total production increase of 88 STB/d. One workover rig is active at present. One new workover rig has been purchased and is scheduled to be operational in June 2018. Additional equipment may be purchased or contracted as required to optimise field redevelopment.

Between 2018 and 2020, the Company plans to workover a total of 44 existing wells which are currently inactive or produce at low rates to bring rates up to as much as 40 STB/d per well, with an estimated average of 15 STB/d per well, using improved technology, non-damaging fluids and optimised treatments. It is estimated that 12 wells will be worked over in 2018, 15 wells in 2019 and 11 wells in 2020.

The historical performance of each well including peak rates, cumulative oil and water production, and recent performance has been studied to identify wells that are likely to have successful workovers. The results of previous workovers have been noted. Although most wells flow to surface, the installation of ESPs was generally very beneficial and is expected to form part of most future workovers. It is predicted that the field oil production rate will exceed 1.5 times the average 2015 rate in late 2018, ensuring that the Company will retain its rights under the REDPSA.

In addition to the 33 recently shut in or marginal producing wells, five non-producing wells completed in the Maykop zone in the Zardab field are expected to be worked over and to be returned to production after wellbore and sand production problems have been resolved.

Depending on the results of the program, the Zardab field may be more fully developed.

Vertical Development Drilling – Muradkhanli and Jafarli

Additional drilling locations have been identified in the Muradkhanli and Jafarli fields, on locations adjacent to existing producing wells, which show the potential for unrecovered oil. These locations have been identified after careful consideration of recoveries to date and correlations of recovery factors with associated drainage areas of existing wells.

It is believed that the water production from existing wells, especially in the volcanic reservoirs, is a result of localised premature coning at the near well bore, which would leave undrained oil at locations between withdrawal points in the reservoir. Based on all the data examined, it was concluded that the likely effective drainage area for most wells would be 40 acres. Therefore, all the areas overlying the reservoirs outside of each existing wells' 40-acre drainage area have been identified as a potential development drilling opportunity.

The drilling program will be undertaken with caution, as there will be a learning curve from each new experience. Wells will be logged open hole with a carefully designed program. Current water contacts will be detected from the well logs, which may lead to altered plans.

A detailed geological model is being developed based on digital log analysis on many of the existing wells, which will result in an enhanced understanding of the reservoirs and provide more control over future drilling locations.

Digital log analysis has already been performed on selected wells across the fields in order to establish a feel for the quality of the results that can be obtained from these older GIS logs available on most wells. One example of the benefit of the detailed log analysis was observed on well M58, where several potential hydrocarbon bearing uphole zones were identified. These zones will be examined during the future drilling operation and could result in major new uphole plays throughout these fields.

Horizontal Drilling – Muradkhanli Middle Eocene

The Middle Eocene system in the Muradkhanli Field has significant oil production from a faulted structural trap and in the Southeast Muradkahnli Field, but over a large area in a widespread stratigraphic-structural trap on the Southwest flank of the field, only scattered and poor production has been achieved.

The only available modern full log suite on the Middle Eocene is on the MOC-1 well drilled in 2000. A petrophysical analysis of this zone has been completed.

The poor performance of the scattered wells on the Southwest flank, when compared to the better wells in the fault block from the same horizon, suggests that the Middle Eocene on the flank would be an ideal candidate for a horizontal well development program. There may be a number of explanations as to the poorer productivity, such as drilling fluid damage, but the most likely cause is low permeability in this expansive portion of the reservoir.

Horizontal well developments are conventionally applied to many different types of reservoirs, where vertical production rates are marginal or sub-commercial, resulting in significant new production and reserves all around the world, the technology is advancing rapidly, resulting in better results and lower cost as time progresses, typically wells can be expected to have productivities ranging from 3 to 5 times that of a vertical well in the same reservoir. The Company believes that implementing this horizontal program will result in an increase in production and reserves for the REDPSA.

Conventionally, the first well in the program would be drilled vertically to capture as much technical reservoir information as possible, including cores and a modern suite of open-hole logs. Once the reservoir rock and fluids are well understood the drilling and completion program can be designed to minimize reservoir damage and maximize the well results.

It is typical to manage the horizontal drilling program with the use of multi-well pads. Inter-well distance or spacing of well bores is also an issue to be considered for optimum recovery.

General

The Company intends to acquire a modern drilling rig capable of drilling to 4,500 m to carry out the fifteen-year drilling program. It is estimated that five new wells will be drilled in 2019 and ten wells in each year until the anticipated drilling program is completed in 2033.

In total, 145 development wells are expected to be drilled, of these, 58 will be horizontal wells in the Mid Eocene. It is expected that additional rigs will be acquired or contracted at some periods to meet the proposed drilling schedule.

The existing gathering system and central facilities appear to be adequate to handle increased production from the workovers. An analysis of the gathering system and facilities will commence concurrently with the implementation of the rehabilitation and production program, to expand and modernise the surface facilities in anticipation of field production reaching a rate of 1,768 STB/d by 2020 and a peak rate of about 14,845 STB/d by

2033 in the proved plus probable case. It is anticipated that upgrades to the facilities and gathering system will take place in 2018 and 2020 as rates increase.

Annual work programmes and budgets must be prepared for SOCAR's approval.

Minimum exploration work program

Pursuant to the terms of the REDPSA, within the four years period commencing on the Effective Date, Zenith Aran and SOA are required to carry out a minimum exploration work program in the Contract Exploration Area including the following work:

1. to carry out an upper section site investigation survey to ensure a safe and environmentally sound base for drilling, and to shoot, process and interpret two-dimensional seismic or a minimum of sixty square kilometres of three-dimensional seismic (this will be decided by the Company at the relevant time), in the specified exploration area; and

2. to drill a well to a depth of five thousand metres from the ground surface, or to the depth of 50 metres below the top of the Upper Cretaceous formation, whichever occurs first, and evaluate the drilled well using an appropriate logging and testing program.

The Company funds the minimum exploration work program using its accumulated cash flows. The REDPSA does not contain any milestones in respect of the minimum exploration work program.

The Company has no specific work program obligations; its rehabilitation and development plans are planned and determined by operational opportunities, in accordance with cash availability, value accretive equipment upgrades, including the repair or replacement of electrical submersible pumps as well ancillary oil production infrastructure, and the performance of well workovers aimed at increasing/restoring production. An annual plan is prepared each year and presented to Socar.

The development and production period for the contract exploration area is 25 years from the date of SOCAR's approval of the development program.

Key Developments and Operational progress in Azerbaijan since January 2017

Field Production

The Company achieved the following production levels in Azerbaijan between January 2017 and August 2018.

Average daily oil production in Azerbaijan (barrels per day)

Month	**Average daily production (barrels)**
January 2017	281
February 2017	280
March 2017	271
April 2017	275
May 2017	266
June 2017	269
July 2017	266
August 2017	262
September 2017	253
October 2017	267
November 2017	279
December 2017	283
January 2018	249
February 2018	258

Month	Average daily production (barrels)
March 2018	277
April 2018	276
May 2018	255
June 2018	251
July 2018	254
August 2018	242

Field rehabilitation Activities

The Company has undertaken numerous workovers and other operational activities between the effective date of the REDPSA in August 2016 and in March 2017 as summarized in the following table.

January 2017	Signed a service contract with a well-established local oilfield service company to perform the workovers of wells M-195 and M-45 located in the Muradkhanli field.
February 2017	Division of the field rehabilitation activities between two teams: 'Team A' and 'Team B'. • Team B was staffed by personnel from the oilfield service company contracted to perform the workovers of wells M-195 and M-45, operating the Service Company's workover rig. • Team A was staffed by Zenith's field personnel, operating the Company's A-80 workover rig inherited by SOCAR.
March 2017	1. Successfully resolved obstructions in Well M-195, enabling to reach the top of the production liner section at 3,014 metres. 2. Modernisation work of its A-80 rig was fully completed 3. Installation of a new ESP in wells M-70 and M-48 in the Muradkhanli field and well C-34 in the Jafarli field.
April 2017	1. Pump replacements in wells C-31 and C-34 in Jafarli field and wells M-67 and M-70 in the Muradkhanli field. 2. Well C-39 in the Jafarli field had pump repair work performed to address minor technical problems. 3. The field rehabilitation activities resulted in a net increase of 14 barrels of oil per day in total across the five wells. 4. Team A began workover operations at well M-45 in the Muradkhanli field. 5. The Company also commenced sidetrack operations at well M-195 with the arrival of the required larger workover rig.
May 2017	Announced the appointment of a Chief Operating Officer, Mike Palmer, to lead its operations in Azerbaijan.
June 2017	Announced the success of its sidetrack operations at well M-195.
July 2017	1. The workover of M-45 was successfully completed; a production rate of 46 BOPD was achieved, but potentially higher flow rates were inhibited by partial blockages of old well material. 2. Restored production at well M-66 in the Muradkhanli field, achieving a flow rate of 50 BOPD.
August 2017	1. Signed a contract for the procurement of oil production materials with Kerui petroleum, a leading Chinese manufacturer of oilfield equipment, for a value of the procurement contract of US$1,705,608 (approximately £1,325,000; CAD$2,146,000), by which • Zenith paid the 15% of the contract value in advance as deposit. • The materials procured include: a blowout preventer (BOP); a full set of well control equipment; drill pipes to be used as a work string; tubing to be used in the installation of new electric submersible pumps and in old wells that have been returned to production; new oilfield infrastructure; lighting equipment; and a generator system to enable a workover rig to operate without the need for nearby infrastructure across Zenith's 642.4 km^2 field area. 2. Successful installation of the custom-built Schlumberger ESP in well M-45 in the Muradkhanli field. Following the installation, the well achieved a production rate of 49 BOPD.

September 2017

1. Began the installation of ESPs in a further 11 wells, employing its own A-80 workover rig, upgraded earlier in the year, and a similar sized workover rig operated by an experienced local oilfield service company.
2. Successful perforation of well C-26 in the Jafarli field; the well achieved a production rate of 70 BOPD; it was previously not producing.

October 2017

1. Successful perforation of a new, unexploited production zone in well C-21 in the Jafarli field, achieving a flow rate of 15 BOPD. Prior to the perforation well C-21 was non-producing.
2. Experienced difficulties in its workover of the Z-21 well, which initially flowed at a rate below 5 BOPD.

December 2017

1. Cleaned out well Z-28. However, during the post-workover inspection of the wellhead, Zenith's petroleum engineers observed a leak during a pressure test from the wellhead in the 9 5/8 inches casing seal assembly, delaying further activity. To resolve this problem, the Company contracted a UK-based expert in oilfield leak-sealing technology, with an established presence in Azerbaijan.
2. Completed the civil works on the roads to well Z-21 and at the well location.

January 2018

Signed a purchase agreement for the order of a new workover rig with a manufacturer based in Azerbaijan. The total value of the purchase agreement contract was approximately CAD$440k (approximately £251k).

February 2018

1. Successfully cleaned out the entirety of the tubing string in well Z-21, circulating and drilling out mud and debris that had accumulated since the well was last produced in 1988. Due to the small coiled tubing bit (1.875 inches) and the restricted diameter of the tubing, the casing could not be cleaned out further. To rectify this the Company prepared its A-80 workover rig to pull the tubing string from the well. Once completed, it will run in hole with a drill bit and clean out the casing to total depth, 3,982 metres. The well will subsequently be put on production.
2. Successfully sealed the wellhead leaks in well Z-28 and subsequent coiled tubing intervention cleaned out the well to a depth of 3,583 meters, however it was determined it would have to mill out 63 metres of tubing inside the liner and then clean out an additional 298 metres of the liner to a total depth of 3,944 metres to complete the workover.
3. A-80 workover rig received further upgrades to increase its capabilities and enable it to be utilised more extensively in the Company's workover operations. This will be supplemented by A-100 truck-mounted workover rig ordered in January 2018.
4. Successfully installed seven ESPs. While this resulted in an uplift in production, it has also reduced production downtime that had been observed as a recurrent problem with the previous generation ESPs.

April 2018

On 9 April 2018 the final phase of the Z-21 well workover in the Zardab field commenced.

A coiled tubing intervention had successfully cleaned out the entirety of the tubing string in the well to a depth of 3,670 metres. In addition, the coiled tubing intervention also cleaned out 18 metres of casing from 3670 metres to 3688 metres.

May 2018

It was successfully pulled out a mixed string, comprised of 2 3/8" and 2 7/8" tubing, totalling 3,504 metres and that it has successfully pulled all of the 4 5" tubing, totalling 1,500 metres. Zenith is currently running wash pipe with a notched collar to fish the remaining 166 metres of 2 3/8" remaining in the wellbore.

The Company considers the possibility of deepening Z-21 beyond the Maykop formation into the Eocene formation by drilling an additional 300 metres. This would extend the total depth of the well to approximately 4270-4300 metres. The final decision on the deepening of Z-21 is predicated on the outcome of the initial production test to be performed once the casing of the well has been cleaned out to the current total depth.

Well Z-28

A coiled tubing intervention successfully cleaned out the well to a depth of 3,583 metres but was unable to clean out the tubing to total depth due to obstructions. As a result, the Company mill out 69 metres of tubing from 3,577 to 3,646 metres and then clean out the well to total depth, 3,944 metres.

Wells Z-4 and Z-14

The Company's field personnel have recently located and dugout the Z-14 wellhead- which was previously buried- with the objective of creating an entry point into the well.

The study of Z-4 and Z-14 well data has led to the identification of numerous oil and gas shows which are

currently being further investigated.

August 2018 Zenith completed two comprehensive geological studies to optimise the selection of potential drilling locations and workover opportunities across the Muradkhanli, Jafarli and Zardab oilfields.

Geological Study of the Muradkhanli and Jafarli oilfields

The geological study of the Muradkhanli and Jafarli oilfields has entailed the acquisition and revision of all existing well data. The integration of the old 2D seismic with the new 3D seismic, carried out by SOCAR in 2008 and 2011, has enabled a new, more detailed structural interpretation to be performed.

The study enabled the Company to better understand the challenges presented by its existing production reservoirs, specifically the causes of the high watercut in many of Zenith's production wells.

Geological Study of the Zardab oilfield

Zenith completed a second geological study to improve its understanding of the hydrocarbon production potential of the mostly undeveloped Zardab oilfield. This was considered a priority as the Company's independent Competent Person's Report, most recently updated on March 31, 2018, does not include an assessment of the recoverable reserves from the field. The study has confirmed the Company's belief in the significant untapped potential of the Zardab field, enabling the identification of several high-value drilling and workover opportunities.

Specifically, it has drawn the following key conclusions:

1.) Comparative analysis of the time structure maps for the Zardab, Muradkhanli and Jafarli oilfields indicates that all three oilfields form part of a larger, unified system with faulted anticline, which suggests the possibility of a single oil-water contact for all three fields within the Upper Cretaceous/ Lower Eocene formations.

2.) Very few wells drilled in the Zardab field have penetrated the Upper Cretaceous formation. The majority of historical production from wells in the Zardab field has derived from the Maykop, Miocene and Chokrak formations of Oligocene-Miocene age.

3.) Several potential target intervals were identified during screening of structural and seismic data. Some of these were observed in both the Pliocene Productive Series, (main producer within Kura Valley), and within the Upper Miocene formation as sand bodies and clinoforms.

4.) The Maykop and Chokrak zones of the Oligocene/Miocene formations consist of interlaminations of sandstones, siltstones and shales, (the Maykop is a regional source rock), and could be considered as a main target for lateral drilling with hydraulic fracturing.

5.) The best well by production tested from Lower Eocene/Upper Cretaceous zones was obtained from well Z-3. This well was drilled to a total depth of 4,300 metres and recorded an initial production rate of 420 m3 tons/day (3550 bopd). Z-3 was drilled on a wedge of high amplitude reflector of Lower Eocene/Upper Cretaceous age in an isolated fault block.

6.) All other wells drilled in the Zardab field were drilled to target the Lower Eocene/Upper Cretaceous off high amplitude, which might explain poor production from these intervals. The time structure map of the top of the Upper Cretaceous formation indicates that most of these wells did not target the crest of the structure but were instead drilled on the flanks.

7.) The study suggests that the Upper Cretaceous/ Lower Eocene formation is a primary drilling target because Upper Cretaceous carbonates and volcanics are mostly fractured reservoirs within an erosional surface suggesting lengthy exposure and erosion. This resulted in increased porosity due to leaching and the formation of large voids and similar dissolution features. The seismic attribute maps and inversions would be critical for evaluation of the potential within this zone. An appraisal well drilled in the Zardab field will be situated in the area of stacked targets to evaluate all penetrated horizons. It will be a priority to acquire as much data as possible during the drilling and completion of the well to further understand the geology of the field. This will include: electronic monitoring of the drilling (Pason), high resolution mudlogging, full suite of wireline logging, and possible rotary coring amongst other items.

Line Pipe Replacement Program

As part of Zenith's field rehabilitation program, the Company decided to replace 4,000 metres of line pipe across its field area in Azerbaijan by the close of 2018.

The installation of new line pipe is expected to yield the following benefits: minimising oil loss during transportation from the well to Zenith's field oil processing and storage facility; reducing restrictions to oil flow from active production wells, a lowering of line pipe pressure.

Oil Storage Tank Reconstruction Program

	As part of its ongoing field rehabilitation and infrastructure modernisation activities, the Company plans to begin the reconstruction of a 2000m3 oil storage tanks during the month of September. It is expected that further storage tanks will undergo reconstruction work later in the year. **Electrical Submersible Pump Upgrade Program (the "ESP Upgrade Program")** The ESP Upgrade Program has to date resulted in the installation of new electrical submersible pumps in 11 wells located across the Muradkhanli and Jafarli oilfields. The Company has identified a further 2 wells to be included in its ESP Upgrade Program and will provide an update as appropriate. Any previous production objectives announced by the Company in relation to its ESP Upgrade Program no longer reflect the outlook of Zenith's new operational management.
September 2018	The oilfield service company subsidiary, Zena Drilling Limited, ("Zena") signed a purchase agreement for the acquisition of a BD-260 drilling rig assembled by B Robotics W S.r.l., in order to complete the Company's planned workover and drilling activities in the Muradkhanli, Jafarli and Zardab fields for the next 18 months. The Company also announced that it is formalising a tender process in Azerbaijan for the leasing of a 180-ton truck-mounted workover and drilling rig for a period of four months. Zenith has received preliminary indications that a rig of this specification will be available to start work on October 20, 2018. It is expected that the BD-260 and the 180-ton truck-mounted workover and drilling rig, to be leased from a local drilling company following the completion of a formal tender process, will be in operation concurrently across the Company's field operations in Azerbaijan.
October 2018	ARC Ratings, SA. ("ARC Ratings") assigned the Company a medium to long-term issuer credit rating of "B+" with Positive Outlook. The Company announced that: • it was preparing to commence drilling operations, having finalised a program to deepen well C-37 in the Jafarli field. This has been based on a series of in-depth geological investigations, including analysis of 2D and 3D seismic lines, which have evidenced a highly prospective, unexploited structure comprised of Upper Cretaceous carbonates formations. • it had appointed Mr. Ion Tica as Workover and Drilling Manager of Zenith Aran, its fully-owned Azerbaijan subsidiary.

Stable production rates have increased by about 25 STB/d since the Effective Date of the REDPSA. One workover rig is active at present. One new workover rig has been purchased and is scheduled to be operational in December 2018. Additional equipment may be purchased or contracted as required to optimize field redevelopment.

Between 2018 and 2020, the Company plans to workover a total of 38 existing wells which are currently inactive or produce at low rates to bring rates up to as much as 40STB/d per well, using improved technology, non-damaging fluids and optimised treatments. It is expected that 12 wells will be worked over in 2018, 15 wells in 2019 and 11 in 2020.

The historical performance of each well including peak rates, cumulative oil water production, and recent performance has been studied to identify wells that are likely to have successful workover. The results of previous workovers were noted. Although most wells flow to surface, the installation of electrical submersible pumps was usually very beneficial and is expected to form part of most future workovers.

In addition to the 33 recently shut in or marginal producing wells, five non-producing wells completed in the Maykop zone in the Zardab field are expected to be worked over and to be returned to production after wellbore and sand production problems have been resolved. Depending on the results of the program, the Zardab field may be more fully developed, but new drilling in Zardab is not evaluated in this Admission Document.

4.6 Italian Operations

On 18 November 2010, Zenith established Canoel Italia S.r.l., a wholly-owned subsidiary of the Company, incorporated in Italy. On 5 June 2013, the Company completed the acquisition of various interests in 13 Italian producing and exploration properties. As described above, the assets comprise six operated onshore gas

production concessions, three non-operated onshore gas production concessions, an operated exploration permit, a non-operated exploration permit and two exploration permit applications.

On 1 October 2015, the Company acquired co-generation equipment and facilities from the owner of a plant that treats gas from the Masseria Vincelli 1 well in the Torrente Cigno concession in Italy. The acquisition has enabled the Company to produce electricity from the gas produced by the Masseria Vincelli 1 well which it sells it directly into the national energy grid in Italy. The natural gas extracted from the Masseria Vincelli 1 property which is not suitable for transportation in the national grid pipeline is currently produced to generate electricity with the use of gas engines.

As at 31 March 2018, the Competent Person estimated reserves at the Group's most commercially significant concessions in Italy as follows:

Lucera

- Total net proved developed producing conventional non-associated marketable gas reserves of 120 MMscf for the two producing gas wells at the concession.
- Net probable additional developed producing conventional non-associated marketable gas reserves of 31 MMscf for the same two wells.

Misano Adriatico

- Total net proved developed producing conventional non-associated marketable gas reserves of 123 MMscf for the one producing gas well at the concession.
- Net probable additional developed producing conventional non-associated marketable gas reserves of 74 MMscf for the same well.

San Mauro

- Total net proved developed producing conventional non-associated marketable gas reserves of 101 MMscf for the one producing gas well at the concession.
- Net probable additional developed producing conventional non-associated marketable gas reserves of 25 MMscf have been estimated for the same well.

Torrente Cigno

- Total gross proved developed producing conventional non-associated marketable gas reserves of 1.073 MMscf and 15 Mbbls of condensate for the one producing gas well at the concession (Masseria Vincelli 1).
- Gross probable additional developed producing conventional non-associated marketable gas reserves of 1,439 MMscf and 25 Mbbls of condensate for the same well.
- Probable undeveloped gas reserved of 13,413 MMscf and 216 Mbbls of condensate for an offset horizontal well location (Masseria Vincelli 2).

Overall, the Company's share of estimated total proved plus probable natural gas net reserves at the Lucera, Misano Adriatico, San Mauro and Torrente Cigno concessions was assessed at 16,398 Mmscf and condensate net reserves were assessed at 257 Mbbls as at 31 March 2018.

The Company's technical and geological team in Italy has also conducted in-depth geological, geophysical and engineering evaluations at some of the Group's Italian properties (the Torrente Vulgano, San Teodoro, Masseria Petrilli and Masseria Grottavecchia concessions) in order to identify and plan appropriate development activities at the relevant concessions. The team's work included a geophysical, geographical and

infrastructure classification exercise and an assessment of the data relating to reserves and production capacity contained in independent studies previously conducted. Documentation held in the team's archive (for example maps, studies and seismic data received from the previous owners of the relevant concessions) has been analysed and interpreted and information has also been drawn from studies prepared by competent independent third parties. Specific software was also used to assist the process. Once precise geological conclusions and reserve valuations were finalised, the Company was able to make a thorough assessment of the best economic and structural solutions to facilitate positive cash flow generation from the concessions.

Models developed by the Company have enabled it to analyse the investment required and calculate economic and financial return at the concessions, and this has made it possible to identify key operational priorities.

In particular, the Company has key development plans at two concessions, San Teodoro and Masseria Petrilli. In the wholly-owned San Teodoro concession (currently not in production), projects are ongoing to enable drilling for gas at the "Macchia Nuova" structure. It is also intended that improvements of facilities at San Teodoro will be completed by the tie-in of new dehydration equipment. While the field has been capable of production, a lack of regional infrastructure limited additional expansion in the past. In December 2014, Zenith reached an agreement with a successful retail marketer of natural gas within Italy to handle production from this field, which is expected to restart production in January 2019. Production from the existing wellbore to commence at 3,000 cubic meters/day (106 mcf/d or 18 boed), increasing the Company's current daily production in Italy by 25%, to over 100 boepd. Costs of the refurbishment and commencing production at the concession are anticipated to be approximately Euro 300,000 (GBP 256,050) and will be paid through an equipment leasing facility. The Company is also evaluating the possibility of drilling a deviated well into the crestal area of the Torrente Salsola structure at the Masseria Petrilli concession (where the Company has a 50% working interest) in order to unlock residual reserves. The plans at both concessions envisage a limited amount of capital expenditure in order to increase Zenith's gas production in Italy and to achieve a good level of profitability. The Company has an ambitious program to enhance the Italian daily gas production rate in the Puglia Region by 100% through a technical program employing additional workovers.

In addition, submission of extensive environmental reports relating to the commencement of production of the Torrente Vulgano gas property has been completed and preliminary approval has been received. The Company is now looking to commence production at these wells following receipt of final approval. Production of natural gas from the Torrente Vulgano property is now expected to commence in the next three years.

Separately, the Company is planning to implement an innovative plan for the exploitation of the Traetta 1 well in the Masseria Grottavecchia concession (where the Company has a 20% working interest) through the sweetening of the produced gas so that it can be sold through the national pipeline grid. This development plan was recently submitted to the relevant ministry in Italy, for its review and approval. The Company estimates that approval should be received in March 2019.

4.7 Azerbaijani Operations

At present, the Azerbaijani Operations produce approximately 300 barrels of crude oil per day, although they have produced much larger quantities previously (Source: SOCAR). Gas is also produced, but in low quantities and is used at the sites. The Company, which is free to sell/export oil without restrictions, sells its oil through the Marketing and Operations Department of SOCAR ("SOCARMO"). A related commission of 1% of total sales is payable to SOCARMO.

The Company has no specific work program obligations; its rehabilitation and development plans are planned and determined by operational opportunities, in accordance with cash availability, value accretive equipment upgrades, including the repair or replacement of electrical submersible pumps as well ancillary oil production infrastructure, and the performance of well workovers aimed at increasing/restoring production.

Between 2018 and 2020, the Company plans to workover a total of 38 existing wells which are currently inactive or produce at low rates to bring rates up to as much as 40 STB/d per well, with an estimated average of 15 STB/d per well, using improved technology, non-damaging fluids and optimised treatments. It is estimated that 12 wells will be worked over in 2018, 15 wells in 2019 and 11 wells in 2020. The Company has undertaken 7 work overs between the effective date of the REDPSA in August 2016 and March 2018. The work over on C21 (Jafarli field) was quite successful, returning the well to production at 15 STB/d. One other work over on M66 (Muradkhanli Volcanic) was partially successful; it has restored production and achieved a flow rate of 15 STB/d, and 150 barrels of oil which had accumulated in the wellbore were also recovered during the well intervention. 2 other work overs are in progress or are waiting on equipment for fishing or milling.

The Company purchased one modern workover rig to optimise the completion and workover of the wells during the year 2017. Additional equipment may be leased or contracted as required to optimise the field redevelopment.

In addition to the marginal producing wells, five non-producing wells completed in the Maykop zone in the Zardab field in Azerbaijan are expected to be worked over in 2019 and to be returned to production after wellbore and sand production problems have been resolved.

The Company intends to acquire - a modern drilling rig capable of drilling 4,500m to carry out a fifteen-year drilling program. It is estimated that five new wells will be drilled in 2019 and ten wells in each year thereafter until the anticipated drilling program is completed in 2041 (with associated costs of approximately US $671,000,000 (GBP £543,577,100)).

During the first four years of the REDPSA it is estimated that US $1,500,000 (GBP £1,215,150) will be spent upgrading the gathering system and central facilities in Azerbaijan to improve safety, efficiency and handle higher production rates. During the same period, 39 active wells currently producing at marginal rates will be worked over at estimated costs ranging from US $25,000 (GBP £20,253) to US $32,000 (GBP £25,923) each.

It is anticipated that in 2019 five shut-in wells completed in the Maykop formation will be worked over to control sand production at an estimated cost of US $150,000 (GBP £121,515) each, and returned to production at a total rate of 200 STB/d.

It is envisaged that development drilling will commence in 2019 and continue until 2033. It has been estimated that each well with proved reserves will cost approximately US $4,300,000 (GBP £3,483,430). This cost will include the direct cost of materials, fuel, salaries, etc. to drill the well and an allocation for the purchase of the drilling rig, well completion and tie-in. Proved reserves are those reserves that can be estimated, by a competent professional, with a high degree of certainly to be recoverable. Each well in the proved plus probable category is expected to cost approximately US $5,000,000 (GBP £4,050,500). In addition to the costs anticipated for the wells with proved reserves, wells in the proved plus probable category have an additional allocation for periodic leasing or contracting of additional drilling rigs and expansion and modernisation of the field facilities. This category of reserves includes those additional reserves that are less certain to be recovered than proved reserves.

In total, 145 development wells are expected to be drilled, of which 58 of these are anticipated to be horizontal wells.

The total reserves of the Company's Azerbaijani operations are estimated by the Competent Person at 31,735 MSTB as at 31 March 2018.

4.8 Summary of reserves and resources

The Competent Person has stated the reserves and resources of the assets held by the Group in the CPR, which are summarised below:

	Net to Apparaised Interest Reserves					
	Reserves					
	Light and Medium Oil MSTB		Sales Gas MMscf		NGL Mbbls	
	Gross	Net	Gross	Net	Gross	Net
PROVED						
Proved Developed Producing						
Azerbaijan	377	377	-	-	-	-
Italy	-	-	1,196	1,196	15	15
Total Proved Developed Producing	377	377	1,196	1,196	15	15
Proved Developed						
Non-Producing	-	-	220	220	-	-
Total Proved Developed Producing	-	-	220	220	-	-
Proved Undeveloped	3,511	3,511	-	-	-	-
Total Proved Undeveloped	3,511	3,511	-	-	-	-
Total Proved	3,887	3,887	1,416	1,416	15	15
PROBABLE						
Probable Developed Producing						
Azerbaijan	139	139	-	-	-	-
Italy	-	-	1,513	1,513	25	25
Total Probable Developed Producing	139	139	1,513	1,513		
Probable Developed						
Non-Producing						
Azerbaijan	1,011	1,011	-	-	-	-
Italy	-	-	56	56	-	-
Total Probable Developed NON-Producing	1,011	1,011	56	56	-	-
Probable Undeveloped						
Azerbaijan	26,697	26,697	-	-	-	-
Italy	-	-	13,413	13,413	216	216
Total Probable Undeveloped	26,697	26,697	13,413	13,413	216	216
Total Probable	27,847	27,847	14,982	14,982	242	242
PROVED PLUS PROBABLE						
Azerbaijan	31,735	31,735	-	-	-	-
Italy	-	-	16,398	16,398	257	257
Total Proved Plus Probable	31,735	31,735	16,398	16,398	257	257

Gross reserves are the total of the Company's working interest share before deduction of royalties owned by others.

Net reserves are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by others. Columns may not add precisely due to accumulative rounding of values throughout the CPR.

The CPR as at 31 March 2018 can be found at www.zenithenergy.ca and www.sedar.com.

4.9 Legal proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

4.10 Material contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Group which (i) are, or may be, material to the Group; or (ii) contain obligations or entitlements which are, or may be, material to the Group as at the date of this Admission Document.

Broker Appointment of Daniel Stewart & Company Plc

Pursuant to a broker agreement dated 14 December 2017 (amended 22 January 2018), Daniel Stewart & Company Plc (Daniel Stewart) were engaged by the Company for the purposes of acting as the Company's Lead Broker in connection with a placing to raise up to £10 million by way of an issue of new Common Shares.

In consideration for its services in relation to the Appointment, Daniel Stewart will be paid: (i) a commission of 5 per cent of the aggregate funds raised by Daniel Stewart (subsequently increased to 6 per cent in the Placing Agreement); (ii) warrants to subscribe Common Shares of the Company to the value of 2 per cent of the aggregate funds raised by Daniel Stewart; (iii) an annual corporate broking fee of £25,000 to be paid quarterly in advance; (iv) a corporate finance fee of £20,000 half paid on signing the engagement letter and the balance to be paid on completion of the proposed transaction.

The agreement contains customary obligations, indemnities and representations given by the Company to Daniel Stewart.

The agreement is terminable immediately by serving a written notice in the event of any material breach of the Agreement by the other party of its obligations under the agreement.

Olieum Joint Venture

On 1 November 2017 the Company announced that it had signed a commitment letter with Olieum Services WLL, an integrated oilfield services and equipment joint venture based in Bahrain, for the procurement of a Genesis BQ500 onshore drilling rig. Olieum Services WLL has worked closely with the Company to structure a unique lease arrangement that aligns Zenith's targeted growth plans and cash flows with its future equipment requirements.

The Genesis BQ500 is the latest generation, automated onshore hydraulic drilling rig to be manufactured by B Robotics W S.R.L, a founding partner in Olieum Services WLL, and a leading Italian oil and gas innovation company specializing in the design and manufacture of advanced oil and gas drilling equipment. The rig is expected to deliver enhanced automation, efficiency and safety to the Company's drilling operations, whilst driving down costs and time-to-production. This has largely been achieved through extensive research and development in modular rig design, and in key components including the monkey board, slips, lay-up and down machine, pipe containers, roughneck, subs and bits loader, and all the working floor tools.

Manufacturing of the Genesis BQ500 is scheduled to begin upon the fulfilment of the preliminary conditions detailed in the commitment letter. As of the date of this Admission Document, the final contract has not yet signed and the delivery of the equipment has not yet started.

Stock Purchase Agreement with Energy PIA Group S.A. dated 28 February 2017

Pursuant to a stock purchase agreement dated 27 February 2017 between the Company and Energy PIA Group S.A, the Company agreed to purchase the Ingeniera Petrolera Patagonia Ltd (IPP) Shares from Energy PIA Group S.A. free and clear of all liens, claims, pledges, mortgages, restrictions, obligations, security interests and encumbrances of any kind.

IPP is the owner of (i) 100% of the shares of Common Stock of PP Holding Inc, (PPH), and (ii) 100% of the shares of the common Stock of Petrolera Patagonia Corporation, (PPC). PPH and PPC together, in turn, own 100% of the issued and outstanding securities in Petrolera Patagonia SRL, which owns certain assets and equipment as well as an 100% interest in two oil properties in Comodoro Rivadavia, Province of Chubut, Argentina.

In consideration for the sale of the IPP shares, the Company paid Energy PIA Group S.A $1,000 (USD). The Company provided representations and warrants that the Company is acquiring the Shares for his own account, for investment purposes, without a view to resell or distribute, nor with the intention of immediately selling, transferring or otherwise disposing of all or any part of such Shares, or any interest therein. The agreement contains customary indemnities, warranties and representations given by the Company to Energy PIA Group S.A.

Amendment to Stock Purchase Agreement with Energy PIA Group S.A. dated 10 March 2017
On 10 March 2017 the Company amended the Stock Purchase Agreement dated 28 February 2017 by and between the Company and Energy PIA Group S.A (the Agreement), as a result of Energy PIA Group S.A inability to locate certain original stock certificates.

The amendment added a provision to the indemnification clause of the Agreement (Article 8) to limit the indemnification so as to indemnify and hold harmless the Company against any loss, damage, expenses and liabilities incurred by the Company or actions, investigations, inquiries, arbitrations, claims, or other proceedings instituted against the Company in relation IPP's legal and unencumbered ownership of PPC and PPH.

The amendment also added further assurances that after the Closing, at the request of either party, the other shall undertake to perform its obligations under the Agreement and to cause the transactions contemplated to be carried out in accordance with the terms of the Agreement.

Broker Agreement with Optiva Securities Limited
Pursuant to a broker agreement dated 8 June 2016 between the Company and Optiva Securities Limited, Optiva Securities Limited agreed to assist in coordinating the IPO Placing, which includes using reasonable endeavors to procure placees and to act as corporate broker to the Company following Admission.

In consideration for its services in relation to the Placing and Admission, Optiva Securities Limited was paid (i) £25,000 per annum (plus applicable VAT) (to be paid in equal quarterly instalments in advance) and (ii) a commission of 6% (subsequently reduced to 5% in the Placing Agreement) of the aggregate funds raised by Optiva Securities Limited via the Placing and 6% broker warrants (which fees shall accrue on a daily basis until the date of termination of the agreement). The agreement contains customary warranties, representations and indemnities given by the Company to Optiva Securities Limited.

The agreement is terminable on three months' written notice by either party, provided that such notice of termination is to expire not earlier than 12 months from the date of the appointment. The agreement contains provision for early termination in certain circumstances.

Transfer Agency and Registrarship Agreement
The Company entered into a transfer agency and registrarship agreement (the "Registrar Agreement") with Olympia Trust Company ("Olympia") on 5 March 2008. On 11 July 2014, the Company consented to the assignment and transfer by Olympia to Computershare Trust Company of Canada (the "Registrar") of all of the right, title and interest of Olympia in the Registrar Agreement. The formal assignment and transfer to the Registrar occurred on such date as was determined by the Registrar on or before 30 November 2014.

Pursuant to the Registrar Agreement, the Company appoints the Registrar to act as registrar and transfer agent to the Company, to keep, inter alia, the registers of holders and the registers of transfers for the Common Shares in the capital of the Company at its principal office in Calgary, Canada and to provide certain other administrative services to the Company in relation to its business and affairs.

The Company is required to pay for the services provided in accordance with a tariff or schedule of fees, which fees are subject to revision from time to time during the term of the agreement. The Company is also required to reimburse all costs and expenses, including the fees, disbursements and expenses of any sub-agents, advisors and legal counsel, if applicable, incurred in carrying out the duties under the Registrar Agreement.

If the Company defaults in its payment obligations under the Registrar Agreement, the Registrar has the right to immediately terminate the agreement. In addition, the Registrar Agreement may be terminated by either party upon three months' written notice.

Under the Registrar Agreement the Company indemnifies the Registrar (provided it has acted in good faith and without negligence), its directors, officers, employees, agents and assigns against all liabilities, losses, claims, damages, penalties, actions, suits, demands, costs, expenses and disbursements (including legal and advisor fees and disbursements) howsoever arising from or out of any act or omission of the Registrar pursuant to or in relation to the Registrar Agreement.

Depositary Agreement

A depositary agreement dated 3 January 2017 (the "Depositary Agreement") between the Company and Computershare Investor Services PLC (the "Depositary") under which the Company appoints the Depositary to constitute and issue from time to time, upon the terms of the deed poll executed by Computershare on or about the date of the Depositary Agreement (the "Deed Poll"), a series of uncertificated depositary interests ("Depositary Interests") representing securities issued by the Company and to provide certain other services in connection with such Depositary Interests with a view to facilitating the indirect holding by participants in CREST. Computershare agrees that it will comply with the terms of the Deed Poll and that it will perform its obligations with reasonable care and skill. Computershare assumes certain specific obligations, including the obligation to issue to a CREST member Depositary Interests in uncertificated form and to maintain the register of Depositary Interests. Computershare undertakes to provide the depositary services in compliance with the requirements of the Financial Services and Markets Act 2000. Computershare will either itself or through its appointed Custodian as bare trustee hold the deposited property (which includes, inter alia, the securities represented by the Depositary Interests) as may be designated from time to time by the Depositary. The Company agrees to provide such assistance, information and documentation to Computershare as is reasonably required by Computershare for the purposes of performing its duties, responsibilities and obligations under the Deed Poll and the Depositary Agreement, including (to the extent available to the Company) information, which concerns or relates to Computershare's obligations under the Depositary Agreement. The agreement sets out the procedures to be followed where the Company is to pay or make a dividend or other distribution. The Company is to indemnify Computershare for any loss it may suffer as a result of the performance of the Depositary Agreement except to the extent that any losses result from Computershare's own negligence, fraud or willful default. Computershare is to indemnify the Company for any loss the Company may suffer as a result of or in connection with Computershare's fraud, negligence or willful default save that the aggregate liability of the Depositary to the Company over any 12-month period shall in no circumstances whatsoever exceed twice the amount of the fees payable to the Depositary in any 12-month period in respect of a single claim or in the aggregate. Subject to earlier termination, the Depositary is appointed for a fixed term of one year and thereafter until terminated by either party giving not less than six months' notice. In the event of termination, the parties agree to phase out the Depositary's operations in an efficient manner without adverse effect on the members of the Company and the Depositary shall deliver to the Company (or as it may direct) all documents, papers and other records relating to the Depositary Interests which are in its possession and which is the property of the Company. The Company is to pay certain fees and charges, including an annual fee, a fee based on the number of Depositary Interests per year and certain CREST related fees. Computershare is also entitled to recover reasonable out of pocket fees and expenses.

Mandate agreement with Arctic Securities AS

On 9 July 2018 the Company appointed Arctic Securities AS as Merkur Advisor for Zenith and organize subscription and settlement of any share issue undertaken by Zenith to fulfill the Merkur Market listing

requirements. Zenith will ensure that it has 30 shareholders registered in the VPS to fulfill the listing requirement for Merkur Market. Arctic Securities AS does not have an obligation to identify or source funding from these or any other investors.

Arctic Securities AS shall receive a listing fee of NOK 750,000 upon successful listing of the Zenith's Shares on Merkur Market.

For future transactions the next 18 months, Zenith provided Arctic Securities AS the right to be offered to advise and assist Zenith on capital markets transactions on terms being in line with the mandate agreement.

Broker agreement with Orion Securities Limited

On 4 October 2018 the Company signed an engagement letter (the "Engagement Letter") to set out the terms and conditions on which Orion Securities Norway was retained as a financial advisor to the Board of Directors of the Company to carry out a financing of the Company in connection with the listing of the Company's Shares on Merkur Market (the "Financing"). The Financing shall be carried out as an equity issue, subject to agreement between the Company and Orion Securities Norway.

Orion Securities Norway shall be entitled to a fee of 8% of the gross proceeds from the Financing.

The Engagement Letter and the engagement may be terminated with or without cause by the Company or by Orion Securities Norway by written notice at any time and without continuing obligation.

REDSPA

On 16 March 2016, the Company's wholly-owned subsidiary, Zenith Aran, entered into the REDPSA with SOCAR and SOA, a wholly-owned subsidiary of SOCAR (Zenith Aran and SOA being referred to herein as the "Contractor Parties"). The REDPSA covers 642 square kilometers which include the active Muradkhanli, Jafarli and Zardab oil fields (the "Contract Area"). Zenith Aran will hold an 80% participating interest in the REDPSA while SOA holds the remaining 20%. The delivery of the capital assets previously used in respect of the petroleum operations at the three fields in Azerbaijan from the previous operating company to Aran Oil Operating Company Limited, a wholly-owned subsidiary of the Contractor Parties, officially completed on 11 August 2016 (the "Effective Date").

Under the REDPSA, the Contractor Parties must provide all necessary funds to explore, appraise, evaluate, and develop the crude oil and natural gas resources within the Contract Area.

The Contract Area includes areas where the existing production needs to be improved (the "Contract Rehabilitation Area") and where new production needs to be developed (the "Contract Exploration Area"). The Contractor Parties have different obligations in respect of each area.

Convertible Loan Facility

On 5 September 2018 the Company has entered into a US$1,500,000 unsecured convertible loan facility (the "Facility") with a consortium of lenders (the "Lenders"). The Facility has a term of 18 months starting from August 30, 2018 and the Company shall pay interest on the outstanding amount of the Facility at the rate of 0% per annum (the "Interest Rate"). The Facility includes an initial immediate advance of US$1,300,000 and a further advance of US$200,000, to be provided at a later time and only at the discretion of the Lenders. The Facility is repayable as follows:

- US$50,000 on 16 October 2018;
- US$100,000 on 16 November 2018; and
- The remaining balance to be paid 18 months after each such advance

Under the terms of the Facility the Company has issued the Lenders with 6,977,988 share purchase warrants (the "Warrants") to subscribe for the equivalent number of common shares of no par value in the share capital of

Zenith ("Common Shares") at a price of £0.0505 per Common Share on subscription at any time from December 30, 2018 to February 28, 2020 subject to the articles of the Company and the terms and conditions of the Facility.

The Facility is wholly or partly convertible into Common Shares at the lower of £0.0505 per Common Share and 90% of the lowest daily volume weighted average price on the London Stock Exchange of the Common Shares during the 10 trading days immediately prior to the request for conversion, subject to maximum total shareholding restrictions from each Lender of 9.99% ("Conversion"). The Lenders have the right to request Conversion between December 30, 2018 and the expiry of the Facility.

An application will be made for any Common Shares issued and allotted on exercise of the Warrants or Conversion to be admitted to the standard segment of the Financial Conduct Authority UK Official List and to trading on the Main Market for listed securities of the London Stock Exchange. The new Common Shares will rank pari passu in all respects with the existing common shares of the Company. An application will also be made for the new Common Shares to be listed on the TSX Venture Exchange.

The Facility agreement includes normal warranties and default clauses.

Registrar Agreement with DNB Bank ASA, Registrar Department
On 14 September 2018, the Company entered into the Registration Agreement with DNB Bank ASA, Registrar Department (the "VPS Registrar") in order to facilitate registration of the shares with the VPS. In order to facilitate such registration, a portion of the Company's Shares are registered in the name of the VPS Registrar (the "VPS Registered Shares") with the VPS. The VPS Registrar shall register beneficial interest in the VPS Registered Shares in VPS (*Nw.: depotbevis*). Accordingly, it is not the legal interest in the VPS Registered Shares, but the beneficial interests in the VPS Registered Shares issued by the VPS Registrar that are registered in the VPS and traded on the Merkur Market. The VPS Registrar is registered as the legal owner of the Shares in the register of members that the Company is required to maintain pursuant to Canadian law and the Articles.

The Company may terminate the Registrar Agreement at any time on 90 days' written notice. The VPS Registrar may terminate the Registrar Agreement on 90 days' written notice, provided that the VPS Registrar has fair reasons for such termination. The Registrar Agreement may further be terminated with immediate effect by either the Company or the VPS Registrar in the event of a material breach of contract by the other party, provided that such breach is not corrected within 10 business days or the breach is of a type that cannot be corrected.

See Section 9.3 "VPS registration of the Shares" for further information about the Registrar Agreement and VPS registration of the VPS Registered Shares.

4.11 Significant changes

On 5 September 2018 the Company entered into a US$1,500,000 unsecured convertible loan facility (the "Facility") with a consortium of lenders (the "Lenders"). The Facility has a term of 18 months starting from 30 August 2018 and the Company shall pay interest on the outstanding amount of the Facility at the rate of 0% per annum (the "Interest Rate"). Except for this, there has not been any significant change in the financial or trading position of the Group since 30 June 2018.

4.12 Dependency on contracts, patents, licenses etc

It is the Company's opinion that Zenith's existing business or profitability is not dependent upon any specific contracts, patents, licenses or new manufacturing process other than the commercial contract in Azerbaijan (REDPSA) as further described in Section 4.5 "Azerbaijan – REDPSA".

5 MARKET AND INDUSTRY OVERVIEW

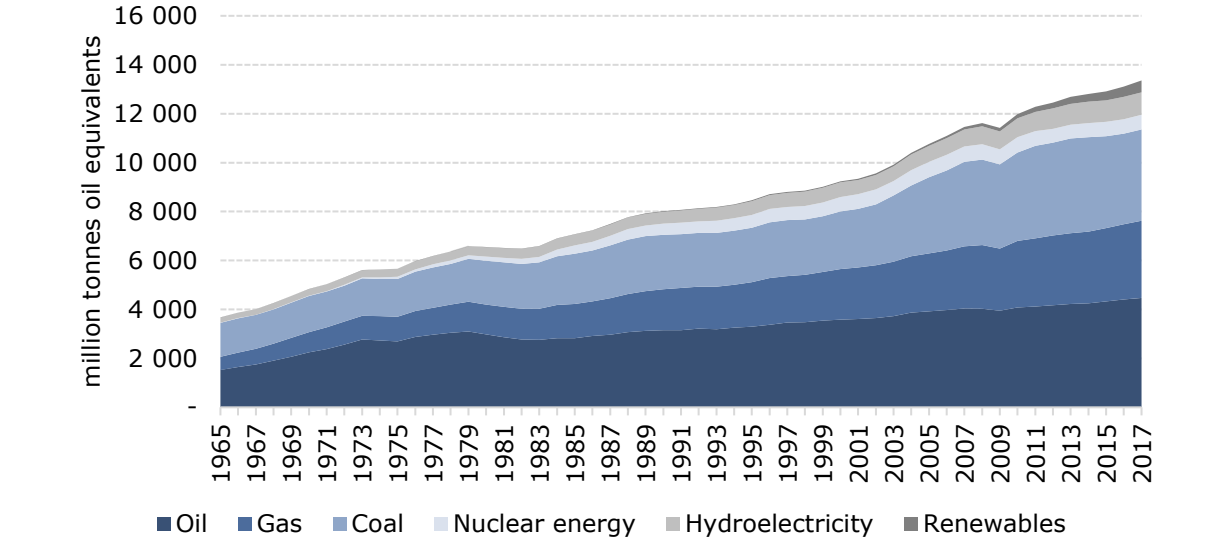
This Section provides an overview of the global energy and oil market in which the Company operates. In addition this Section will provide an overview over the market in Italy and Azerbaijan. Information concerning future market developments, the markets in general, competition, industry trends and similar information, is based on data compiled by professional analysts, consultants and other professionals. The Merkur Advisor has provided statistical information and data, and information is sourced from the Merkur Advisor's databases and other professional industry sources.

5.1 The global energy market

The world energy consumption has seen a steady increase since the industrial revolution, and is expected to continue to do so in the years to come. Fossil fuels continue to supply more than 85% of the world's energy of which 33% is oil, according to BP Statistical Review of World Energy June 2018.

The world consumption of primary energy – including oil, natural gas, coal, nuclear, hydropower and other renewable energy – increased by 2.2% in 2017 and 1.2% in 2016, according to BP Statistical Review of World Energy June 2018. Global liquids consumption (oil, NGLs and biofuels) increased by 1.6 million barrels per day in 2017, equivalent to an increase of 1.6 million barrels per day in 2016, according to the U.S. Energy Information Administration ("**EIA**"). In the BP Energy Outlook 2017, global liquids consumption is expected to grow from 95 million barrels per day in 2017 to 109 million barrels per day in 2040, representing a compounded annual growth rate of 0.6%

Figure: World Energy Consumption



Source: BP Statistical Review of World Energy June 2018, publically available information

5.2 The oil market

Oil is a common description for hydrocarbons in liquid form. Crude oil produced from different oil fields varies greatly in composition, and the composition and distribution of hydrocarbon components determines the weight of the oil, with light crude oil having a higher percentage of light hydrocarbons than heavier oil. Light oil requires less refinement to be usable, and is therefore more valuable than the heavy oil.

Oil is well suited for storage and transportation, and is transported over long distances in large crude oil tankers or pipelines. Because of this, oil is a commodity with a well-developed world market. The prices are determined on the world's leading commodities exchanges, with NYMEX in New York and the ICE in London as the most important markets for the determination of world oil prices. Relative oil price differentials are primarily determined by the weight of the oil and its sulphur content, with WTI, the main benchmark for NYMEX, as the

lightest and sweetest (less sulphur) of the main benchmarks in oil pricing. Brent crude, the main benchmark for ICE is slightly heavier.

Crude oil is refined into usable products for consumption, the most important being gasoline, diesel, jet fuel and other fuel oils. The remaining hydrocarbons are used as raw material for many chemical products, including pharmaceuticals, solvents, fertilisers, pesticides, and plastics. On a sector basis oil represents 94% of all transportation demand globally, while oil represents a 32% share of the world energy balance, according to the International Energy Agency's ("**IEA**") 2018 Oil Information Overview.

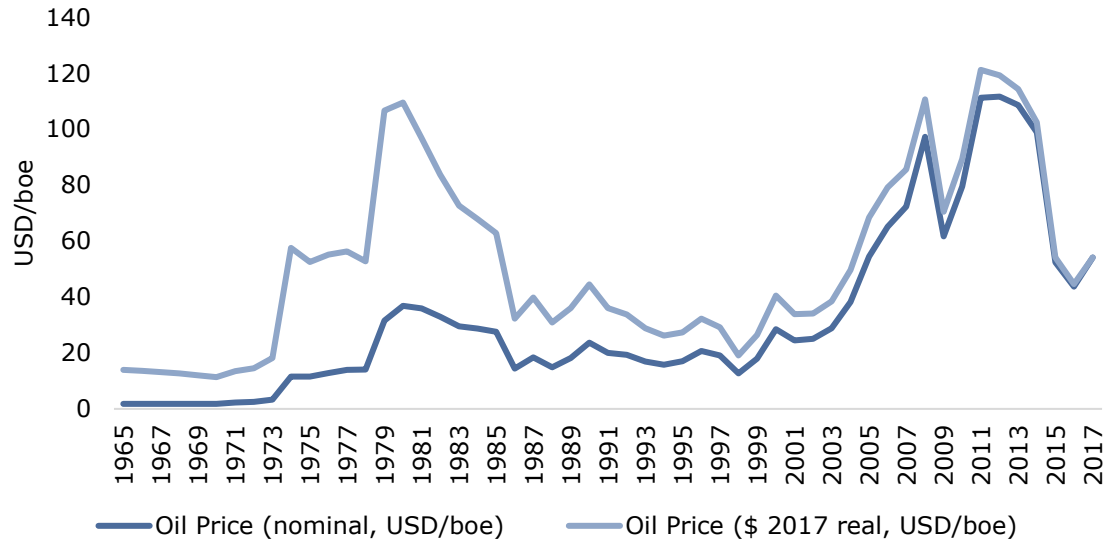
5.3 The oil price

Oil prices traded at all-time high levels (in terms of annual average) for the most of 2011, 2012, 2013 and the first half of 2014. The Brent oil price stayed commonly in a range of USD 100-125/bbl. However, since the summer of 2014, oil prices have declined steeply and Brent reached USD 28/bbl in mid-January 2016. The price decline was a result of high oil prices for an extended period of time, which helped unlock technological breakthroughs in US onshore production, combined with relatively weak global oil demand growth and the return of Libyan production. The prolonged oil crisis resulted in a reduction in upstream investment in 2015 and 2016, respectively 25% and 26%, according to the IEA 2018 Oil Information Overview. This was the first occurrence of two consecutive years of declining investments since the 1980s. In 2016, oil prices remained low and were strongly affected by resilient US producers. The oil price began creeping upwards during 2017 and the Brent oil price reached the USD 60/bbl mark during the third quarter. IEA's World Energy Report 2017 highlights underinvestment in conventional projects and the possibility for a shortfall of new supply post-2020.

In Q1 2018, cold weather in the northern hemisphere contributed to strong demand growth for oil at over 2mb/d, according to the IEA Oil Market Report (July 2018). Saudi Arabia and Russia are continuing to increase output in compliance with the Vienna Agreement. In June 2018, OPEC production reached 31.87 mb/d, a four-month high. IEA's forecast for world oil demand remains unchaged at 1.6 mb/d for both 2018 and 2019. However, geopolitical uncertainty continues to influence the supply side, especially related to Iran and Venezuela. High oil prices combined with a strong dollar are projected to contribute to slower demand growth. Although, reduced economic confidence may weaken demand, supply side risks will mosty likely underpin oil prices moving forward.

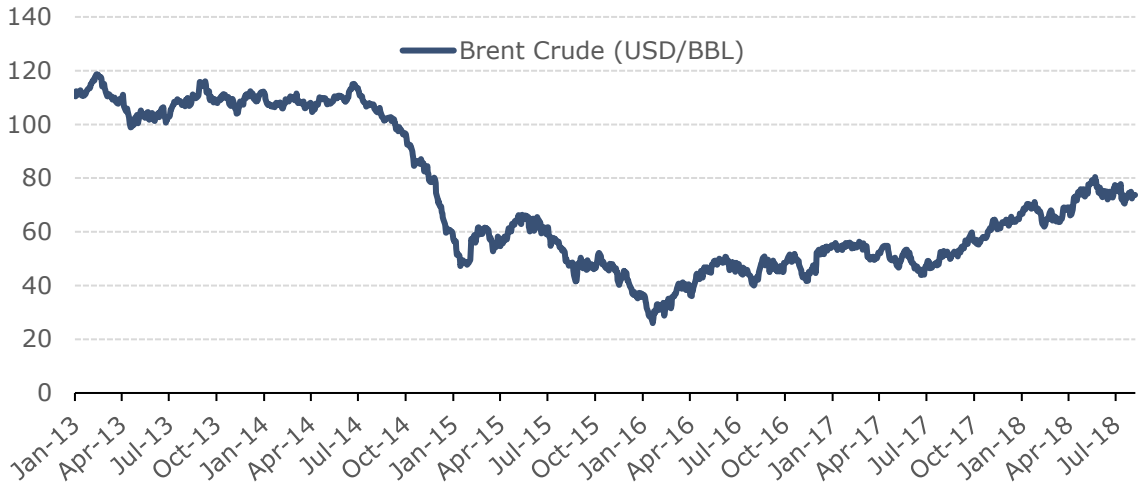
As evidenced by the oil crisis and recent market developments, the oil price is highly dependent on the current and expected future supply and demand of oil. In addition, the oil price is influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators, material economic events and geopolitical events. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the implementation of Organization of Petroleum Exporting Countries ("**OPEC**") and subsequent production policies announced by the organization. The figures below show the historical oil price development from 1965 to 2017, as well as the development in Brent prices from 2013 until today.

Figure: Historical oil price, annual average



Source: BP Statistical Review of World Energy June 2018, publically available information

Figure: Brent oil price, daily from 1 Jan 2013 to 6 August 2018



Source: Factset, publically available information

5.4 Information on Italy

5.4.1.1 Overview of the oil and gas industry in Italy

Italy produces small volumes of natural gas and oil and virtually no coal. Therefore, most of the country's fossil-fuel supplies (as well as a significant share of its electricity) are imported. They are augmented by local

production of energy from renewable sources resulting in an increasing local dependence on imports in recent years.

5.4.1.2 Government policy objectives

In 2013, after more than twenty years, the Italian Government released a new National Energy Strategy. The four main pillars of the National Energy Strategy are:

- fostering the competitiveness of the Italian economic system;
- protecting the environment;
- strengthening the security of energy supply; and
- promoting green economic growth.

Natural gas and other fossil fuels are central elements in the National Energy Strategy policy. Specific measures include the promotion of a competitive natural gas market, the development of a European- integrated electricity market, an increase in the national production of fossil fuels and the restructuring of the downstream oil market.

5.4.1.3 Regulation of the oil and gas industry in Italy

Italy has liberalised its electricity and gas sectors progressively in conformance with EU directives. Transmission and distribution of natural gas and electricity have been unbundled and a regulator, Autorità per l'Energia Elettrica e il Gas, set up to supervise access to networks and to regulate tariffs.

The Italian oil market is fully liberalised, and the Italian Government intervenes only to protect competition or to prevent an abuse of a dominant position.

5.4.1.4 Prices, taxes and support mechanisms in Italy

The prices of all forms of energy except electricity are set freely by the market. Additionally, electricity and gas productions are exempt from VAT for producers, except for the final seller to consumers.

Gas consumers have a choice of supply from incumbent suppliers at regulated tariffs or from alternative suppliers at market rates. The choice is non-binding and consumers can change from one service to another at no additional cost.

In Italy, for onshore permits, the state royalty on production of both oil and gas is a maximum of 10%, with a provision that no royalties are paid on yearly production below 125,000 bbls of oil and approximately 700 MMcf of gas, per field (or approximately 340 bbls/d and 1.9 MMcf/d). At the present time, the Group does not pay any state royalties since all its producing fields fall below the minimum royalty threshold.

Italy applies different rates of VAT and excise tax on energy at the national level. Oil products are subject to excise tax and VAT (at a rate of 22%) for gasoline, diesel, light fuel oil and LPG. Natural gas is subject to an excise tax, VAT and additional taxes at the regional level; together they represent approximately 37.4% of the final price paid by end-consumers. A lower rate of VAT, currently 10%, is applied to sales of natural gas up to 480 cubic metres a year, and 22% for the remaining consumption. Different rates of excise tax are levied on gas according to whether the consumer is a business or a household and to the level of consumption.

5.5 Information on Azerbaijan[1]

5.5.1 Overview of the oil and gas industry in Azerbaijan

Since gaining independence from the USSR in 1991 ("**Azerbaijan's Independence**"), the Republic of Azerbaijan's oil and gas extraction industry has been the major sector of its national economy. Azerbaijan is one of the world's pioneers in the development of oil and gas fields. In 1846, the first oil well was mechanically drilled in Azerbaijan. By 1901, in excess of 50% of the world's oil production derived from Azerbaijan.

Post Azerbaijan's Independence, it continued with the successful development of its oil and gas reserves, and the industry has drawn substantial foreign direct investments. Since early 2014, Azerbaijan's crude oil reserves were estimated to be 7 billion barrels, and natural gas production was estimated at 35 trillion cubic feet.

The majority of the oil and gas production in Azerbaijan is exported. According to Azerbaijan's State Statistical Committee, Azerbaijan exported an estimated 738,000 barrels per day ("bbl/d") of crude oil in 2013. Azerbaijan is now one of the major gas exporters in the region with in excess of 8.5 billion cubic meters of natural gas exported in 2014. There are two main natural gas exporters: (i) SOCAR and (ii) the BP-led consortium of international energy companies.

The Company, which is free to sell/export oil without restrictions, currently sells its oil through the Marketing and Operations Department of SOCAR ("**SOCARMO**"). A related commission of 1% of total sales is payable to SOCARMO.

In the last ten years, Azerbaijan has diversified its oil and gas export routes. It aims to transform Azerbaijan into a major energy corridor, through which energy resources of Central Asia will be transported to European consumers. Exports are made to European and Asian countries, which include Ukraine, Turkey and India. Italy and Israel are the biggest importers of Azerbaijani crude oil. Natural gas is exported to Georgia, Turkey, Russia and Iran through various pipelines.

Azerbaijan intends to increase its export of natural gas to approximately 25 billion cubic meters by 2019. In addition, it intends to expand its exports to the EU by the development of the second stage of the Shah Deniz project. As part of the Shah Deniz project, the consortium of international energy companies intends to build the Trans-Anatolian pipeline ("**TANAP**"), which will pass through Turkish territory and the Trans-Adriatic pipeline ("**TAP**") and will be connected to TANAP to deliver natural gas to Italy through Greece and Albania.

5.5.2 Domestic market structure

The domestic upstream oil and gas market of Azerbaijan is dominated by SOCAR. SOCAR holds statutory exclusive rights for the development and production in Azerbaijan of oil and natural gas. SOCAR is an integrated energy company, which is active in all segments of the domestic oil and gas industry. Its output from upstream oil and gas developments did not however exceed 25% of the total national oil and gas production in 2013. SOCAR additionally owns and operates the only oil refinery and gas refinery in Azerbaijan and manages the domestic oil and gas pipeline system.

Whilst privatisation of these segments of the oil and gas industry is not at this time planned by the Azerbaijani Government, SOCAR has actively engaged with local and foreign private investors in joint ventures for the provision of domestic oil and gas industry services.

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[1] 1 © This information is taken principally from the Country Q&A Guide titled "Oil and Gas Regulation in Azerbaijan: overview" authored by Kamil Valiyev and Rena Eminova. The content was first published in the Energy and Natural Resources Multi-Jurisdictional Guide 2015 and is reproduced with the permission of the publisher, THOMSON REUTERS (PROFESSIONAL) UK LIMITED via PLSclear.

International energy companies participate in the development of oil and gas fields alongside SOCAR's subsidiaries, predominantly under production sharing agreements ("**PSAs**") negotiated and signed with the Government of Azerbaijan represented by SOCAR. Since Azerbaijan's Independence, the Government of Azerbaijan has executed approximately 23 PSAs (including the one with the Company).

5.5.3 Government policy objectives

The Government of Azerbaijan has established a favourable investment environment for foreign investors, the result of which has seen billions of dollars of direct investments in the oil and gas industry in Azerbaijan. In 2014, more than US $5 billion of foreign direct investment was made into the oil and gas sector according to official data. The Azerbaijani Government has also been investing in the industry through the use of state funds.

The State Program for the Development of Fuel and Energy Sector (2005 to 2015) sets out the main objectives of the Azerbaijani Government in this area, and as approved by the Presidential Order No. 635 dated 14 February 2005, the objectives are as follows:

- Determining the minimum directions of the development of the fuel and energy complex of the Republic of Azerbaijan in accordance with modern requirements.
- Carrying out relevant scientific, technical and organisational measures to increase the efficiency of the industry.
- Ensuring the implementation of advanced technological measures for the production, processing, transportation, storage, accounting and consumption of energy resources.
- Establishing a fair competition environment in the fuel/energy sector.
- Attracting more investments for the development of the fuel/energy complex.
- Ensuring ecological security in the fuel/energy complex.
- Ensuring the due payments of consumed fuel/energy resources (that is, electric energy and natural gas).

5.5.4 Regulation of the oil and gas industry in Azerbaijan

Azerbaijan does not have an independent public regulator for the oil and gas sector. The Ministry of Energy carries out the regulatory functions in accordance with regulations approved by Presidential decree and other relevant laws and Presidential acts. The Ministry of Energy is required to supervise, and is entitled to issue special permits for, the exploration, exploitation, production, processing, storage, transportation, distribution and use of energy materials and products, which includes oil and natural gas. Additionally, upon authorisation by the President of Azerbaijan, the Ministry of Energy is able to prepare, negotiate and execute agreements for the production of hydrocarbon resources, (for example, PSAs) and also supervise their implementation.

SOCAR has an active role in the oil and gas sector to represent the interests of the state. Through the preparation, negotiation and implementation of the vast majority of PSAs, SOCAR has been acting as a sole representative of the Azerbaijani Government, and substantially contributing to the regulation of foreign oil and gas companies' activities in Azerbaijan. SOCAR also actively participates in the Azerbaijani Government's policy-making activities in the oil and gas sector.

There are other ministries and state bodies in Azerbaijan that indirectly regulate the oil and gas industry. These include:

- Ministry of Emergency Situations – This ministry has authority for ensuring technical safety at any oil and gas operations that are potentially hazardous. This ministry issues licenses for certain activities in

the oil and gas industry, such as for the installation and operation of natural gas facilities, and the construction of drilling facilities. This ministry also carries out the certification of installations and equipment which are used in potentially hazardous objects in the oil and gas industry.

- Ministry of the Labor and Social Protection of Population – This ministry has the overall responsibility to ensure compliance with the requirements in relation to the health and protection of labour by employers who are engaged in oil and gas activities.

- Ministry of Ecology and Natural Resources – This ministry supervises compliance of oil and gas activities with environmental regulations and standards.

There are numerous laws which regulate oil and gas extraction activities, and which have been adopted since the first years of independence. Additionally, there are two basic regulatory regimes that are applicable to oil and gas exploration and production in Azerbaijan:

- Regulatory regime established under the Law on Energy ("**Energy Law**") and implemented through energy contracts.

- Ad hoc regimes established by specific PSAs.

Energy Law in Azerbaijan regulates the exploration, extraction, distribution, transportation and storage of oil and gas. In order to engage in these activities, both individuals and legal entities are required to obtain a special permit, and also enter into an energy contract with the Ministry of Energy or SOCAR.

As a general rule, all PSAs which are executed by SOCAR on behalf of the Azerbaijani Government are enacted as laws after being executed. A PSA sets out an ad hoc regulatory regime for oil and gas operations carried out on the specific field which is developed under the PSA. The PSA generally regulates:

- the ownership of the oil and gas and assets;

- health, safety and environmental compliance;

- taxation;

- import/export operations; and

- any profit sharing mechanisms.

5.5.5 Rights to oil and gas

The Constitution of the Republic of Azerbaijan states that natural resources belong to the state of Azerbaijan, without prejudice to the rights and interests of any individuals or legal entities. The Energy Law (and subsoil law) provides for the state's exclusive rights of ownership over oil and gas resources.

Rights over land do not involve subsoil rights over oil and gas reserves which are found below the land. The transfer of ownership of oil and gas from the state to private parties is only possible post extraction.

Rights for the exploration, development and production of oil and gas are able to be granted in accordance with the specific type of energy contract, which are awarded to contractors by way of tenders or direct negotiations. Contract such as these are in essence services contracts which are executed between the contractor and the Ministry of Energy or SOCAR. Rights under an energy contract are required to be registered with the Ministry of Energy. Contractors need to also obtain special permits from the Ministry of Energy for engaging in energy activities (including the exploration, development and production of oil and gas). The provisions relating to the protection of environment of contracts for the use of natural resources become effective once approved by the Ministry of Environment and Natural Resources.

Some licensing requirements apply to certain business activities which are associated with oil and gas operations, for example the sale of oil and gas products, the installation and operation of facilities for liquid and natural gas, mining and drilling works and the transportation of dangerous goods (including oil, certain oil products and gas).

Contractors are required to pay specific license fees for engaging in licensable oil and gas activities. The fees can range from AZN150 to AZN11,000. Additionally, payment of taxes is required from contractors and SOCAR in accordance with the tax regime established by the Tax Code of the Republic of Azerbaijan for non-PSA oil and gas activities. In regard to PSA oil and gas activities, certain PSAs will require contractors to pay bonuses to the Government of Azerbaijan which may be conditional on specific events occurring, such as the PSA becoming effective, approval of the development program, or the production of oil or gas reaching certain levels. Contractors must also pay taxes in accordance with the individual tax regime established under the PSA.

5.5.6 Restrictions

There are no restrictions set out in the Energy Law for obtaining licenses or entering into energy contracts for private local and foreign companies and individuals. There are however certain restrictions which are set out by the Azerbaijani President. The production and processing of oil, oil products and natural gas is only capable of being conducted by state enterprises and joint stock companies with a controlling state shareholding. It is possible for enterprises and organisations (for example, SOCAR) which are established by a Presidential decree to engage in a business funded by the state (and in other cases specified by law) to engage in such business without obtaining a license.

Contractors must also return the area located outside the disclosed commercial discovery to the state. Contractors which are producing oil or gas under energy contracts must also sell a certain portion of their production at world market prices to the state on request for domestic consumption needs.

5.5.7 Transportation by pipeline

The right to develop and operate master energy transportation systems, which includes trunk pipelines, is granted to individuals and legal entities by the execution of an energy contract with the Ministry of Energy or SOCAR.

The requirements for providing gas transportation services by pipelines are set out in the Law on Gas Supply. They are similar to those under the Energy Law.

The energy contract may additionally grant:

- the right to build and operate auxiliary infrastructures (for example, for storage);
- ownership over such infrastructures; and
- the right to transfer the use of infrastructures.

The energy contract is signed for a 20-year term and can be renewed for ten further years. Export and import of third party gas by pipeline agreements become effective upon their approval by the Cabinet of Ministers pursuant to the Law on Gas Supply.

The Government of Azerbaijan has signed host government agreements ("HGAs") with a consortium of international oil and gas companies for the construction and operation of pipelines which are to be used for the export of oil or gas resources developed together with these companies. The HGAs grant certain absolute and unrestricted rights to investors, in connection with the construction and operation of the pipelines. Additionally, energy agreements on master energy transportation systems have to take into consideration competition among the producer of energy materials (including oil and gas and their products). Third party access is required to be

granted if the pipeline is operated on an exclusive basis. The oil and gas producer operating the pipeline on an exclusive basis has to grant unused pipeline capacity to interested third parties. Transportation of the third party's oil or gas must not however hinder the transportation of oil and gas owned by the pipeline owner/operator.

5.5.8 Health, safety and the environment

5.5.8.1 Introduction

There are several laws and other normative acts that regulate the health and safety requirements applying to upstream and midstream oil and gas activities. The main laws of note are set out below in this Section.

5.5.8.2 Law on Technical Safety of the Republic of Azerbaijan, dated 8 June 1999

This law defines oil and gas production facilities and trunk pipelines for the transportation of oil and gas as potentially hazardous production facilities. The law imposes certain obligations on both individuals and legal entities who are exploiting such facilities. These persons are required to comply with all legislation, legal acts, standards, requirements and orders related to the exploitation of these facilities. Users of such facilities are by default liable for any accident or incident which takes place on the facilities.

5.5.8.3 Law on Protection of the Environment of the Republic of Azerbaijan, dated 2 November 1999

This law aims to ensure environmental safety, prevent negative impact of business and other activities on nature and protect biodiversity. This law sets out the rights and obligations of state authorities and businesses, and environmental requirements in relation to the use of natural resources and the development, construction and exploitation of energy and transportation facilities.

5.5.8.4 Labour Code, dated 1 February 1999

The Labour Code regulates the occupational health and safety regime in the workplace. The Labour Code provides that the owner of the enterprise and employer are responsible directly for compliance with both occupational health and safety rules and regulations. Owners and contractors (as employers) of upstream or midstream facilities may be held liable for violations of the rules and any injuries of employees resulting from non-compliance with the rules.

Most PSAs set out specific health and environmental standards. Contractors are required to develop jointly with SOCAR and the Ministry of Environment and Natural Resources safety and environmental protection standards and practices to regulate their operations. Contractors are required to comply with general Azerbaijani laws and regulations on public health, safety and environment, to the extent that these laws and regulations are no more stringent than international standards.

Under HGAs, participants to the pipeline projects are required to comply with the health and safety standards that are customary in international petroleum transportation projects.

5.5.9 Environmental impact assessments

On receipt of an application to enter into an energy contract, the Ministry of Energy or SOCAR is required to arrange an environmental impact assessment ("EIA") of the operations over the relevant territory. The EIA has to be completed by independent experts.

The EIA is mandatory for PSAs. The terms of the EIA are agreed with the Azerbaijani Government as part of the development program and serve as a basis for developing the environmental protection standards which apply to the specific upstream project. As a general rule, EIAs under PSAs are completed by independent international consultants. The conclusions of EIAs which are conducted under PSAs must be acceptable to SOCAR. There are no statutory period limitations for the implementation of EIAs and the procedures for the implementation of EIAs are not regulated.

Costs which are associated with the EIAs are covered by the applicant to the energy contract.

5.5.10 Environmental permits

Individual entrepreneurs and companies which are engaged in the upstream and midstream oil and gas sector are subject to a variety of environmental requirements that relate to (inter alia) air emissions, water use and disposal, and waste management. The main law in this field is the Law on Protection of Environment.

Businesses have to secure the below listed approvals and permits before they can commence oil and gas operations:

- a positive opinion of the Ministry of Environment and Natural Resources issued as a result of the EIA;
- an environmental examination conducted by the Ministry of Environment and Natural Resources; and
- an environmental passport and passport of hazardous wastes approved by the Ministry of Environment and Natural Resources.

5.5.11 Decommissioning

Contractors are required to transfer the installations and equipment to the state or new contractors free of charge, in accordance with the energy contract. The energy contract has to include a rehabilitation plan which is approved by SOCAR or the Ministry of Energy, which the contractor is required to implement before the contract expires. In addition, the contractor has to establish a rehabilitation fund to finance the works. The contractor is only able to remove or dispose of its fixed assets after completion of the rehabilitation works.

PSAs regulate the decommissioning obligations of contractors in further detail. The PSAs contain provisions on the abandonment fund that contractors have to establish to finance the abandonment of fixed assets used for oil and gas operations and set out the rules on the contractors' abandonment plan.

5.5.12 Sale and trade

There are separate wholesale and consumer markets. Whilst there are no statutory limitations, wholesale and retail sales of oil and gas remain largely under the control of the SOCAR and are regulated by the Azerbaijani Government. The Azerbaijani Government has been considering liberalising and privatising the retail oil and gas market in recent years.

The general export regime is applicable to the export of oil and gas that is not produced under PSAs. Oil and gas which is produced under PSAs are exempt from foreign trade regulations that prohibit, limit and restrict import and export, and country of origin rules.

A contractor is able to freely determine market prices, unless the legislation provides otherwise. Oil and natural gas are however included in the list of goods, services and works that are subject to price regulation by the Azerbaijani Government. The Tariff Council is responsible for price regulation in Azerbaijan and regulates prices of:

- domestic wholesale and retail sales of oil, oil products and gas;
- services relating to the transportation of oil and natural gas through pipelines; and
- services for the storage and distribution of natural gas.

Prices of oil and gas sold in foreign markets are not however regulated.

Unlike other oil producing countries, no royalties are paid in Azerbaijan. However, a tax on profits of between 25% and 32% is typically payable.

5.5.13 Enforcement of regulation

In accordance with the Energy Law, the Ministry of Energy is able to adopt mandatory rules that apply to the oil and gas industry. Additionally, the Ministry can issue specific orders to oil and gas producers relating to the implementation and enforcement of relevant legislation. The Ministry can impose administrative sanctions in cases of violations of oil and gas legislation and also has the power to suspend the special permits and licences issued to businesses which are engaged in oil and gas activities. Additionally, the Ministry can impose fines for failure to comply with obligations which are set out in the relevant laws.

Regulators' decisions can be contested that do not comply with substantive or procedural requirements before the administrative-economic court or a district (city) court. Appeals are required to be made within 30 days from the date of official notification of the decision to the appellant.

6 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

6.1 Board of directors

The Directors believe the Board comprises a knowledgeable and experienced group of professionals with relevant experience for sourcing, evaluating, structuring and executing the business strategy of the Company. The Board will have full responsibility for its activities.

6.1.1 Overview of the Board of Directors

The names and positions and current term of office of the Directors as at the date of this Admission Document are set out in the table below.

Name	Position	Served since	Term expires[1]	Shares
Jose Ramon Lopez-Portillo	Chairman	2008	AGM 2019	48,000
Andrea Cattaneo	Board Member	2008	AGM 2019	17,672,933
Luigi Regis Milano	Board Member	2008	AGM 2019	2,486,932
Dario Ezio Sodero	Board Member	2009	AGM 2019	77,500
Erik Sture Larre	Board Member	2011	AGM 2019	4,334,068
Saadallah Al-Fathi	Board Member	2017	AGM 2019	-
Sergey Borovskiy	Board Member	2017	AGM 2019	-

1 Unless the Director's office is earlier vacated in accordance with the provisions of the Business Corporations Act (British Columbia) , each Director elected will hold office until the conclusion of the next Annual General Meeting of the Company, or if no director is then elected, until a successor is elected.

6.1.2 Brief biographies of the Directors

Jose Ramon Lopez-Portillo ***(Non-Executive Chairman, aged 64)***

Jose Lopez-Portillo has been Managing Director and then Chairman of the Board since 24 September 2007. He is an economist with a large network of business contacts worldwide, and who previously served as Mexican Permanent Representative in Rome, Italy. Mr Lopez- Portillo is a leading researcher in the energy security of Mexico and acts as Deputy Minister at Mexico's Planning and Budget Secretariat. Mr Lopez-Portillo holds a Doctorate degree in Political Sciences and International Relations from the University of Oxford.

Andrea Cattaneo Della Volta Cattaneo Adorno ***(President and Chief Executive Officer, aged 62)***

Andrea Cattaneo is an energy specialist with a focus on emerging countries and has 30 years' experience in advising governments in financial, industrial and energy-related matters. Mr Cattaneo has strong expertise and experience in structuring and negotiating contracts in the international markets, particularly in the oil industry, and also in the management of oil fields. He also has significant experience in former socialist countries and in 1985 he arranged the first US$ loan to Vietnam, the then third poorest county in the world. Separately, Mr Cattaneo is a Partner of the Bolsa de Comercio de Buenos Aires (BCBA), the Buenos Aires Stock Exchange and was previously a member of the Business Advisory Council to the Great Tumen Initiative, a United Nations project for regional economic cooperation in Northeast Asia. He is a member of the Steering Committee of IADC (International Association Drilling Companies) Caspian Chapter and a non-executive Director of the Anglo-Azerbaijan Society. He has been a Director of the Company since 9 December 2008 and has served as President and CEO of the Company since 2009.

Luigi Regis Milano ***(Executive Director, aged 81)***

Regis Milano was appointed as Director of the Company on 24 September 2008 and served as Chief Financial Officer from 28 November 2012 until 7 March 2016. He is also currently Managing Director of the Company's Italian subsidiary, Canoel Italia Srl. He has a strong background in petroleum chemistry, having developed an extensive network of relationships within the European and global oil industry over the course of more than 60

years' experience. He has acted as executive director for a large trading company specialising in crude oil and petroleum products, and also as executive director of a large European refinery. He is currently a director and part owner of an Italian oil refinery (and has been since 2000).

Dario Ezio Sodero ***(Non-Executive Director, aged 76)***
Dario Sodero was appointed to the Board on 24 June 2009. As an experienced energy industry executive with almost 50 years of experience in North America, the Sub-Arctic, North Africa and the Middle East, Mr. Sodero has strong geological, exploration and technical expertise. Mr Sodero is a director of Rockbridge Resources Inc., a TSXV publicly traded oil and natural gas company, since January 2011, and has formerly acted as director and executive of several other TSX and TSXV-listed exploration and production companies. Mr Sodero holds a Doctorate degree in Geology from the University of Turin, Italy.

Erik Sture Larre ***(Non-Executive Director, aged 55)***
Erik Larre has been a Director of the Company since 22 March 2011. Mr Larre specialises in real estate, banking and finance matters, and also has experience in the oil and gas industry. Mr Larre has strong business connections internationally and in particular within the Nordic business community. Mr Larre is a director of several real estate companies around the world and has acquired wide geographical experience in countries in Eastern and Southern Europe and the Middle East. Mr Larre holds a Master's degree in Civil Engineering from the Polytechnic University of Milan, Italy and speaks six languages.

Saadallah Al-Fathi ***(Non-Executive Director, aged 78)***
Saadallah Al-Fathi served as Head of the Energy Studies Department, Organization of Petroleum Exporting Countries (OPEC) in Vienna, Austria as well as OPEC Representative to the Executive Council of the World Energy Council and Member of its Studies and Developing Countries Committee. Following these high-profile institutional positions Mr Al-Fathi has served as an advisor to several government and private entities as well as establishing himself as an award- winning oil and gas industry researcher and columnist. Mr Al-Fathi has authored a number of research papers on the oil & gas sector and was recently joint winner of the 2016 scientific research award of the Organization of the Arab Petroleum Exporting Countries.

Sergey Borovskiy ***(Non-Executive Director, aged 45)***
Sergey Borovskiy has over 25 years of experience in business management in China and Hong Kong. He has lived and worked in China since 1991 and is fluent in Russian, English and Mandarin. He is CEO of Sanju Environmental Protection (Hong Kong) Limited, overseeing the international projects of controlling shareholder Sanju Group (sanju.cn), a company specialised in energy purification and environmental protection technologies listed on the Shenzen Stock Exchange. He is CEO and Chairman of General Transactions Inc., an oil & gas consulting, engineering, trading, seismic research and exploration services company. Sergey also serves as Chairman of the Board of Directors at Petro Chemical Solutions and South China Heavy Industries Group. Sergey Borovkiy studied in both China and Russia and holds a degree in economics.

6.2 Management

6.2.1 Overview

The Company's senior management team consists of two individuals. The names of the members of Management as at the date of this Admission Document, and their respective positions, are presented in the table below:

Name	Position	Employed since	Shares
Andrea Cattaneo	Chief Executive Officer	2009	17,672,933
Luca Benedetto	Chief Financial Officer	2013	-

6.2.2 Brief biographies of the members of Management

Andrea Cattaneo Della Volta Cattaneo Adorno ***(President and Chief Executive Officer, aged 62)***
Please see description above under Section 6.1.2 "Brief biographies of the members of the Board of Directors".

Luca Benedetto ***(Chief Financial Officer, aged 47)***

Luca Benedetto is an Italian national, trained in Italy as a registered accountant with further education in IFRS accounting and consolidation at IPSOA Milan. He has more than twenty-five years of accounting, auditing and financial administration experience. Mr Benedetto began his professional career as an accountant and computer programmer responsible for financial software development and worked for the Italian division of IBM as an internal auditor and accountant as well as providing staff training in these aforementioned fields.

Mr Benedetto also served for seven years as a financial and administrative officer in a well- established Italian company specializing in the construction of fuel and water storage tanks. Among other tasks, his responsibilities included maintaining and developing relationships with many international and Italian oil majors such as Exxon, Shell, IP, AGIP, API, and ERG.

Mr Benedetto joined the Group in 2013 as Chief Financial Officer of the Company's Italian subsidiary, Canoel Italia Srl., and has since progressed to also hold the position of Group Financial Controller. He was appointed Group Chief Financial Officer in April 2017.

6.2.2.1 Share option plan

The Group has a share option plan (the "Plan") for the benefit of directors, employees and consultants. The maximum number of shares available under the Plan is limited to 10% of the issued and outstanding common shares at the time of granting options. Granted options are fully vested on the date of grant, at which time all related share based payment expense is recognized. Share options expire five years from the date of granting.

During November 2016, there were 6,000,000 options granted to Zenith's officers, directors, employees and consultants. Each option entitles the holder to acquire one Common Share for $0.10 per share for the period ending 31 March 2021. These were also valued using the Black Scholes model. The inputs to the calculation were as follows; stock price of CAD$0.07, exercise price of CAD$0.10, volatility of 100% and a monthly risk-free rate of 0.53%.

On 22 February 2017, the Group announced that Luigi Regis Milano has announced the intention to exercise his stock options to purchase 1,000,000 Common Shares in the capital of the Group at a price of CAD$0.10 per Common Share and a total cost of CAD$100k.

On 17 May 2017, the Group granted additional Options to certain of its Directors and employees to acquire a total of 2,750,000 Common Shares pursuant to its Stock Option Plan. Each Option granted entitles the relevant holder to acquire one Common Share for an exercise price of CAD$0.15 per Common Share. The expiry date of the Options is the date falling five years from the date of grant, being 17 May 2022.

On 25 May 2017, the Group announced that following the Group's announcement on 22 February 2017 that Luigi Regis Milano had exercised an option to acquire 1,000,000 new Common Shares in the capital of the Group, the new Common Shares have been issued on 23 May 2017 following confirmation by this Director of the custodian to whom they should be issued.

On 27 September 2017 the Company announced that a Director of the Company had exercised part of his stock options to purchase 1,000,000 Common Shares in the capital of the Company at a price of CAD$0.10 per Common Share, and a total cost of CAD$100k.

On 23 November 2017 the Company announced that Andrea Cattaneo had exercised part of his stock options to purchase 2,000,000 new Common Shares at an exercise price (the "Stock Options Price") of CAD$0.10 (approximately £0.059) per new Common Share and at a total cost of CAD$200k (approximately £118k).

On November 29, 2017 the Company granted additional options to certain of its Directors and employees to acquire a total of 2,000,000 common shares in accordance with Zenith's Stock Options Plan. Each stock option entitles the relevant holder to acquire one common share for an exercise price of CAD$0.175 per common share. The expiry date of the options is the date falling five years from the date of grant, being November 29, 2022.

On April 3, 2018 the Board of Directors resolved to grant its directors, certain employees and consultants a total of 10,500,000 stock options (the "Options"), in accordance with the Company's Stock Option Plan. The exercise price of the Options was equivalent to the Company's TSXV closing price of March 26, 2018, being CAD$0.12 (approximately £0.067). The Options are fully vested and have the duration of five years from the date of granting.

As at the date of this document the Group has 14,600,000 stock options outstanding (relating to 14,600,000 shares) and exercisable at a weighted average exercise price shown on the table above per share with a weighted average life remaining of 4 years.

Type	Grant Date	Number of options	Exercise price per unit CAD$	Expiry Date
Stock options	November 2016	1,100,000	0.10	November 2021
Stock options	May 2017	1,000,000	0.15	May 2022
Stock options	November 2017	2,000,000	0.18	November 2022
Stock options	April 2018	10,500,000	0.12	April 2023
		14,600,000		

6.3 Benefits upon termination

No employee, including any member of Management, has entered into employment agreements which provide for any special benefits upon termination. None of the Directors has a service contract and none will be entitled to any benefits upon termination of office.

6.4 Loans and guarantees

The Company has not granted any loans, guarantees or other commitments to any of its Board Members or to any other member of Management.

6.5 Employees

As at 30 September 2018, the Company and its subsidiaries had 208 full time employees based in its offices in London in the UK, Baku in Azerbaijan and Genoa in Italy.

The daily operations and maintenance of producing fields in Italy are managed, on behalf of Canoel Italia S.r.l., by a leading service company that employs more than 12 work units for the management of the wells. These numbers are not included in the roster of the Company’s employees.

6.6 Corporate governance

The Company currently complies with the corporate governance regime applicable to the Company pursuant to the laws of British Columbia, the securities law in Canada and the standard segment of the Official List. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Company’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

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

The Board has established an audit committee, a remuneration committee and a corporate governance committee with formally delegated duties and responsibilities.

6.6.1 Audit committee

The Audit Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Erik Larre and is chaired by Dario Sodero. The Audit Committee meets at least four times a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Company is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing the effectiveness of the Company's internal control review function and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors. The Audit Committee will have unrestricted access to the Company's external auditors. The ultimate responsibility for reviewing and approving the annual reports and accounts and the interim reports remains with the Board. The Audit Committee will give due consideration to laws and regulations and the requirements of the Listing Rules. The Company has an Audit Committee Charter.

6.6.2 Remuneration committee

The Remuneration Committee comprises Jose Ramon Lopez-Portillo, Dario Sodero and Saadallah Al-Fathy and is chaired by Jose Ramon Lopez-Portillo. It meets not less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining the Company's policy on the remuneration packages of the Company's chief executive, the chairman, the executive and non-executive directors, the Company secretary and other senior executives. The Remuneration Committee also has responsibility for (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; (ii) approving and recommending to the Board and the Company's Shareholders the total individual remuneration package of the chairman, each executive and non-executive director and the chief executive officer (including bonuses, incentive payments and share options or other share awards); and (iii) approving and recommending to the Board the total individual remuneration package of all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Company's remuneration policy and in consultation with the chairman of the Board and/or the chief executive officer. No Director or manager may be involved in any discussions as to their own remuneration.

6.6.3 Corporate governance committee

The Corporate Governance Committee comprises Sergey Borovskiy, Dario Sodero and Jose Ramon Lopez-Portillo and is chaired by Sergey Borovskiy. It meets not less than once a year and at such other times as required. The Corporate Governance Committee will ensure that the Company has in place sufficient procedures, resources and controls to enable it to comply with its continuing obligations as a company admitted to the Standard Segment of the Official List. The Corporate Governance Committee will also monitor the Company's procedures to approve (a) announcements to ensure that the information disclosed by the Company is timely, accurate, comprehensive and relevant to the business of the Company and (b) any share dealings by directors or employees or announcements made by the Company to ensure compliance with the Company's policies and regulations to which the Company is subject from time to time.

6.7 Conflicts of interests etc.

Save as set out below and as at the date of this Admission Document, none of the Directors and members of the Management has, at any time within the last five years:

- had any convictions in relation to fraudulent offences;
- been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or senior management of any company or other entity;
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies); or

- ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Andrea Cattaneo was appointed as a director of PEX Plc on 20 December 1995, a company listed on the main market of the London Stock Exchange, manufacturing socks, holder of the brands Pex and Bridgedale. Following a severe deterioration of the market in which PEX Plc operated, on 5 November 1999 PEX Plc was placed into administration ultimately resulting in its insolvent liquidation.

Certain Directors of the Company are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies set out in the Articles and the Business Corporations Act (British Columbia). Save as set out below, as at the date of this Admission Document there are no potential conflicts of interest between any duties owed by the Directors or members of the Management and their private interests or other duties:

- Luigi Regis Milano is a director do DPL Raffineria S.r.l., a company which operates in the oil and gas sector; and
- Dario Sodero is the is the President and sole director of Planaval Resources Ltd, and a director of RockBridge Resources Inc., two oil and gas companies.

7 SELECTED FINANCIAL AND OTHER INFORMATION

7.1 Introduction and basis for preparation

The following selected financial information has been derived from the Company's unaudited consolidated interim financial statements as at, and for the three month periods ended, 30 June 2018 and 2017 (the Interim Financial Statements) and the Company's audited consolidated financial statements as at, and for the financial years ended, 31 March 2018 and 2017 (the Financial Statements). The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), while the Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU (IAS 34). The Financial Statements have been audited by PKF Littlejohn LLP, as set forth in their reports incorporated by reference, see Section 11.2 "Incorporation by reference". The Interim Financial Statements have not been audited.

The selected financial information included herein should be read in connection with, and is qualified in its entirety by reference to the Financial Information incorporated by reference hereto, see Section 11.2 "Incorporation by reference".

7.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, see note 3 of the Financial Statements as at, and for the financial year ended, 31 March 2018, incorporated by reference hereto, see Section 11.2 "Incorporation by reference".

7.3 Selected statement of comprehensive income

The table below sets out selected data from the Company's unaudited consolidated interim income statement and statement of comprehensive income for the three month periods ended 30 June 2018 and 2017 and from the Company's audited consolidated statements of income and consolidated statements of comprehensive income for the financial years ended 31 March 2018 and 2017.

Continuing operations	**Year ended**	
	31 March 2018	**31 March 2017**
	CAD $'000	**CAD $'000**
Revenue	5,019	4,424
Cost of sales		
Production costs	(5,160)	(3,033)
Depletion and depreciation	(2,221)	(1,299)
Gross (loss)/profit	**(2,362)**	**92**
Administrative expenses	(6,767)	(4,155)
Operating loss	**(9,129)**	**(4,063)**
Fair value movements	-	427
Gain on business combination	-	578,995
Impairment	-	(2,985)
Finance expense	(789)	(633)
(Loss)/profit for the year before taxation	**(9,918)**	**571,741**
Taxation	-	-
(Loss)/profit for the year from continuing operations	**(9,918)**	**571,741**
(Loss)/profit from discontinued operations net of tax	-	(4,363)
(Loss)/profit for the year	**(9,918)**	**567,378**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		

Continuing operations	Year ended	
	31 March 2018	31 March 2017
	CAD $'000	CAD $'000
Exchange differences on translating foreign operations, net of tax	422	1,595
Other comprehensive income for the year, net of tax	**422**	**1,595**
Total comprehensive (loss)/income for the year attributable to owners of the parent	**(9,496)**	**568,973**

Continuing operations	Three months ended	
	30 June 2018	30 June 2017
	CAD $'000	CAD $'000
Revenue	1,881	1,667
Cost of sales		
Production costs	(778)	(903)
Depletion and depreciation	(399)	(325)
Gross profit	**704**	**439**
Administrative expenses	(3,160)	414
Operating (loss) / profit	**(2,456)**	**853**
Impairment	-	-
Finance expense	(166)	(162)
(Loss)/profit for the period before taxation	**(2,622)**	**691**
Taxation	(1)	-
(Loss)/profit for the period	**(2,623)**	**691**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translating foreign operations, net of tax	10,066	(376)
Total comprehensive income for the period attributable to owners of the parent	**7,443**	**315**

7.4 Selected statement of financial position

The table below sets out selected data from the Company's unaudited consolidated interim statement of financial position as at 30 June 2018 and 2017 and from the Company's audited consolidated statement of financial position as at 31 March 2018 and 2017.

	Financial year ended	
	31 March 2018	31 March 2017
	CAD $'000	CAD $'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,077,445	1,072,933
Other financial assets	441	401
	1,077,886	**1,073,334**
Current assets		
Inventory	177	138
Trade and other receivables	1,908	1,700
Cash and cash equivalents	2,497	3,924
	4,582	**5,762**
TOTAL ASSETS	**1,082,468**	**1,079,096**

	Financial year ended	
	31 March 2018	31 March 2017
	CAD $'000	CAD $'000
EQUITY AND LIABILITIES		
Share capital	22,792	17,229
Share warrants & option reserve	875	1,877
Contributed surplus	3,390	2,332
Retained earnings	544,837	554,009
Total equity	**571,894**	**575,447**
Non-current liabilities		
Loans	4,949	4,527
Deferred consideration payable	483,616	484,034
Non-convertible bond	-	385
Decommissioning provision	9,140	7,980
Deferred tax liabilities	2,398	2,398
Total non-current liabilities	**500,103**	**499,324**
Current Liabilities		
Trade and other payables	9,238	2,912
Loans	237	973
Deferred consideration payable	589	440
Non-convertible bond	407	-
Total current liabilities	**10,471**	**4,325**
TOTAL EQUITY AND LIABILITIES	**1,082,468**	**1,079,096**

	Three months ended	
	30 June 2018	30 June 2017
	CAD $'000	CAD $'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,095,419	1,072,760
Capitalised expenses	-	1,692
Other financial assets	426	435
	1,095,845	**1,074,887**
Current assets		
Inventory	187	216
Trade and other receivables	4,544	1,662
Cash and cash equivalents	3,170	2,737
	7,901	**4,615**
TOTAL ASSETS	**1,103,746**	**1,079,502**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	26,484	17,382
Share warrants & option reserve	1,653	1,704
Contributed surplus	3,583	2,232

	Three months ended	
	30 June 2018	30 June 2017
	CAD $'000	CAD $'000
Retained earnings	552,280	554,324
Total equity	**584,000**	**575,642**
Non-current liabilities		
Loans	4,280	2,578
Deferred consideration payable	492,098	484,034
Non-convertible bond	-	385
Decommissioning provision	8,879	7,980
Deferred tax liabilities	2,398	2,398
Total non-current liabilities	**507,655**	**497,375**
Current Liabilities		
Trade and other payables	10,314	2,954
Loans	874	3,091
Deferred consideration payable	513	440
Non-convertible bond	390	-
Total current liabilities	**12,091**	**6,485**
TOTAL EQUITY AND LIABILITIES	**1,103,746**	**1,079,502**

7.5 Selected statement of cash flow

The table below sets out selected data from the Company's unaudited consolidated interim statement of cash flows for the three month periods ended 30 June 2018 and 2017 and from the Company's audited consolidated statement of cash flows for the financial years ended 31 March 2018 and 2017.

	Financial year ended	
	31 March 2018	31 March 2017
	CAD $'000	CAD $'000
OPERATING ACTIVITIES		
(Loss)/profit for the year before taxation	(9,918)	571,741
Shares issued for services	241	280
Shares issued for accrued interest	-	234
Options/warrants charge	487	-
Gain on sale of marketable securities	-	(4)
Foreign exchange	129	1,780
Gain on conversion of convertible notes	-	(658)
Fair value adjustment on derivative liability	-	236
Depletion and depreciation	2,221	1,299
Gain on business combination	-	(578,995)
Impairment of property, plant and equipment	-	2,985
Other expense	-	290
Finance expense	789	220
Change in working capital	5,621	(867)
Net cash outflows from operating activities	**(430)**	**(1,459)**
INVESTING ACTIVITIES		
Proceeds on sale of marketable securities	-	11
Cash on disposal of subsidiary	-	1

	Financial year ended	
	31 March 2018	31 March 2017
	CAD $'000	CAD $'000
Purchase of property, plant and equipment	(5,971)	(413)
Net cash flows used in from investing activities	**(5,971)**	**(401)**
FINANCING ACTIVITIES		
Repayment of notes payable	-	(105)
Proceeds from issue of shares, net of transaction costs	2,790	6,338
Proceeds from exercise of options	2,532	100
Fair value of options exercised	(107)	-
Decretion of bonds	(5)	-
Repayments of loans	(369)	(1,322)
Proceeds from loans	133	699
Net cash flows generated from financing activities	**4,974**	**5,710**
Net cashflow from discontinued operations	**-**	**(59)**
Net (decrease)/increase in cash and cash equivalents	(1,427)	3,791
Foreign exchange effect on cash held in foreign currencies	-	(5)
Cash and cash equivalents at beginning of year	**3,924**	**138**
Cash and cash equivalents at end of year	**2,497**	**3,924**

	Three months ended	
	30 June 2018	30 June 2017
	CAD $'000	CAD $'000
OPERATING ACTIVITIES		
(Loss)/profit for the period before taxation	(2,623)	691
Options/warrants charge	971	-
Foreign exchange	(8,173)	(561)
Depletion and depreciation	399	325
Capitalization of expenses	-	(1,781)
Finance expense	166	162
Change in working capital	6,042	32
Net cash outflows from operating activities	**(3,218)**	**(1,132)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(98)	-
Disposal of property, plant and equipment	124	-
Net cash inflows from investing activities	**26**	**-**
FINANCING ACTIVITIES		
Proceeds from issue of shares, net of transaction costs	3,692	-
Fair value of options exercised	-	153
Repayments of loans	(67)	(208)
Proceeds from loans	-	-
Net cash flows generated from financing activities	**3,625**	**(55)**
Net increase/(decrease) in cash and cash equivalents	433	(1,187)
Foreign exchange effect on cash held in foreign currencies	-	-
Cash and cash equivalents at beginning of period	**2,737**	**3,924**
Cash and cash equivalents at end of period	**3,170**	**2,737**

7.6 Selected statement of changes in equity

The table below sets out selected data from the Company's audited consolidated statement of changes in equity for the financial years ended 31 March 2018 and 2017 and its unaudited consolidated interim statement of changes in equity for the three month period ended 30 June 2018.

	Attributable to equity holders of the parent				
	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
	CAD $'000	CAD $'000	CAD $'000	CAD$'000	CAD $'000
Balance as at 1 April 2016	**9,578**	**1,510**	**2,232**	**(15,598)**	**(2,278)**
Profit for the year	-	-	-	567,378	567,378
Other comprehensive income	-	-	-	1,595	1,595
Total comprehensive income	-	-	-	568,973	568,973
Foreign exchange differences recognized in profit on disposal of subsidiary	-	-	-	634	634
Share issue net of costs - conversion of loan notes	876	-	-	-	876
Share issue net of costs – debt settlement	514	-	-	-	514
Share issue net of costs - private placement	6,338	-	-	-	6,338
Value of warrants issued	(77)	77	-	-	-
Issue of options	-	290	-	-	290
Option subscription monies received	-	-	100	-	100
Total transactions with owners recognised directly in equity	7,651	367	100	634	8,752
Balance as at 31 March 2017	**17,229**	**1,877**	**2,332**	**554,009**	**575,447**
Loss for the year	-	-	-	(9,918)	(9,918)
Other comprehensive income	-	-	-	422	422
Total comprehensive income	-	-	-	(9,496)	(9,496)
Share issue net of costs – debt settlement	241	-	-	-	241
Share issue net of costs - private placement	2,790	-	-	-	2,790
Issue of options	-	487	-	-	487
Fair value of options exercised	-	(431)	-	324	(107)
Options expired	-	(1,058)	1,058	-	-
Option subscription monies received	2,532	-	-	-	2,532
Total transactions with owners recognised directly in equity	5,563	(1,002)	1,058	324	5,943
Balance as at 31 March 2018	**22,792**	**875**	**3,390**	**544,837**	**571,894**
Balance as at 1 April 2018	**22,792**	**875**	**3,390**	**544,837**	**571,894**
Loss for the period	-	-	-	(2,623)	(2,623)
Other comprehensive income	-	-	-	10,066	10,066
Total comprehensive income	-	-	-	7,443	7,443
Share issue net of costs – debt settlement	-	-	-	-	-
Share issue net of costs - private placement	3,692	-	-	-	3,692
Issue of options	-	971	-	-	971
Fair value of options exercised	-	-	-	-	-
Warrants expired	-	(193)	193	-	-
Total transactions with owners recognised directly in	3,692	778	193	-	4,663

	Attributable to equity holders of the parent				
	Share capital	Share warrants & option reserve	Contributed surplus	Retained earnings	Total
	CAD $'000	CAD $'000	CAD $'000	CAD$'000	CAD $'000
equity					
Balance as at 30 June 2018	26,484	1,653	3,583	552,280	584,000

Reserve	Description and purpose
Share capital	Amount subscribed for share capital
Share warrants & option reserve	Relates to increase in equity for services received – equity settled share transactions
Contributed surplus	Expired share options
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

7.7 Auditor

The Company's auditor is PKF Littlejohn LLP with registration number in England & Wales No.OC342572. PKF Littlejohn LLP is a Registered Auditor and is regulated in the conduct of its services by the Institute of Chartered Accountants in England & Wales (ICAEW), including as a Designated Professional Body for investment business. The address of PKF Littlejohn LLP is 1 Westferry Circus, Canary Wharf, London 14 4HD, United Kingdom. PKF Littlejohn LLP has been the Company's auditor since 2017. The Financial Statements for the financial years ended 31 March 2018 and 2017 have been audited by PKF Littlejohn LLP, and the auditor's reports are included together with the Financial Statements as incorporated hereto, see Section 11.2 "Incorporation by reference". PKF Littlejohn LLP has not audited, reviewed or produced any report on any other information provided in this Admission Document.

7.8 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

7.9 Material borrowings

(i) USD $2,050,000 Loan from Jiu Feng Investment Hong Kong Limited

On 20 January 2011, the Company entered into a loan agreement with Jiu Feng Investment Hong Kong Limited ("Jiu Feng"), pursuant to which Jiu Feng agreed to lend the Company USD $2,000,000 (the "USD Loan") to finance the acquisition of Argentinian properties and for working capital. All amounts advanced to the Company under the USD Loan and any interest accrued on such amounts were, save in certain specific circumstances, repayable on 20 January 2013. Interest was at the rate of USD $ Prime plus 6.75% on the outstanding balance of the principle sum owing and any overdue interest.

The parties have entered into a number of subsequent agreements to amend, principally, the repayment schedule of the USD Loan. By a letter dated 22 November 2012, from Jiu Feng to the Company, the maturity date of the USD loan was extended to 21 July 2013. On 1 June 2013, the parties entered into an amended and restated loan agreement which confirmed the principal amount of the USD Loan as being USD $2,050,000. Under the amended and restated agreement, interest is payable at a rate of 10% per annum. The term of the USD Loan was 24 months. The Company is entitled to repay (in whole or in part) the principal and interest without penalty. Under the amended and restated agreement, the Company granted a pledge over the shares in its subsidiary, Ingenieria Petrolera Patagonia Ltd. The Company also agreed to use its best efforts to cause its subsidiary Petrolera Patagonia Corporation Inc. to grant a security interest over the Group's Argentine operations as security for the USD Loan. In addition, the amended and restated agreement provides that (i) the Company will use its best

efforts to obtain all regulatory approvals necessary to convert the USD Loan into bonds registered to Jiu Feng (or its nominee) and (ii) subject to approval from the TSXV and all other regulatory approvals, to issue common share purchase warrants to Jiu Feng to purchase up to 5,000,000 common shares in the capital of the Company at an exercise price of USD $0.10 per common share (such warrants expiring on the maturity date of the loan).

On 30 July 2014, the parties entered into an amendment agreement, pursuant to which the term of the USD Loan under the amended and restated loan agreement dated 1 June 2013 was extended to 36 months.

On 22 May 2015, the parties entered into a further amendment agreement to amend the repayment schedule and extend the maturity date of the USD Loan to 30 August 2016. Pursuant to the agreement, the Company agreed to make repayments of principal and interest in the amount of US

$17,200 per month from 1 June 2015 to 30 August 2016, a US $700,000 payment on 30 November 2015, a US $1,000,000 payment on 15 April 2016 and a final payment of approximately US $485,336.78 on 30 August 2016. The Company made and applied the monthly US $17,200 payments from June to 31 December 2015 against accrued interest. The US $700,000 payment due on 30 November 2015 was not made.

On 21 December 2015, the parties entered into a further amendment agreement to amend the USD Loan repayment schedule and extend the maturity date from 30 August 2016 to 31 March 2018. Pursuant to the amended agreement, the Company agreed to make repayments of US $20,000 per month from 5 April 2016, a US $700,000 payment on 28 February 2016 and a final payment of approximately US $1,485,337 on 31 March 2018. Failure to perform the repayment schedule under this amendment entitled Jiu Feng to accelerate the principle outstanding and claim for all overdue interest at a rate of 20% per annum. The terms of this amendment agreement also provide Jiu Feng with a "Debt to Equity Option" whereby Jiu Feng has the option to convert debt to "Debt-to-Equity Swap" in the Company or its subsidiaries (up to a maximum of 29.9%) in the event that the Company breaches the agreement and "plan to list its subsidiaries on a public market". The loan agreement was also amended to add CAD$135k of accrued and unpaid interest to the principal amount of the loan increasing the principal to US $2,185k (CAD$2,835k). The US $700,000 payment due on 28 February 2016 was not made.

In August 2016, the Company entered into a further agreement with Jiu Feng to amend the existing arrangements between the parties in respect of the USD Loan. This agreement provides that as at August 2016, the total principal amount owed by the Company to Jiu Feng is US$2,135,336.70. The Company was required to make a US $700,000 payment on 15 October 2016.

A final payment of approximately US $1,485,336.70 was to be paid on 31 March 2018. In November 2016, the parties amended the terms of the USD Loan so that the initial repayment of USD$ 700,000 was required on 20 December 2016. In December 2016, the parties amended the terms of the USD Loan so that the initial repayment of USD$ 700,000 was required on 10 January 2017. In January 2017, the parties amended the terms of the USD Loan so that the initial repayment of USD$ 700,000 was required on 15 January 2017.

In January 2017 the Group repaid the USD 700k (CAD$943k) of the USD loan, utilizing part of the proceeds from the fundraising aligned with the listing on the London Stock Exchange of 11 January 2017. The President, CEO and Director of the Group, has provided a personal guarantee to the lender in respect of the repayment of the USD Loan by the Group. The final payment of approximately USD$1,485k is repayable on 30 April 2018.

The President, CEO and Director of the Group, has provided a personal guarantee to the lender in respect of the repayment of the USD Loan by the Group and the final payment of approximately USD$1,485k is repayable on 31 July 2019, pursuant to an agreement between the parties dated 10 January 2018.

As at 30 June 2018, CAD$1,949k (30 June 2017 – CAD$1,994k classified as current liability) of principal is classified as a non-current liability and CAD$586k (30 June 2018 – CAD$379k) of accrued interest is included in trades and other payables.

(ii) EUR 220,000 Loan from GBM Banca S.p.A

On 6 August 2015, Canoel entered into a loan agreement with GBM Banka S.p.A ("GBM"), pursuant to which GBM lent EUR 220,000 to Canoel. Canoel is required to repay the amount due over five years by paying 60 monthly instalments, each such instalment comprising part of the principal sum borrowed and part of the relevant accrued interest. Each instalment must be paid on the 30th day of each month, with the first instalment payable on 31 August 2015. GBM is entitled to debit the instalments directly from Canoel's account. The loan is unsecured and interest payable on the loan is fixed at 7% per year.

As at 30 June 2018 the principal balance of the loan was €117k (CAD$179k) of which CAD$77k is classified as a current liability and CAD$102k is classified as long-term.

(iii) EUR 200,000 Loan from Banca Credito Valtellinese S.C.

On 17 December 2015, Canoel entered into a loan agreement with Banca Credito Valtellinese S.C. (Filiale di Tortona (AL)) ("BCV"), pursuant to which BCV lent EUR 200,000 to Canoel. Canoel is required to repay the amount due by paying 42 monthly instalments, each instalment comprising part of the principal sum borrowed and part of the relevant accrued interest. Each instalment must be paid on the 5th day of each month with the first instalment payable on 5 February 2016. BCV is entitled to debit the instalments directly from Canoel's account. The loan is unsecured and interest payable on the loan is fixed at 4.5% per year.

As at 30 June 2018 the principal balance of the loan was €65k (CAD$100k) of which CAD$90k is classified as a current liability and CAD$10k is classified as long-term.

(iv) USD $320,000 General Line of Credit Agreement

On 5 April 2017, the Group's wholly-owned subsidiary, Zenith Aran, entered into a general line of credit agreement with Rabitabank Open Joint Stock Company ("Rabitabank") up to an amount of USD $320k (CAD$416,000), for industrial and production purposes. The loan drawn down in one tranche and as at 06 April 2017 it was fully drawn down. Rabitabank can postpone or suspend the facility if there is a decline in oil production under the REDPSA of more than 30% from production levels as at the date of first drawdown, or if the REDPSA is terminated. This Credit Agreement bears interest at a rate of 11% per annum. The loan is guaranteed by the Group. The loan was granted for a one-year term. The principal is repayable in 4 quarterly equal tranches. The amount of interest to be paid on a monthly basis.

On 6 July 2017 the terms of repayment of the loan were amended and the first repayment of principal of USD$80k was delayed to the end of July 2017.

On 31 July 2017 USD$20k (CAD$21k) was repaid and the balance of USD$60k (CAD$63k) was agreed to be repaid on 1 September 2017. A subsequent credit committee decision taken in September 2017 amended the payment terms of the loan. The Company will pay interest on a monthly basis and the principal total amount of USD$20k has been paid on 6 December 2017. The balance of the principal amount (USD$280k) will be repaid at a new maturity date of 6 April 2019.

As of 30 June 2018 the outstanding principal amount is USD$280k (CAD$367k) and it is classified as a non-current liability.

(v) USD $200,000 General Line of Credit Agreement

On 12 April 2017, Zenith Aran entered into a general line of credit agreement with Rabitabank up to USD$200k (CAD$260,000). This Credit Agreement bears interest at a rate of 10% per annum. The loan was granted for one-year period and the principal amount of the loan will be paid at the end of the period. The amount of interest is repayable monthly. The loan is guaranteed by the Group. In March 2018, the repayment of the principal amount (USD$200k) was extended by 15 months until 12 July 2019. The interest is payable on a monthly basis and the principal amount will be paid in five quarterly installments of USD$40,000. As of 30 June 2018, the amount of USD$200k (CAD$263k) was classified as a current liability.

(vi) Swiss loan CHF 837,500

On 30 March 2017 the Group acquired the Swiss based company Altasol SA, and assumed a loan subscribed by the former owner on 21 December 2015 for the initial amount of CHF838k (CAD$1,120k). The loan bears interest at a rate of 2.32% per annum. The loan is repayable in anticipated quarterly tranches of CHF13k (plus accrued interest) (CAD$17k) and the maturity date is 7 July 2022. As at 30 June 2018 the principal balance of the loan was CHF725k (CAD$960k) of which CAD $66k is classified as a current liability and CAD $894k is classified as non-current liability.

(vii) Swiss loan CHF 1,000,000

On 30 March 2017 the Group acquired the Swiss based company Altasol SA, and assumed a loan subscribed by the former owner on 21 December 2015 for the initial amount of CHF1,000k (CAD$1,280k). The loan bears interest at a rate of 2.2% per annum. The loan is repayable on 2 July 2019 (plus accrued interest). As at 30 June 2018 the principal balance of the loan was CHF1,000k (CAD$1,324k) and is classified as a non-current liability.

(viii) Short-term Non-Convertible loan agreement

On 3 April 2018, the Company entered into a five-month non-convertible loan agreement for the total amount of £230,000. The loan has a repayment schedule of five instalments commencing on 6 May 2018 with an interest rate of 7.5 percent and can be settled at any time without penalty. Mr Andrea Cattaneo has agreed to act as a third-party guarantor in support of the Company by pledging a total of 3,571,428 common shares in the Company, in which he has a direct beneficial interest, as collateral to the lender.

(ix) Short-term Non-Convertible loan agreement

On 24 May 2018, the Company entered into a two-year non-convertible loan facility, (the "Facility"), for a total amount of up to US$2,000,000. The Facility will be used to provide additional funding for the Company's operations when required. It will be drawn down in tranches, with each tranche being payable four months from the drawdown date. It can be settled at any time without penalty and has no warrants attached.

7.10 Related party transactions

For a description of the Group's related party transactions for the periods covered by the historical financial information, see the Financial Statements and the Interim Financial Statements, respectively, incorporated by reference hereto, see Section 11.2 "Incorporation by reference".

The Group has not entered into any related party transactions following 30 June 2018 and up to the date of this Admission Document.

7.11 Dividend policy

The Company is primarily seeking to achieve capital growth for its Shareholders. It is the Board of Directors' intention during the current phase of the Company's development to retain future distributable profits from the business, to the extent any are generated, for future operations, expansion and debt repayment, if necessary. As a holding company, the Company will be dependent on dividends paid to it by its subsidiaries.

The Company has never declared or paid any dividends on the Common Shares. At present, there is no intention to declare any dividends in the foreseeable future and a dividend may never be paid. Any decision to declare and pay dividends will be made at the discretion of the Board of Directors and will depend on, among other things, the Group's results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board of Directors may consider relevant.

The Board can give no assurance that it will pay any dividends in the future, nor, if a dividend is paid, what the amount of such dividend will be.

All Common Shares have the right to receive dividends and there are no legal constraints on the distribution of dividends.

8 CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Common Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's Articles and applicable Norwegian and Canadian law in effect as at the date of this Admission Document, including the Business Corporations Act (British Columbia). The summary does not purport to be complete and is qualified in its entirety by the Company's Articles and applicable law.

8.1 Company corporate information

The Company's registered and commercial name is Zenith Energy Ltd. The Company was incorporated and registered in British Columbia on 20 September 2007 under the Business Corporations Act (British Columbia) as a corporation with the name Canoel International Energy Ltd. and with registered corporation number BC0803216. Pursuant to a shareholders' resolution dated 30 September 2014, the Company's name was changed to Zenith Energy Limited. Its Common Shares were admitted to trading on the TSXV on 10 April 2008.

The Company is domiciled in British Columbia, Canada. The Company's head office is located in Calgary, Alberta, Canada. The head office of the Company and business address for all the Directors and the management, as at the date of this Admission Document, is at 15th Floor, Bankers Court, 850 – 2nd Street S.W. Calgary, Alberta, T2P 0R8, Canada and telephone: +1 (587) 315 9031. The Company's website can be found at www.zenithenergy.ca. The content of www.zenithenergy.ca is not incorporated by reference into and does not otherwise form a part of this Admission Document. The principal legislation under which the Company operates is the Business Corporations Act (British Columbia). The liability of the Shareholders of the Company is limited.

8.2 Share capital and share capital history

As at the date of this Admission Document, the Company is authorised to issue an unlimited number of Common Shares and preferred shares (issued in a series) and 237,102,587 Common Shares are issued, outstanding, all fully paid, and admitted to trading on the Toronto Stock Exchange Venture Exchange, of which 216,320,158 fully paid Common Shares are issued, outstanding, all fully paid, and admitted to trading on the Main Market of the London Stock Exchange. As at the date of this Admission Document, no preferred shares have been issued. The Shares have been created under the Business Corporations Act (British Columbia) and they are fully paid with nil par value each.

In connection with the Admission to Trading on Merkur Market, the Company has undertaken not to issue any preferred shares for a period of 24 months, and furthermore that any issuances of preferred shares thereafter shall be subject to shareholder approval. The undertaking will apply as long as the Company's shares are admitted to trading on any trading venue of the Oslo Stock Exchange.

Except as set out in Section 8.3 "Stock Option Plan", there are no share options or other rights to subscribe or acquire Shares issued by the Company.

Neither the Company nor any of its subsidiaries directly or indirectly owns shares in the Company.

During the period from 1 April 2016 to the date of this Admission Document, there have been the following changes in the issued and authorised share capital of the Company:

a) On 11 April 2016, the Company completed the private placement of 6,674,775 Common Shares at CAD$0.08 per unit for gross proceeds of CAD$534,000. Of the 6,674,775 Common Shares, 5,000,000 Common Shares were issued forming part of a unit comprising one Common Share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one Common Share at CAD$0.15 per Common Share for a period of 24 months from the date of issuance. The remaining 1,674,775 Common Shares were not issued with accompanying warrants. The Company also paid aggregate finders' fees of CAD$26,000 and issued 325,000 warrants to certain arms' length parties in connection with the private placement.

b) On 21 April 2016, the Company completed the private placement of 3,892,875 Common Shares at CAD$0.08 per unit for gross proceeds of CAD$311,430. Each unit is comprised of one Common Share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one Common Share at CAD$0.15 per Common Share for a period of 24 months from the date of issuance. The Company also paid aggregate finders' fees of CAD$14,376.95 and issued 179,712 warrants to certain arm's-length parties in the connection with the private placement.

c) On 9 June 2016, the Company issued 2,730,000 Common Shares at a deemed price of CAD$0.11 per Common Share, 312,500 Common Shares at a price of $0.10 per Common Share and 160,000 Common Shares at a price of $0.087 per Common Share to certain debtholders and creditors of the Company to settle debts owing by the Company, representing in aggregate of CAD$345,473. On 17 June 2016, the 160,000 Common Shares that had been issued at a price of $0.087 per Common Share were cancelled.

d) On 16 June 2016, the Company closed a non-brokered private placement of 1,519,250 Common Shares at a price of CAD$0.08 per unit for aggregate gross proceeds of CAD$121,540. Each unit is comprised of one Common Share and one common share purchase warrant. Each common share purchase warrant will be exercisable for one Common Share at a price of CAD$0.15 per share for a period of 24 months from the date of closing of the offering.

e) On 28 June 2016, the Company closed a non-brokered private placement of 312,500 shares of Company at a price of CAD$0.10 per share to a creditor of the Company to settle a debt owing by the Company, representing in aggregate CAD$31,250.

f) On 10 October 2016 the Company closed a non-brokered private placement of 1,906,050 Common Shares at a price of CAD$0.10 per unit for aggregate gross proceeds of CAD$190,605. Each unit is comprised of one Common Share and one common share purchase warrant. Each common share purchase warrant will be exercisable for one Common Share at a price of CAD$0.20 per share for a period of 24 months from the date of closing of the offering.

g) On 19 October 2016, the Company issued 724,235 Common Shares at a deemed price of CAD$0.085 per Common Share to certain debtholders and creditors of the Company to settle debts owing by the Company, representing an aggregate of CAD$61,585.48.

h) On 7 November 2016, the Company closed a non-brokered private placement of 2,745,062 Common Shares at a price of CAD$0.12 per unit for aggregate gross proceeds of CAD$329,407.44. Insiders of the Company subscribed for an aggregate of 2,195,475 units for aggregate subscription proceeds of CAD$263,457. Each common share purchase warrant will be exercisable for one Common Share at a price of CAD$0.20 per share for a period of 24 months from the date of closing of the offering.

i) On 18 November 2016 the Company granted Options to certain of its Directors and employees to acquire a total of 6,000,000 Common Shares pursuant to its Stock Option Plan. Each Option granted entitles the relevant holder to acquire one Common Share for an exercise price of CAD$0.10 per Common Share. The expiry date of the Options is the date falling five years from the date of grant, being 18 November 2021.

j) On 22 November 2016, Gunsynd Plc ("Gunsynd"), a company listed on the London Stock Exchange's AIM market for listed securities, invested GBP £100,000 by way of subscription for convertible unsecured loan notes bearing interest of 3% per annum (the "GBP Convertible Notes"). The GBP Convertible Notes are payable in arrears in quarterly instalments. At the option of Gunsynd, the principal of the GBP Convertible Notes may be converted into Common Shares of the Company at any time prior to the expiry of 36 months from issuance at a price equal to CAD$0.10 per Common Share (or the initial listing price of the Common Shares if the Company is listed on another senior stock exchange at the time of such conversion). Subject to the GBP Convertible Notes not having been converted, the GBP Convertible Notes mature 36 months from the date of issuance.

Unless permitted under Canadian securities legislation, the GBP Convertible Notes cannot be traded before the date that is four months and a day after the date of issuance.

k) On 30 November 2016, the Company issued 150,000 Common Shares to Align Research Limited ("Align") (based on a price of CAD$0.08 per share Common Share) in settlement of a debt of GBP £7,000 (inclusive of accrued interest) owed by the Company to Align in respect of services provided by Align.

l) On 5 January 2017, the Group announced that the IPO Prospectus had been approved by the UK Listing Authority. The IPO Prospectus related to admission of the Common Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange's Main Market which together with commencement of dealings in the Group's Common Shares occurred on 11 January 2017.

m) In connection with admission of the Common Shares to the standard segment of the official list and to trading on the main market for listed securities of the London Stock Exchange in January 2017, the Group successfully placed 33,322,143 Common Shares. Following its book-building process, in which Common Shares were placed at £0.07 (CAD$0.11) per Common Share, on completion of the IPO the gross proceeds available to the Group were approximately £2,333k (CAD$3,783k) and the net proceeds were approximately £2,016k (CAD$3,305k). The Group paid finder's fees of GBP 114k ($200k) and issued warrants over 1,114,286 Common Shares exercisable for 24 months from closing at a price of GBP 0.07 per Common Share to certain arm's-length parties.

n) On 11 January 2017 the Group issued 668,571 shares, at a deemed price of £0.07 per Common Share, for the settlement of a debt for services of a senior manager of the Company, for an amount of £47k (CAD$78k).

o) On 30 January 2017 the Group entered into an agreement to proceed with a brokered private placement (the "2017 Private Placement") to raise gross proceeds of GBP 855k (approximately CAD$1,399k) through the issue of nine million (9,000,000) new common shares of the Group at a price of GBP 0.095 (approximately CAD$0.1565) per share. In addition to the new Common Shares, under the 2017 Private Placement each subscriber received one warrant for every new Common Share purchased. Each Warrant entitles the Warrant holder to subscribe for new Common Shares at a price of GBP 0.15 per Common Share (approximately CAD$0.247), exercisable at any time until 1 February 2019. The Company also paid aggregate finders' fees of CAD$70k in connection with the 2017 Private Placement.

p) On 30 January 2017 £247k of Convertible Notes denominated in CHF (Swiss Franc), were converted into 3,700,000 Common Shares with an aggregate value of CDN$ 407k (approximately £247k).

q) On 30 January 2017 £247k of Convertible Notes denominated in CHF (Swiss Franc), were converted into 3,700,000 Common Shares with an aggregate value of CDN$ 407k (approximately £247k).

r) On 14 March 2017 the Group issued 505,263 Common Shares at $0.1425 per Common Share, to settle certain debts, which have been fully paid, with the balance being settled in cash.

s) On 21 March 2017 Gunsynd PLC elected to convert the GBP £100k principal amount unsecured convertible note held by it into Common Shares at the conversion price of CAD$0.10, into 1,637,100 Common Shares. This fully extinguished Zenith's GBP convertible debt.

t) On 21 March 2017 the Group completed a further conversion of Convertible Notes denominated in CHF (Swiss Franc), issuing an amount of 2,170,000 Common Shares with an aggregate value of CDN$ 239k (approximately £143k). The terms of this conversion were comprehensively outlined in the IPO Prospectus, stating that the conversion mechanism requires a conversion price of CDN$ 0.11 (£0.06588).

u) On 25 May 2017, Regis Milano exercised an option to acquire 1,000,000 new Common Shares.

v) On 29 June 2017, an investor in the Company exercised Warrants to acquire 1,019,250 new Common Shares. The exercise price of the Warrants CAD$0.15 per share, and the total consideration received was CAD$153k (approximately £91k).

w) On 14 July 2017, the Group closed a non-brokered private placement of 3,533,333 Common Shares at a price of CAD$0.123956 per Common Share for aggregate gross proceeds of CAD$438k (approximately £265k). The Company also paid aggregate finders' fees of CAD$22k (approximately £13k).

x) On 2 August 2017, the Group closed a non-brokered private placement of 2,666,667 Common Shares at a price of CAD$0.1230606 per Common Share for aggregate gross proceeds of CAD$328k (approximately £200k). The Company also paid aggregate finders' fees of CAD$16k (approximately £10k).

y) On 2 August 2017, the Group closed a non-brokered private placement of 2,666,667 Common Shares at a price of CAD$0.1230606 per Common Share for aggregate gross proceeds of CAD$328k (approximately £200k). The Company also paid aggregate finders' fees of CAD$16k (approximately £10k).

z) On 2 August 2017, the Group closed a non-brokered private placement of 666,666 Common Shares at a price of CAD$0.1230606 per Common Share for aggregate gross proceeds of CAD$82k (approximately £50k). The Company also paid aggregate finders' fees of CAD$4k (approximately £2.5k).

aa) On 11 September 2017, the Group closed a non-brokered private placement of 3,600,000 Common Shares at a price of CAD$0.11 per Common Share for aggregate gross proceeds of CAD$404k (approximately £252k). The Company also paid aggregate finders' fees of CAD$20k (approximately £13k).

bb) On 27 September 2017 the Company announced that a Director of the Company has exercised options to purchase 1,000,000 Common Shares at a price of CAD$0.10 per Common Share and a total cost of CAD$100,000 (approximately £60k).

cc) On 28 September 2017 Andrea Cattaneo, agreed to exchange part of his salary for the first two quarters of 2018 for the equivalent of CAD$2.5k per month and a total of CAD$15k (approximately £9k) for 111,131 Common Shares at an average price of approximately CAD$0.14 per share for the period 1 April 2017 until 30 September 2017.

dd) On 12 October 2017 an investor in the Company exercised warrants to acquire 2,049,775 new Common Shares. The exercise price of the warrant was CAD$0.15 per share, and the total consideration received was CAD$307k (approximately £186k).

ee) On 16 October 2017 Andrea Cattaneo purchased 500,000 Common Shares at an average price of CAD$0.15591 per Common Share (approximately £0.09415), and at a total cost of CAD$78k (approximately £47k).

ff) On 19 October 2017 warrants to acquire 1,257,875 Common Shares were exercised by an investor of an exercise price of CAD$0.15 per Commons Share, and the total consideration received was CAD$189k (approximately £114k).

gg) On 23 October 2017 warrants to acquire 1,306,050 Common Shares were exercised by an investor at an exercise price of CAD$0.20 per share, and the total consideration received was CAD$261k (approximately £160k).

hh) On 2 November 2017 warrants to acquire 500,000 new Common Shares were exercised by an investor of an exercise price of CAD$0.15 per Commons Share, and the total consideration received was CAD$75k (approximately £44k).

ii) On 8 November 2017 warrants to acquire 1,612,142 Common Shares were exercised by an investor of an exercise price of CAD$0.20 per Common Share, and the total consideration received was CAD$322k (approximately £195k).

jj) On 21 November 2017 warrants to acquire 3,150,000 Common Shares were exercised by an investor of an exercise price of CAD$0.15 per Common Share, and the total consideration received CAD$473k (approximately £284k).

kk) On 23 November 2017 Andrea Cattaneo, exercised options to acquire 2,000,000 Common Shares at an exercise price of CAD$0.10 (approximately £0.059) per Common Share and at a total cost of CAD$200,000 (approximately £118,000).

ll) On 8 December 2017 warrants to acquire 400,000 Common Shares were exercised by an investor of an exercise price of CAD$0.20 per Common Share, and the total consideration received CAD$80k (approximately £47k).

mm) On 15 December 2017 a Director of the Company exercised stock options to acquire 1,000,000 new Common Shares. The exercise price of the options was CAD$0.15 per share, and the total consideration received CAD$150k (approximately £87k).

nn) On 18 December 2017 a Director and a component of the main management of the Company exercised stock options to acquire 1,650,000 new Common Shares. The exercise price for 900,000 options was CAD$0.10 and for 750,000 options was CAD$0.15 per share, and the total consideration received CAD$203k (approximately £122k). On 18 December 2017 an investor in the Company exercised warrants to acquire 100,000 new Common Shares. The exercise price of the warrants was CAD$0.20 per share, and the total consideration received CAD$20k (approximately £12k).

oo) On 10 January 2018 the Company closed a private placement to raise gross proceeds of CAD$500k (approximately £297k) through the issue of 4,000,000 new Common Shares at a price of CAD$0.125 (approximately £0.0742) per new Common Share (the "Canadian Placing Shares").

pp) On 24 January 2018 the Company completed a placing in the UK (the "January Placing") to raise gross proceeds of £678k (approximately CAD$1,158k) by issuing 9,000,000 new Common Shares at a price of £0.0742 (approximately CAD$0.1287) per new Common Share. The Company also paid finder's fee for £34k (approximately CAD$58k) and under the terms of the Placing, the broker was issued 180,000 warrants in the Company, priced at £0.0925, with an expiry date of two years.

qq) On 24 January 2018 the Company agreed to issue 1,598,579 common shares (the "Settlement Shares") at a deemed price of CAD$0.14 to settle a debt of US$180,000 owed by the Company (the "Share Settlement"). The Settlement Shares, issued pursuant to the Share Settlement, will be subject to a contractual hold period of one year, inclusive of a four-month hold period under the rules and regulations of the TSXV and applicable Canadian securities laws and subject to final approval by the TSXV.

rr) On 4 May 2018 Mr Cattaneo fully exchanged his salary for the financial year to 31 March 2018 for Common Shares. As a result, the Company issued Mr. Andrea Cattaneo 1,123,068 Common Shares at an average price of CAD$0.165 (approximately £0.094) for the period from 1 April 2017 to 31 March 2018 (the "Salary Sacrifice Shares"). The amount of the Salary Sacrifice Shares was calculated based on Mr Cattaneo's salary as at 1 April 2017.

ss) On 21 June 2018, the Company announced that it has raised gross proceeds totaling, in aggregate, £2,167k (CAD $3,694k). As a result of the Placing, Subscription the Company issued a total of 54,172,451 new common shares. The Company also paid finder's fees for CAD$187k and issued 1,280,000 warrants, that could be exercised at a price of CAD$0.07 for a duration of three years.

tt) On 1 October 2018, Mr. Andrea Cattaneo, CEO & President, swapped his salary for the first two quarters of the 2019 financial year in exchange for common shares in the capital of Zenith ("Salary Sacrifice Shares"). As a result the Company issued Mr. Cattaneo 2,225,941 Salary Sacrifice Shares from 1 April 2018 to September 30, 2018.

uu) On 5 November 2018 a private placement was completed. The private placement raised gross proceeds of NOK 7,273,850 through the placing of 20,782,429 new common shares at a subscription price of NOK 0.35 per share.

8.3 Stock Option Plan

8.3.1 Background

The purpose of the Stock Option Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Company or any of its subsidiaries to achieve the longer-term objectives of the Company, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company and to attract and retain persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Company.

8.3.2 Administration

The Directors are responsible for administering the Stock Option Plan and have full and final discretion to interpret its provisions and to prescribe, amend, rescind and waive the rules and regulations governing its administration and operation.

8.3.3 Eligibility

The Directors can designate those directors, officers, employees, consultants or other personnel of the Company or its subsidiaries who are granted Options ("Optionholders") pursuant to the Stock Option Plan. Subject to the policies (the "Exchange Policies") of the TSXV or any other stock exchange on which the Common Shares are listed (the "Exchange") and certain other limitations, the Directors are authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as they shall determine. No Option may be granted to any person except upon recommendation of the Board.

8.3.4 Participation

Participation in the Stock Option Plan is entirely voluntary and any decision not to participate shall not affect an individual's relationship or employment with the Company. The granting of an Option pursuant to the Stock Option Plan shall in no way be construed as conferring on any Optionholder any right with respect to continuance as a director, officer, employee or consultant of the Company or any of its subsidiaries. Options are not affected by any change of employment of the Optionholder or by the Optionholder ceasing to be a director, officer or a consultant of the Company or any of its subsidiaries where the Optionholder at the same time becomes or continues to be a director, officer, full-time employee or consultant of the Company or any of its subsidiaries.

8.3.5 Shares subject to Options

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Stock Option Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Company shall not exceed 10% of the issued and outstanding Common Shares as at the closing of the initial public offering of the Common Shares on the TSXV.

In addition, unless the Company receives the permission of the stock exchange or exchanges on which the Common Shares are listed to exceed such threshold, the Options granted under the Stock Option Plan together with all of the Company's other previously established stock option plans or grants, must not result at any time in:

(a) the number of Common Shares reserved for issuance pursuant to Options granted to insiders (as defined in the Exchange Policies) exceeding 10% of the issued and outstanding Common Shares;

(b) the grant to insiders (as defined in the Exchange Policies) within a 12-month period, of a number of Options exceeding 10% of the outstanding Common Shares; or

(c) the grant to any one Optionholder within a 12-month period, of a number of Options exceeding 5% of the issued and outstanding Common Shares.

8.3.6 Option price and exercise price

Subject to prior termination under the Stock Option Plan, each Option and all rights thereunder expire on the date set out in the stock option agreement entered into between the Company and each Optionholder, which shall be the date of expiry of the period determined by the Board of Directors during which the Optionholder may exercise the Option (the "Option Period"). The Option Period cannot exceed a period of 5 years from the date the relevant Option is granted unless the Company receives the permission of the stock exchange or exchanges on which the Common Shares are then listed, and, in any event, no Option can be exercisable for a period exceeding 10 years from the date it is granted.

Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under the Stock Option Plan shall be as determined by the Board of Directors when such Option is granted and shall be an amount at least equal to the last per share closing price for the Common Shares on the Exchange before the date of grant of the Option (less any applicable discount under the Exchange Policies).

8.3.7 Exercise of Options

Subject to Exchange Policies, the Board of Directors may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

Subject to any vesting limitations which may be imposed by the Directors at the time of grant of an Option, an Optionholder is generally entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period. If an Optionholder ceases to be a director, officer, employee or consultant of the Company or its subsidiaries for any reason other than death, the Optionholder may within 90 days or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held. If an Optionholder dies, the Option previously granted to him is exercisable within one year following the date of the death or prior to the expiry of the Option Period, whichever is earlier, by the person or persons to whom the Optionholder's rights under the Option pass.

8.3.8 Anti-dilution

On certain variations to the share capital of the Company, the number of Common Shares comprised in existing Options may be adjusted so as to avoid the dilution of such Options.

8.3.9 Transferability of Options

No right or interest of any Optionholder under the Stock Option Plan is assignable or transferable.

8.3.10 Options granted to the Directors and Senior Managers

As at the date of this Admission Document, the outstanding Options that have been granted to the Directors and Senior Managers or any member of their immediate families ("Connected Persons"), are as follows:

Name	*Date of grant*	*Number of options over Common shares*	*Exercise price CAD$*	*Expiry date*
Cattaneo Andrea	5 April 2018	5,221,429	0.12	5 April 2023
Regis Milano Luigi	5 April 2018	407,143	0.12	5 April 2023
Sodero Dario	18 November 2016	500,000	0.10	18 November 2021
	5 April 2018	203,571	0.12	5 April 2023
Lopez-Portillo Jose Ramon	18 November 2016	600,000	0.10	18 November 2021
	5 April 2018	244,286	0.12	5 April 2023
Larre Sture Erik	5 April 2018	703,571	0.12	5 April 2023
Saadallah Al-Fathy	5 April 2018	703,571	0.12	5 April 2023
Borovskiy Sergey	5 April 2018	703,571	0.12	5 April 2023
Benedetto Luca	5 April 2018	1,312,858	0.12	5 April 2023
Michael Palmer	18 May 2017	1,000,000	0.15	18 May 2022
	Total options	**11,600,000**		

8.4 Outstanding warrants

As at the date of this Admission Document, the Company had 24,072,694 Warrants outstanding relating to 24,072,694 Common Shares and exercisable at a weighted average exercise price of $0.21 per Common Share.

Type	*Grant Date*	*Number of Warrants*	*Price per warrant CAD$*	*Expiry Date*
Warrants	November-15	4,187,500	0.25	November-18
Warrants	October-16	600,000	0.20	October-18
Warrants	November-16	732,920	0.20	November-18
Warrants	January-17	1,114,286	0.11	January-19
Warrants	January-17	9,000,000	0.24	January-19
Warrants	January-18	180,000	0.16	January-20
Warrants	June-18	1,280,000	0.07	June-21
Warrants	September-18	6,977,988	0.09	February-20
	Total warrants	**24,072,694**		

8.5 Ownership structure

As of 6 November 2018, the Company had 239 shareholders of record. The Company's 20 largest shareholders as of the same date are shown in the table below.

	Shareholders	**Number of Shares**	**Percent (%)**
1	HARGREAVES LANDSDOWN (NOMINEES) LIMITED	20,983,348	8.85
2	INTERACTIVE BROKERS LLC	19,172,467	8.09
3	JIM NOMINEES LIMITED	18,426,739	7.77
4	ANDREA CATTANEO	17,672,933	7.45
5	BARCLAYS DIRECT INVESTING NOMINEES LIMITED	14,811,811	6.25
6	LYNCHWOOD NOMINEES LIMITED	12,111,311	5.11
7	MIRABAUD & CIE SA	11,556,167	4.87
8	HSBC CLIENT HOLDINGS NOMINEE (UK) LIMITED	10,300,230	4.34
9	THE BANK OF NEW YORK (NOMINEES) LIMITED	9,372,166	3.95
10	HSDL NOMINEES LIMITED	7,923,905	3.34
11	HANS PETTER STRAND	5,714,286	2.41
12	BNY MELLON NOMINEES LIMITED <BSDTUSD>	5,630,941	2.37
13	BASTION ASSETS TRUSTEE LIMITED TR	4,970,650	2.10
14	TONSEHAGEN FORRETNINGSSENTRUM	4,334,068	1.83
15	LAWSHARE NOMINEES LIMITED	3,977,714	1.68
16	GRIT PLC	3,728,571	1.57
17	VIDACOS NOMINEES LIMITED	3,307,434	1.39
18	BJØRNAR BJØRNSTAD	2,857,143	1.21
19	POLE POSITION SRL	2,486,932	1.05
20	RBC DEXIA INVESTOR SERVICES	2,255,448	0.95
	Others	55,083,23	23.41
	Total	**237,102,587**	**100.00**

As of the date of this Admission Document, no shareholder, other than Hargreaves Lansdown (Nominees) (approximately 8.85%) Limited, Interactive Brokers LLC (approximately 8.09%), Jim Nominees Limited (approximately 7.77%), Andrea Cattaneo (approximately 7.45%), Barclays Direct Investing Nominees Limited (approximately 6.25%) and Lynchwood Nominees Limited (approximately 5.11%) holds more than 5% or more of the issued Shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. The Shares have not been subject to any public takeover bids.

8.6 Other financial instruments

Except as set out in Sections 8.3 "Stock option plan" and 8.4 "Outstanding warrants" and the unsecured convertible loan facility described in Section 4.10 "Material contracts", neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any Shares or any shares in subsidiaries of the Company. Further, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company.

8.7 Shareholder rights

As of the date of this Admission Document, the Company has one class of Shares in issue, and in accordance with the Business Corporations Act (British Columbia) Act, all Shares in that class provide equal rights in the Company, including the right to any dividends. Each of the Shares carries one vote.

9 INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

9.1 Admission to trading

On 6 November 2018, the administration of Oslo Børs ASA resolved to admit the Common Shares for trading on the Merkur Market.

The first day of trading of the Common Shares on the Merkur Market is expected to be on or about 8 November 2018.

The Common Shares will trade on the Merkur Market under the ticker symbol "ZENA-ME".

9.2 Type, class, currency and ISIN number

As at the date of this Admission Document, the Company is authorised to issue an unlimited number of Common Shares and preferred shares (issued in a series) and 237,102,587 Common Shares are issued, outstanding, all fully paid, and admitted to trading on the Toronto Stock Exchange Venture Exchange, of which 216,320,158 fully paid Common Shares are issued, outstanding, all fully paid, and admitted to trading on the Main Market of the London Stock Exchange.[2] As at the date of this Admission Document, no preferred shares havebeenissued. The Group's ordinary shares are fully paid with nil par value.

In connection with the admission to trading on Merkur Market, the Company has undertaken not to issue any preferred shares for a period of 24 months, and furthermore that any issuances of preferred shares thereafter shall be subject to shareholder approval. The undertaking will apply as long as the Company's shares are admitted to trading on any trading venue of the Oslo Stock Exchange.The ISIN for the shares traded on the Merkur Market is ISIN CA 989 36C1068.

9.3 Shares issue prior to Admission to Trading

In connection with the Admission to Trading, the Company completed a private placement in the Norwegian market in the amount of NOK 7,273,850 million by the issuance of 20,782,429 new Common Shares at a subscription price of NOK 0.35 per share. At the date of this Admission Document, all the new Common Shares are issued, outstanding and fully paid. The main purpose of the equity offering was to ensure satisfaction of the share spread requirements for admission to trading on Merkur Market. The Company engaged Orion Securities Norway to assist in connection with the private placement.

9.4 VPS registration of the Shares

9.4.1 Introduction

[2] An application for the 20,782,429 new shares issued in the private placement to be listed on the standard segment of the UK Official List and to be admitted to trading to the Main Market of the London Stock Exchange will be made within 12 months of the issue of such new common shares.

It is a legal requirement that shares that are to be admitted to trading on the Merkur Market are registered in a central securities depository licensed to operate in Norway or another share register approved by Oslo Børs ASA, (for practical purposes; the VPS).

In order to facilitate registration with the VPS, a portion of the Company's Shares are registered in the name of VPS Registrar (the VPS Registered Shares), in accordance with terms set out in the Registrar Agreement entered into between the Company and the VPS Registrar.

The VPS Registrar shall register beneficial interest in the VPS Registered Shares in VPS (Nw.: depotbevis). Accordingly, it is not the legal interest in the VPS Registered Shares, but the beneficial interests in the VPS Registered Shares issued by the VPS Registrar that are registered in VPS and traded on the Merkur Market. The VPS Registrar is registered as the legal owner of the Shares in the register of members that the Company is required to maintain pursuant to Canadian law and the Articles. The VPS Registrar, or its designee, holds the VPS Registered Shares as nominee on behalf of each beneficial Shareholder. The VPS Registrar will provide for the registration of each Shareholder's beneficial ownership in the VPS Registered Shares in the VPS on each investor's individual VPS account.

The beneficial ownership of the Shareholders will be registered in the VPS under the category of a "share", and the beneficial ownership will be traded on the Merkur Market. Investors who purchase the VPS Registered Shares (although recorded as owners of the shares in the VPS) will have no direct shareholder rights in the Company, and will not be treated as a legal shareholder of the Company for the purpose of Canadian law or the Articles, unless the VPS Registered Shares are re-registered in the shareholders name in the Company's shareholder register in Canada. Each VPS Registered Share registered with the VPS will represent evidence of beneficial ownership of one Share. The VPS Registered Shares registered with the VPS will be freely transferable, with delivery and settlement through the VPS system.

Investors who purchase VPS Registered Shares must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attached to the Shares and for all other rights arising in respect of the Shares. The VPS Registrar has agreed to provide for voting arrangements for the beneficial shareholders on the terms set out in the Registrar Agreement.

9.4.2 Voting and dividends

The VPS Registrar or its designee shall vote for the VPS Registered Shares it holds, or issue a proxy to vote for such Shares, only in accordance with each investor's instructions.

Any dividends will be paid by the Company directly to the VPS Registrar, which, in turn, has undertaken to distribute the dividends to the investors in accordance with the Registrar Agreement.

Investors who have a Norwegian address and investors who have supplied the VPS with details of a Norwegian bank account will receive dividends in NOK. Investors who have a non-Norwegian address or who have not provided details of a Norwegian bank account will receive dividends converted into either their local currencies or, if the VPS Registrar so elects, in USD. Dividends in cash will be forwarded directly to the holders of deposit rights to shares in the Company to the bank accounts registered on the VPS account of the holder of deposit rights. The Articles stipulate that unclaimed dividends on shares may be forfeited for the benefit of the Company after a period of three years after having been declared. Due to the VPS system with registration of bank accounts, this provision is unlikely to have practical effect. Interest does not accrue on declared dividends. All shareholders of the Company will have equal rights to dividends, with the exception on any shares in the Company held by the Company itself.

9.4.3 Limitations on liability

The Registrar Agreement limits the Company's and the VPS Registrar's obligations to investors with respect to the VPS Registered Shares. Investors who purchase VPS Registered Shares in the Company should note that the

Company and the VPS Registrar disclaim any liability for any loss attributable to circumstances beyond the VPS Registrar's control.

The VPS Registrar further disclaims liability for any losses suffered as a result of the VPS' errors or negligence, save to the extent that the VPS Registrar may hold the VPS liable for such losses.

9.4.4 Amendments and termination

The Company may terminate the Registrar Agreement at any time on 90 days' written notice. The VPS Registrar may terminate the Registrar Agreement on 90 days' written notice, provided that the VPS Registrar has fair reasons for such termination. The Registrar Agreement may further be terminated with immediate effect by either the Company or the VPS Registrar in the event of a material breach of contract by the other party, provided that such breach is not corrected within 10 business days or the breach is of a type that cannot be corrected. Failure by the Company to pay fees and expenses to the VPS Registrar shall always be regarded as a material breach of contract.

In the event that the VPS Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted trading of the Shares on the Merkur Market. There can be no assurance, however, that it will enter into such an agreement on substantially the same terms or at all. A termination of the Registrar Agreement could, therefore, adversely affect the admission to trading of the Shares on the Merkur Market.

9.4.5 Notices

The Registrar Agreement provides that whenever the VPS Registrar receives any notice, report, accounts, financial statements, circular or other similar document relating to the affairs of the Company, including notice of a general meeting, the VPS Registrar shall ensure that a copy of such document is promptly sent to the registered address of each Shareholder along with any proxy card form or other relevant materials.

9.4.6 Requests for Shares

Subject to the prior written consent from the board of directors, a Shareholder may at any time require the VPS Registrar to procure the registration of the Shares of which the beneficial interests are registered in the VPS in such Shareholder's name. The beneficial interests in the Shares will then first be transferred into the VPS Registrar's VPS account. Such Shares will no longer be admitted to trading on the Merkur Market.

9.5 Summary of the Articles of the Company and certain aspects of Canadian law

The following summarizes certain provisions in respect of the amended and restated articles of the Company (together with the Notice of Articles of the Company, the "Articles"). This summary of the Articles does not purport to be complete and is subject to and is qualified in its entirety by the Articles.

9.6 Restrictions on objects/business

The Articles contain no restrictions on the Company's principal objects or the type of business that may be carried out by the Company.

9.7 Shares

The Company is authorized to issue an unlimited number of common shares and preferred shares (issuable in series), having attached thereto the rights, privileges, restrictions hereinafter set forth. There are no statutory pre-emption rights.

In connection with the admission to trading on Merkur Market, the Company has undertaken not to issue any preferred shares for a period of 24 months and furthermore that any issuances of preferred shares thereafter shall be subject to shareholder approval. The undertaking will apply as long as the Company's shares are admitted to trading on any trading venue of the Oslo Stock Exchange.

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

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

9.8 Articles

The rights attaching to the Common Shares, as set out in the Articles, contain, amongst others, the following provisions:

a) Rights of Shareholders

(i) The holders of Common Shares shall be entitled to receive notice of, and to vote at every meeting of the shareholders of the Company and shall have one (1) vote thereat for each such Common Share so held.

(ii) Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Company, the holders of Common Shares shall be entitled to receive such dividends as the Directors may from time to time, by resolution declare.

(iii) Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Company, in the event of liquidation, dissolution or winding up of the Company or upon any distribution of the assets of the Company among shareholders being made (other than by way of dividend out of the monies properly applicable to the payment of dividends) the holders of Common Shares shall be entitled to share pro rata.

b) Variation of rights

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

(i) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(ii) vary or delete any special rights or restriction attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

c) Transfer of Common Shares

A transfer of a Common Share of the Company must not be registered unless:

(i) a duly signed instrument of transfer in respect of the share has been received by the Company;

(ii) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(iii) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

Other than described above, there are no provisions in the Company's Articles limiting the transfer of the Common Shares.

d) Payment of dividends

Subject to the Business Corporations Act (British Columbia), the Directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

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

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

No dividends bear interest against the Company.

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 is sent, and mailed to the address of the shareholder.

e) Borrowing powers

The Company, if authorized by the Directors, may:

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

(ii) issue bonds, debentures and other debt obligations either outright or as security for any liability of obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(iii) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(iv) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

f) Directors

(i) Directors shall be elected by an ordinary resolution of Shareholders or approved by a resolution of the Directors.

(ii) The minimum number of Directors is three and there is no maximum number of Directors.

(iii) Each Director ceases to hold office prior to the election of Directors at an annual general meeting.

(iv) The Directors may, at any time, appoint a person to be a Director either to fill a vacancy or as an addition to the existing Directors. Where a person is appointed to fill a vacancy, or as an additional Director (provided that the number of additional Directors must not exceed one third of the number of Directors elected at the last annual general meeting), the term shall not exceed the term that remained when the person who has ceased to be a Director ceased to hold office.

(v) A Director may be removed from office:

(A) with or without cause, by a special resolution of Shareholders passed at a meeting of Shareholders called for the purposes of removing the Director or for purposes including the removal of the Director; or

(B) if a Director is no longer qualified to act.

(vi) No shareholding qualification is required by a Director.

(vii) The Directors may by resolution of the Directors appoint officers of the Company at such times as may be considered necessary or expedient.

g) Meetings of Shareholders

The Directors may call meetings of the Shareholders at such times and in such manner and at such places as they consider necessary or desirable, subject to the provisions of the Articles and the Business Corporations Act (British Columbia). In addition, the Directors will convene a meeting of Shareholders upon the written requisition of Shareholders entitled to exercise 5% or more of the issued shares that carry the right to vote at the meeting.

An annual general meeting of the Shareholders shall be called by at least 21 days' notice.

The accidental omission to give notice of a meeting to a Shareholder or another Director, or the fact that a Shareholder or another Director has not received notice, does not invalidate the meeting. A Shareholder may be represented at a meeting of Shareholders by a proxy who may speak and vote on behalf of the Shareholder. The instrument appointing a proxy shall be produced at the place designated for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. The notice of the meeting may specify an alternative or additional place or time at or by which the proxy shall be presented.

h) Pre-emption rights of Shareholders

There are no provisions in the Articles that require new Common Shares to be issued on a pre- emptive basis to existing Shareholders.

9.9 Financial assistance to purchase Common Shares of the Company or its holding company

The Company may give financial assistance to any person in connection with the acquisition of its own Common Shares, subject to applicable law.

9.10 Purchase of Common Shares

A company may, subject to applicable law and its articles, purchase, redeem or otherwise acquire and hold its own shares in the manner provided for under its articles.

Subject to any limitations in the memorandum or articles, shares that a company purchases, redeems or otherwise acquires may be cancelled or retained.

A company is not prohibited from purchasing and may purchase its own warrants subject to applicable laws and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under British Columbia law that a company's articles contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its articles.

9.11 Protection of minorities

The Business Corporations Act (British Columbia) provides certain statutory remedies to Shareholders including derivative actions, personal actions and representative actions. The courts may consider claims by shareholders alleging that a company has acted in a manner aggressive or unfairly prejudicial to a shareholder.

The Business Corporations Act (British Columbia) further provides that any shareholder of a company is entitled to payment of the fair value of his shares upon dissenting from any of the following:

(a) certain amendments to the articles of the company;

(b) a merger, if the company is a constituent company, unless the company is the surviving company and the shareholder continues to hold the same or similar class of shares;

(c) an amalgamation, other than in the case of certain wholly-owned companies;

(d) any sale, transfer, lease or other disposition of all or substantially all of the company's undertaking other than in the orderly course of business;

(e) a continuation to a jurisdiction other than British Columbia; or

(f) an arrangement, if permitted by the court.

Generally, any other claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the British Columbia.

Amalgamations and arrangements generally require the approval of two thirds of the votes entitled to vote and voted at a meeting to approve the transaction.

Any sale, transfer, lease or other disposition of all or substantially all of the undertaking of the company other than in the ordinary course of business, requires the approval of two thirds of the votes entitled to vote and voted at a meeting to approve the transaction.

Shareholders dissenting from the proposal to dispose of 50% or more of the assets or from any arrangement (which may cover other types of reorganization or reconstruction of a company) are entitled to require the company to pay the fair value of their shares, in accordance with the procedures and conditions laid down by the Business Corporations Act (British Columbia).

In addition, the Company is subject to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, that regulates transactions such as "insider bids", "issuer bids," "business combinations" and "related party transactions" in order to ensure equal treatment of shareholders. Pursuant to the rule, certain transactions may be subject to valuation and shareholder voting requirements that are in addition to those imposed by the Business Corporations Act (British Columbia) and the rules of the TSXV.

9.12 Management

The Company is managed by its Directors, consisting of not less than three directors. Directors are required under the Business Corporations Act (British Columbia) to act honestly and in good faith with a view to the best interests of the company, and to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances. As outlined above, certain actions require prior approval of the Shareholders, as a matter of statute. While the Company may provide certain indemnity for its Directors, the Business Corporations Act (British Columbia) precludes the Directors from taking advantage of such indemnities unless they act honestly and in good faith and in what they believed to be in the best interests of the Company, and in the case of criminal proceedings, where the Director had no reasonable cause to believe that his conduct was unlawful.

9.13 Inspection of corporate records

Shareholders are entitled to inspect the Articles, the register of directors and other documents listed in the Business Corporation Act at the records office.

9.14 Winding up

The Business Corporations Act (British Columbia) makes provision for both voluntary and compulsory winding up of a company. The shareholders may resolve to appoint a voluntary liquidator.

9.15 Takeovers

The Business Corporations Act (British Columbia) and Canadian securities legislation govern takeover bids for Canadian companies incorporated in the Province of British Columbia. A takeover bid is generally defined as an offer to acquire outstanding voting or equity securities of a class, made to any holder in the local jurisdiction of

the securities, if such securities, together with the securities held by the offeror and any person acting jointly or in concert with the offeror would constitute 20% or more of the outstanding securities of that class, in the aggregate, at the date of the offer. A takeover bid must be made to all holders of securities of the class subject to the bid who are in the local jurisdiction (with limited exceptions) and must allow those holders at least 105 days to deposit securities pursuant to the bid. Notwithstanding the foregoing, the Canadian Securities Administrators have adopted a policy permitting them to issue a cease trade order in the event the takeover offer is not made to all Canadian security holders.

The availability of a takeover bid to shareholders residing outside Canada will be dependent on whether such takeover bid may be made to such non-Canadian shareholders pursuant to applicable legislation of the jurisdiction in which the non-Canadian shareholders resides and the actions of the offeror.

A takeover bid circular will be delivered to the security holders by the offeror detailing the terms of the bid. The directors of the reporting issuer (in this case, the Company) would then be required to deliver a directors' circular within 15 days of the date of the bid. The directors' circular would set out the Board's recommendation to accept or reject the bid, including reasons therefor or a statement that the Board is unable to comment and providing reasons in support of that position.

Significant amendments to the takeover bid regime in Canada came into force on 9 May 2016. Among other things the amendments:

(a) have a mandatory tender condition that a minimum of more than 50% of all outstanding securities of the class subject to the bid be tendered and not withdrawn before the bidder can take up any securities under the bid (the "New Mandatory Minimum Tender Condition");

(b) the bid must be extended by the bidder for at least 10 days once the New Mandatory Minimum Tender Condition has been satisfied and all other terms and conditions of the bid have been complied with or waived; and

(c) the bid must remain open for a minimum deposit period of 105 days. A target company will be allowed to reduce the deposit period to not less than 35 days in certain circumstances and subject to certain conditions.

9.16 Squeeze-out and/or sell-out rules

The Business Corporations Act (British Columbia) permits an acquiror who has been successful in acquiring 90% of the shares of a company (excluding those shares already held by the acquiror), to, within four months of making the offer to acquire such shares, send written notice to any shareholder who did not accept the offer, compelling them to sell their shares on the same terms as contained in the original offer. The tendering obligation is subject to the right of the shareholder to make application to the court, which may set the terms of the transaction and make any other consequential orders it deems fit. There is no reciprocal mechanism under Canadian law permitting a shareholder who refuses the original offer to compel the acquiror to acquire its shares on the terms of the original offer.

9.17 Directors' terms of employment

The Directors are appointed at each annual general meeting of the Shareholders (each an "AGM") and may also be appointed at a special meeting of shareholders if one of the purposes for which the meeting was called was the election of directors. Directors will hold office until the close of the next AGM or until a successor is duly elected or appointed or his or her office is earlier vacated in accordance with the Business Corporations Act (British Columbia) and the Articles of the Company.

The Directors' may receive an annual retainer, meeting fees plus options (which options are set within the guidelines prescribed by the TSXV) and expense reimbursements. The Remuneration Committee is responsible for reviewing and recommending to the Board the retainer and fees to be paid to members of the Board.

A Director's term of office is terminable in accordance with the provisions of the Business Corporations Act (British Columbia). Pursuant to the Business Corporations Act (British Columbia), a director will cease to hold office by reason of: (i) death or resignation; (ii) expiration of his or her term of office; or

(i) removal or disqualification in accordance with the provisions of the Business Corporations Act (British Columbia). A director may be removed from office if the shareholders of a corporation so vote by special resolution or otherwise as provided for in the Articles. A director may become disqualified if:

(ii) he is less than 18 years of age; (ii) is found by a court to be of unsound mind; (iii) is an undischarged bankrupt; or (iv) is convicted of an offense involving fraud. Further details of the terms of employment of each Director are set out below.

The Company has a Board that it believes has the expertise to identify, select and complete successful acquisitions and to manage the Group.

For the current financial year, the Directors will be entitled to receive a fee to be determined by the Remuneration Committee following Admission.

The Directors are subject to the Canadian common law fiduciary duty in respect of the Company which obliges them not to disclose the confidential information of the Company and to act honestly and in good faith, with a view to the best interests of the Company. Mr Lopez-Portillo, Mr Sodero, Mr Salimbeni and Mr Larre do not have a service contracts with the Company or any other member of the Group.

10 TAXATION

Set out below is a summary of certain Norwegian and Canadian tax matters related to an investment in the Company. The summary regarding Norwegian and Canadian taxation are based on the laws in force in Norway and Canada, respectively, as of the date of this Admission Document, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

10.1 Norwegian taxation

10.1.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway at an effective tax rate of 30.59% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.33 which are then included as ordinary income taxable at a flat rate of 23%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 30.59%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a risk free interest rate based on the effective rate after tax of interest on treasury bills (Nw.: statskasseveksler) with three months' maturity. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("**excess allowance**") may be carried forward and set off against future dividends received on, or gains upon realisation of, the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share in the following years.

A foreign tax credit may be available to (partially) offset the Norwegian taxation of the dividend to the extent any dividend withholding taxes have been paid in Canada. However, this must be determined separately for each taxpayer.

Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are taxed at a rate of 23%. A foreign tax credit may be available to (partially) offset the Norwegian taxation of the dividend to the extent any dividend withholding taxes have been paid in Canada. However, this must be determined separately for each taxpayer.

Non-Norwegian Shareholders

Dividends distributed to shareholders who are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**"), are as a general rule not subject to Norwegian tax, unless the Non-Norwegian Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities. In the

latter instance, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder or Norwegian Personal Shareholder, as the case may be, as described above.

10.1.2 Taxation of capital gains on realisation of shares

Norwegian Personal Shareholders

Sale, redemption which reduces the ownership percentage or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realised by Norwegian Personal Shareholders is currently 30.59%; i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.33 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 23%, increasing the effective tax rate on gains/losses realised by Norwegian Personal Shareholders to 30.59%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to "Taxation of dividends — Norwegian Personal Shareholders" above for a description of the calculation of the allowance.

The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be forfeited.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian Corporate Shareholders

Gains from a sale, redemption which reduces the ownership percentage or other disposal of shares by Norwegian Corporate Shareholders are taxed at a rate of 23%.

Losses arising from the sale or other disposal of shares by Norwegian Corporate Shareholders are deductible provided that the shareholder has not held, at any time during the past two years, either ten percent of the capital or ten percent of the votes.

Non-Norwegian Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Shareholder holds the shares in connection with business activities carried out or managed from Norway.

10.1.3 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. As a main rule the value for assessment purposes for listed shares is currently equal to eighty percent of the presumed fair market value of the shares per 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

A Norwegian taxpayer may request that the valuation is computed with a reference to the value for tax purposes (as computed under Norwegian tax laws) per 1 January in the year before the assessment year, but this will require additional documentation which may not be available when the Norwegian tax filings are made.

The value of debt allocated to the listed shares is reduced correspondingly (i.e. to 80%) for assessment purposes.

Norwegian Corporate Shareholders are not subject to net wealth tax.

Non-Norwegian Shareholders are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of a trade or business in Norway.

10.1.4 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

10.1.5 Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

10.2 Certain Canadian Federal Income Tax Considerations

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations under the Income Tax Act (Canada) and the regulations promulgated thereunder (the "**Tax Act**") generally applicable to an investor who acquires, as beneficial owner, Common Shares pursuant to the Placing who, at all relevant times and for purposes of the Tax Act is not, and is not deemed to be, resident in Canada, holds the Common Shares as capital property, does not, and will not be deemed to use or hold the Common Shares in the course of carrying on a business in Canada, and deals at arm's length with, and is not affiliated with, the Company or Optiva Securities Limited (a "**Holder**").

Common Shares will generally be considered to be capital property to a Holder unless the Holder acquires or holds such Common Shares in the course of carrying on a business or in one or more transactions considered to be an adventure or concern in the nature of trade. Special rules, which are not discussed below, may apply to a Holder that is an insurer that carries on business in Canada and elsewhere. Such Holders should consult their own tax advisers.

This summary is based on the provisions of the Tax Act in force on the date hereof and the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all such Proposed Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies and assessing practices of the CRA, nor does it take into account the laws of any province or territory of Canada or of any jurisdiction outside of Canada, which may differ from those discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors having regard to their own particular circumstances.

10.2.1 Currency Conversion

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the Common Shares must be determined in Canadian dollars. Any such amount that is expressed or denominated in a currency other than Canadian dollars must be converted into Canadian dollars using the relevant exchange rate quoted by the Bank of Canada on the relevant day or such other rate of exchange acceptable to the Minister of National Revenue (Canada).

10.2.2 Dividends

A dividend paid or credited (or deemed under the Tax Act to be paid or credited) on the Common Shares to a Holder will generally be subject to Canadian withholding tax under the Tax Act at a rate of 25%, subject to any reduction in the rate of such withholding under the provisions of an applicable income tax treaty or convention.

10.2.3 Disposition of Shares

A Holder will generally not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of Common Shares unless the Common Shares constitute "taxable Canadian property" (as defined in the Tax Act) to the Holder at the time of the disposition and the Holder is not entitled to relief under an applicable income tax treaty or convention.

Provided the Common Shares are listed on a designated stock exchange for purposes of the Tax Act at the time of disposition, which currently includes the TSXV and the London Stock Exchange, the Common Shares will generally not constitute taxable Canadian property to a Holder at that time, unless at any time during the 60-month period immediately preceding the disposition of the Common Shares: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Holder does not deal at arm's length, (iii) partnerships in which the Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class of the Company, and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) Canadian resource properties; (iii) timber resource properties; and (iv) options in respect of, or interests in or for civil law rights in, property in any of the foregoing whether or not the property exists. Common Shares may also be deemed to be taxable Canadian property to a Holder in certain circumstances.

A Holder whose Common Shares may constitute taxable Canadian property to such Holder should consult its own tax advisers.

This summary is for general information only and it is not intended to be, nor should it be construed to be, legal advice to any Shareholder or prospective investor.

11 ADDITIONAL INFORMATION

11.1 Auditor and advisors

The Company's independent auditor is PKF Littlejohn LLP with registration number in England & Wales No.OC342572 and address 1 Westferry Circus Canary Wharf, London 14 4HD, United Kingdom. PKF Littlejohn LLP is a Registered Auditor and is regulated in the conduct of its services by the Institute of Chartered Accountants in England & Wales (ICAEW), including as a Designated Professional Body for investment business.

Arctic Securities AS (Haakon VII's gate 5, N-0161 Oslo, Norway) is acting as Merkur Advisor for the Admission to Trading.

Arntzen de Besche Advokatfirma AS (Bygdøy allé 2, N-0257 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

11.2 Incorporation by reference

The information incorporated by reference in this Admission Document should be read in connection with the cross reference table set out below. Except as provided in this Section, no information is incorporated by reference in this Admission Document.

The Company incorporates by reference the Group's unaudited consolidated interim financial statements as at, and for the three month periods ended, 30 June 2018 and 2017 (the Interim Financial Statements) and the Group's audited consolidated financial statements as at, and for the financial years ended, 31 March 2018 and 2017 (the Financial Statements), as well as certain other documents set out below:

Section in the Prospectus	Reference document and link	Page in reference document
Section 7	**Financial Statements as at, and for the financial year ended, 31 March 2018:** www.zenithenergy.ca/investors/reports-documents/	P 22-77
Section 7	**Financial Statements as at, and for the financial year ended, 31 March 2017:** www.zenithenergy.ca/investors/reports-documents/	P 22-75
Section 7	**Interim Financial Statements as at, and for the three month period ended, 30 June 2018:** www.zenithenergy.ca/investors/reports-documents/	P 12-50
Section 7	**Interim Financial Statements as of, and for the three month period ended, 30 June 2017:** www.zenithenergy.ca/investors/reports-documents/	P 6-43

12 DEFINITIONS AND GLOSSARY

In the Admission Document, the following defined terms have the following meanings:

Admission Document	This Admission Document dated 8 November 2018
Admission to Trading	The admission to trading Company's Shares on the Merkur Market
Aran Oil	Aran Oil Operating Company Limited
Azerbaijan's Independence	The gaining independence by the Republic of Azerbaijan from the USSR in 1991
Azerbaijani Operations	The oil fields covered by the REDSPA, as further described in Section 4.5 "Azerbaijan"
Articles	The amended and restated articles of the Company (together with the Notice of Articles of the Company)
Board of Directors	The board of directors of the Company
Canadian dollars, Canadian $, CAD or CAD $	Canadian dollars, the lawful currency of Canada
Company	Zenith Energy Ltd.
CPR	Competent Persons Report
CRA	Canada Revenue Agency
Directors	The members of the Board of Directors of the Company
EIA	U.S. Energy Information Administration
Energy Law	The Azerbaijan Law on Energy
EU	European Union
Euro or EUR	Euro, the lawful currency of the member states of the EU who have adopted the Euro
Financial Information	The Financial Statements and the Interim Financial Statements
Financial Statements	The Company's audited consolidated financial statements as at, and for the financial years ended, 31 March 2018 and 2017
GBP, pounds sterling, £, pence or p	British pounds sterling, the lawful currency of the United Kingdom
Group	The Company together with its consolidated subsidiaries
Handover or Effective Date	11 August 2016
Holder	The holder of Shares for Canadian tax purposes as described in Section 10.2 "Certain Canadian Federal Income Tax Considerations"
IAS 34	Interim Financial Reporting as adopted by the EU
IEA	International Energy Agency
IFRS	International Financial Reporting Standards as adopted by EU
Interim Financial Statements	The Company's unaudited consolidated interim financial statements as at, and for the three month periods ended, 30 June 2018 and 2017
ISIN	Securities number in the Norwegian Registry of Securities (VPS)
Management	The senior management of the Company
Merkur Advisor	Arctic Securities AS
New Manat, Manat or AZN	Manat, the lawful currency of Azerbaijan
NOK	The Norwegian kroner, the lawful currency of Norway
Non-Norwegian Shareholders	Shareholders who are not resident in Norway for tax purposes
Norwegian Corporate Shareholders	Shareholders which are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian Personal Shareholders	Shareholders who are individuals resident in Norway for tax purposes
OPEC	Organization of Petroleum Exporting Countries

Plan	The Group's share option plan
Proposed Amendments	The specific proposals to amend the Tax Act
PSAs	Production sharing agreements
REDSPA	The Rehabilitation, Exploration, Development and Production Sharing Agreement with SOCAR
Registration Agreement	The registration agreement entered into by the Company and DNB Bank ASA, Registrar Department (the VPS Registrar) on 14 September 2018
SOCAR	The State Oil Company of Azerbaijan Republic
SOCARMO	The Marketing and Operations Department of SOCAR
Shares or Common Shares	Common shares in the Company, each with nil par value, or any one of them
Swiss Francs or CHF	Swiss Francs, the lawful currency of Switzerland
TANAP	Trans-Anatolian pipeline
TAP	Trans-Adriatic pipeline
Tax Act	The Income Tax Act (Canada)
USD, USD $, US dollars, dollars, US $, cents or c	United States Dollar, the lawful currency of the United States of America
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*)
VPS account	An account held with the VPS for the registration of holding of securities
VPS Registrar	DNB Bank ASA, Registrars Department
VPS Registered Shares	The portion of the Company's Shares the are registered in the name of the VPS Registrar in the VPS
Zenith	Zenith Energy Ltd.
Zenith Aran	Zenith Aran Oil Company Limited

APPENDIX A:

ARTICLES OF ZENITH ENERGY LTD

BRITISH COLUMBIA

Number: BC0803216

CERTIFICATE
OF
CHANGE OF NAME

BUSINESS CORPORATIONS ACT

I Hereby Certify that CANOEL INTERNATIONAL ENERGY LTD. changed its name to ZENITH ENERGY LTD. on October 2, 2014 at 11:37 AM Pacific Time.

Issued under my hand at Victoria, British Columbia
On October 2, 2014

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

ELECTRONIC CERTIFICATE

BRITISH COLUMBIA | BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Notice of Alteration

FORM 11
BUSINESS CORPORATIONS ACT
Section 257

Filed Date and Time:	**October 2, 2014 11:37 AM Pacific Time**
Alteration Date and Time:	**Notice of Articles Altered on October 2, 2014 11:37 AM Pacific Time**

NOTICE OF ALTERATION

Incorporation Number:
C0803216

Name of Company:
CANOEL INTERNATIONAL ENERGY LTD.

Name Reservation Number:
NR2381132

Name Reserved:
ZENITH ENERGY LTD.

ALTERATION EFFECTIVE DATE:

The alteration is to take effect at the time that this application is filed with the Registrar.

CHANGE OF NAME OF COMPANY

From:
CANOEL INTERNATIONAL ENERGY LTD.

To:
ZENITH ENERGY LTD.

ADVANCE NOTICE POLICY

OF

ZENITH ENERGY LTD.
(the "Company")

Introduction

The Company is committed to: (i) facilitating an orderly and efficient process for the nomination of directors at shareholder meetings; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote, having been afforded reasonable time for deliberation.

The purpose of this Advance Notice Policy (the "**Policy**") is to provide shareholders, directors and management of the Company with a clear framework for nominating directors. This Policy fixes a deadline by which holders of record of common shares of the Company may submit director nominations to the Company prior to any shareholders' meeting called for the election of directors and sets forth the information that the nominating shareholder must include in the written notice to the Company in order for any director nominee to be eligible for election at such meeting.

This policy will be subject to an annual review by the Board of Directors of the Company (the "**Board**"), which will update it to reflect changes required by securities regulatory authorities and applicable stock exchanges or as otherwise determined to be in the best interests of the Company and its shareholders.

Nominations of Directors

1. Only persons who are nominated in accordance with the procedures of this Policy shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual general meeting of shareholders, or at any special general meeting of shareholders if one of the purposes for which the special general meeting was called was the election of directors:

    (a) by or at the direction of the Board, including pursuant to a notice of meeting;

    (b) by or at the direction or request of one or more shareholders pursuant to a requisition for a general meeting made in accordance with section 167 of the British Columbia *Business Corporations Act* (the "**Act**") or pursuant to a "proposal" made in accordance with section 188 of the Act;

    (c) by any person (a "**Nominating Shareholder**"): (i) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for in this Policy and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially

owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set forth in this Policy.

2. In addition to any other requirements under applicable laws, for a valid nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof (the "**Notice**") that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the Secretary of the Company at the head or registered and records offices of the Company.

3. To be timely, a Nominating Shareholder's Notice must be given:

   (a) in the case of an annual general meeting of shareholders, not fewer than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is fewer than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual general meeting was made, Notice by the Nominating Shareholder may be given not later than the close of business on the 10th day following the Notice Date; and

   (b) in the case of a special general meeting (that is not also an annual meeting of shareholders) called in whole or in part for the purpose of electing directors, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special general meeting of shareholders was made.

   The time periods for the giving of a Nominating Shareholder's Notice set forth above shall in all cases be determined based on the original date of the applicable annual or special general meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such Notice.

4. To be in proper written form, a Nominating Shareholder's Notice must set forth:

   (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residential address of the person; (ii) the principal occupation or employment of the person; (iii) the citizenship of such person; (iv) the class and number of shares in the capital of the Company that are beneficially owned, or controlled, directly or indirectly, or owned of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such Notice; and (v) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with the solicitation of proxies for the election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the Notice, full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular in connection with the solicitation of proxies for the election of directors pursuant to the Act and Applicable Securities Laws.

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or otherwise, of such proposed nominee.

5. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Policy; provided, however, that nothing in this Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the provisions of this Policy and, if any proposed nomination is not in compliance with such provisions, to declare that such nomination shall be disregarded.

6. For purposes of this Policy:

(a) "**public announcement**" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com; and

(b) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission or similar regulatory authority of each province and territory of Canada.

7. Notwithstanding any other provision of this Policy, Notice given to the Secretary of the Company pursuant to this Policy may only be given by personal delivery, facsimile transmission or by e-mail (at such e-mail address as may be stipulated from time to time by the Secretary of the Company for that purpose), and shall be deemed to have been given only at the time it is served by personal delivery to the Secretary at the address of the head or registered and records offices of the Company, e-mailed (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic

communication is made on a day which is a not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Policy.

9. This Policy was approved and adopted by the Board on the date set out below (the "**Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms from and after such date.

10. This Policy shall be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in that province.

Effective Date and approval by the Board: January 19, 2017

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: April 12, 2018 02:53 PM Pacific Time

Incorporation Number: **BC0803216**

Recognition Date and Time: *Incorporated on September 20, 2007 02:57 PM Pacific Time*

NOTICE OF ARTICLES

Name of Company:

ZENITH ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Regis Milano, Luigi (formerly Milano, Luigi (Gino) Regis)

Mailing Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Delivery Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Last Name, First Name, Middle Name:
Cattaneo, Andrea

Mailing Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Delivery Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Last Name, First Name, Middle Name:
Larre, Erik

Mailing Address:
GABELSGATE 41
OSLO 0262
NORWAY

Delivery Address:
GABELSGATE 41
OSLO 0262
NORWAY

Last Name, First Name, Middle Name:
Sodero, Dario E.

Mailing Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Delivery Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Last Name, First Name, Middle Name:
Lopez-Portillo, Jose Ramon

Mailing Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Delivery Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Last Name, First Name, Middle Name:
Al Shamma, Saadallah Abdullah Fathi

Mailing Address:
SEYRINGER STRASSE 1/2/262
WIEN 1210
AUSTRIA

Delivery Address:
SEYRINGER STRASSE 1/2/262
WIEN 1210
AUSTRIA

Last Name, First Name, Middle Name:
Borovskiy, Sergey Alexandrovich

Mailing Address:
8 F, BUILDING 7
68 XINZHONG STREET
BEIJING 100027
CHINA

Delivery Address:
8 F, BUILDING 7
68 XINZHONG STREET
BEIJING 100027
CHINA

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value
			With Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value
			With Special Rights or Restrictions attached

BRITISH COLUMBIA | BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: April 9, 2018 04:54 PM Pacific Time

Incorporation Number: **BC0803216**

Recognition Date and Time: Incorporated on September 20, 2007 02:57 PM Pacific Time

NOTICE OF ARTICLES

Name of Company:

ZENITH ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Regis Milano, Luigi (formerly Milano, Luigi (Gino) Regis)

Mailing Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Delivery Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Last Name, First Name, Middle Name:
Cattaneo, Andrea

Mailing Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Delivery Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Last Name, First Name, Middle Name:
Larre, Erik

Mailing Address:
GABELSGATE 41
OSLO 0262
NORWAY

Delivery Address:
GABELSGATE 41
OSLO 0262
NORWAY

Last Name, First Name, Middle Name:
Sodero, Dario E.

Mailing Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Delivery Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Last Name, First Name, Middle Name:
Lopez-Portillo, Jose Ramon

Mailing Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Delivery Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Last Name, First Name, Middle Name:
Al Shamma, Saadallah Abdullah Fathi

Mailing Address:
SEYRINGER STRASSE 1/2/262
WIEN 1210
AUSTRIA

Delivery Address:
SEYRINGER STRASSE 1/2/262
WIEN 1210
AUSTRIA

Last Name, First Name, Middle Name:
Borovskiy, Sergey Alexandrovich

Mailing Address:
8 F, BUILDING 7
68 XINZHONG STREET
BEIJING 100027
CHINA

Delivery Address:
8 F, BUILDING 7
68 XINZHONG STREET
BEIJING 100027
CHINA

Last Name, First Name, Middle Name:
Francesco, Salimbeni Salimbeni

Mailing Address:
VIA FRANCO ZORZI 41A
PARADISO, TICINO
LUGANO CH-6900
SWITZERLAND

Delivery Address:
VIA FRANCO ZORZI 41A
PARADISO, TICINO
LUGANO CH-6900
SWITZERLAND

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value
			With Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value
			With Special Rights or Restrictions attached

BRITISH COLUMBIA | BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: April 9, 2018 04:37 PM Pacific Time

Incorporation Number: **BC0803216**

Recognition Date and Time: *Incorporated on September 20, 2007 02:57 PM Pacific Time*

NOTICE OF ARTICLES

Name of Company:

ZENITH ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Regis Milano, Luigi (formerly Milano, Luigi (Gino) Regis)

Mailing Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Delivery Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Last Name, First Name, Middle Name:
Cattaneo, Andrea

Mailing Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Delivery Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Last Name, First Name, Middle Name:
Larre, Erik

Mailing Address:
GABELSGATE 41
OSLO 0262
NORWAY

Delivery Address:
GABELSGATE 41
OSLO 0262
NORWAY

Last Name, First Name, Middle Name:
Sodero, Dario E.

Mailing Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Delivery Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Last Name, First Name, Middle Name:
Lopez-Portillo, Jose Ramon

Mailing Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Delivery Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Last Name, First Name, Middle Name:
Al Shamma, Saadallah Abdullah Fathi

Mailing Address:
SEYRINGER STRASSE 1/2/262
WIEN 1210
AUSTRIA

Delivery Address:
SEYRINGER STRASSE 1/2/262
WIEN 1210
AUSTRIA

Last Name, First Name, Middle Name:
Francesco, Salimbeni Salimbeni

Mailing Address:
VIA FRANCO ZORZI 41A
PARADISO, TICINO
LUGANO CH-6900
SWITZERLAND

Delivery Address:
VIA FRANCO ZORZI 41A
PARADISO, TICINO
LUGANO CH-6900
SWITZERLAND

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value
			With Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value
			With Special Rights or Restrictions attached

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: November 22, 2016 09:04 AM Pacific Time

Incorporation Number: **BC0803216**

Recognition Date and Time: *Incorporated on September 20, 2007 02:57 PM Pacific Time*

NOTICE OF ARTICLES

Name of Company:

ZENITH ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Regis Milano, Luigi (formerly Milano, Luigi (Gino) Regis)

Mailing Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Delivery Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Last Name, First Name, Middle Name:
Cattaneo, Andrea

Mailing Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Delivery Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Last Name, First Name, Middle Name:
Larre, Erik

Mailing Address:
GABELSGATE 41
OSLO 0262
NORWAY

Delivery Address:
GABELSGATE 41
OSLO 0262
NORWAY

Last Name, First Name, Middle Name:
Sodero, Dario E.

Mailing Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Delivery Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Last Name, First Name, Middle Name:
Lopez-Portillo, Jose Ramon

Mailing Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Delivery Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Last Name, First Name, Middle Name:
Francesco, Salimbeni Salimbeni

Mailing Address:
VIA FRANCO ZORZI 41A
PARADISO, TICINO
LUGANO CH-6900
SWITZERLAND

Delivery Address:
VIA FRANCO ZORZI 41A
PARADISO, TICINO
LUGANO CH-6900
SWITZERLAND

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value With Special Rights or Restrictions attached

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of
British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: October 24, 2014 04:17 PM Pacific Time

Incorporation Number: **BC0803216**

Recognition Date and Time: *Incorporated on September 20, 2007 02:57 PM Pacific Time*

NOTICE OF ARTICLES

Name of Company:

ZENITH ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Regis Milano, Luigi (formerly Milano, Luigi (Gino) Regis)

Mailing Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Delivery Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Last Name, First Name, Middle Name:
Cattaneo, Andrea

Mailing Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Delivery Address:
SUITE 97
95 WILTON ROAD
LONDON SW1V 1BZ
UNITED KINGDOM

Last Name, First Name, Middle Name:
Zofrea, Francesco

Mailing Address:
VIA DEL GOVERNO VECCHIO 48
ROMA 00186
ITALY

Delivery Address:
VIA DEL GOVERNO VECCHIO 48
ROMA 00186
ITALY

Last Name, First Name, Middle Name:
Larre, Erik

Mailing Address:
GABELSGATE 41
OSLO 0262
NORWAY

Delivery Address:
GABELSGATE 41
OSLO 0262
NORWAY

Last Name, First Name, Middle Name:
Sodero, Dario E.

Mailing Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Delivery Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Last Name, First Name, Middle Name:
Lopez-Portillo, Jose Ramon

Mailing Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Delivery Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value
			With Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value
			With Special Rights or Restrictions attached

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: June 18, 2014 08:43 AM Pacific Time

Incorporation Number: **BC0803216**

Recognition Date and Time: Incorporated on September 20, 2007 02:57 PM Pacific Time

NOTICE OF ARTICLES

Name of Company:

CANOEL INTERNATIONAL ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Regis Milano, Luigi (formerly Milano, Luigi (Gino) Regis)

Mailing Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Delivery Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Last Name, First Name, Middle Name:
Cattaneo, Andrea

Mailing Address:
10 WARWICK SQUARE MEWS
LONDON SW1V 2EL
UNITED KINGDOM

Delivery Address:
10 WARWICK SQUARE MEWS
LONDON SW1V 2EL
UNITED KINGDOM

Last Name, First Name, Middle Name:
Zofrea, Francesco

Mailing Address:
VIA DEL GOVERNO VECCHIO 48
ROMA 00186
ITALY

Delivery Address:
VIA DEL GOVERNO VECCHIO 48
ROMA 00186
ITALY

Last Name, First Name, Middle Name:
Larre, Erik

Mailing Address:
GABELSGATE 41
OSLO 0262
NORWAY

Delivery Address:
GABELSGATE 41
OSLO 0262
NORWAY

Last Name, First Name, Middle Name:
Sodero, Dario E.

Mailing Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Delivery Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Last Name, First Name, Middle Name:
Lopez-Portillo, Jose Ramon

Mailing Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Delivery Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value
			With Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value
			With Special Rights or Restrictions attached

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: May 20, 2014 04:17 PM Pacific Time

Incorporation Number: **BC0803216**

Recognition Date and Time: *Incorporated on September 20, 2007 02:57 PM Pacific Time*

NOTICE OF ARTICLES

Name of Company:

CANOEL INTERNATIONAL ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Cattaneo, Andrea

Mailing Address:
10 WARWICK SQUARE MEWS
LONDON SW1V 2EL
UNITED KINGDOM

Delivery Address:
10 WARWICK SQUARE MEWS
LONDON SW1V 2EL
UNITED KINGDOM

Last Name, First Name, Middle Name:
Zofrea, Francesco

Mailing Address:
VIA DEL GOVERNO VECCHIO 48
ROMA 00186
ITALY

Delivery Address:
VIA DEL GOVERNO VECCHIO 48
ROMA 00186
ITALY

Last Name, First Name, Middle Name:
Larre, Erik

Mailing Address:
GABELSGATE 41
OSLO 0262
NORWAY

Delivery Address:
GABELSGATE 41
OSLO 0262
NORWAY

Last Name, First Name, Middle Name:
Sodero, Dario E.

Mailing Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Delivery Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Last Name, First Name, Middle Name:
Milano, Luigi (Gino) Regis

Mailing Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Delivery Address:
VIA MALTA 4/A
GENOVA 16121
ITALY

Last Name, First Name, Middle Name:
Lopez-Portillo, Jose Ramon

Mailing Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

Delivery Address:
GROVE HOUSE, BECKLEY
OXFORD OX3 9US
UNITED KINGDOM

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value With Special Rights or Restrictions attached

BRITISH COLUMBIA
The Best Place on Earth

BC Registry Services

Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

RON TOWNSHEND
October 13, 2011

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: October 13, 2011 08:52 AM Pacific Time

Incorporation Number: **BC0803216**

Recognition Date and Time: Incorporated on September 20, 2007 02:57 PM Pacific Time

NOTICE OF ARTICLES

Name of Company:

CANOEL INTERNATIONAL ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

Delivery Address:
20TH FLOOR, 250 HOWE STREET
VANCOUVER BC V6C 3R8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Cattaneo, Andrea

Mailing Address:
10 WARWICK SQUARE MEWS
LONDON SW1V 2EL
UNITED KINGDOM

Delivery Address:
10 WARWICK SQUARE MEWS
LONDON SW1V 2EL
UNITED KINGDOM

Last Name, First Name, Middle Name:
Zofrea, Francesco

Mailing Address:
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ROMA 00186
ITALY

Delivery Address:
VIA DEL GOVERNO VECCHIO 48
ROMA 00186
ITALY

Last Name, First Name, Middle Name:
Larre, Erik

Mailing Address:
GABELSGATE 41
OSLO 0262
NORWAY

Delivery Address:
GABELSGATE 41
OSLO 0262
NORWAY

Last Name, First Name, Middle Name:
Lopez-Portillo, Jose Ramon

Mailing Address:
GROVE HOUSE, BECLEY
OXFORD OX3 9US
UNITED KINGDOM

Delivery Address:
GROVE HOUSE, BECLEY
OXFORD OX3 9US
UNITED KINGDOM

Last Name, First Name, Middle Name:
Sodero, Dario E.

Mailing Address:
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#106
CALGARY AB T2G 5P9
CANADA

Delivery Address:
138 - 18 AVENUE SE
#106
CALGARY AB T2G 5P9
CANADA

Last Name, First Name, Middle Name:
Milano, Luigi (Gino) Regis

Mailing Address:
VIA SARDEGNA 59
20146
MILANO
ITALY

Delivery Address:
VIA SARDEGNA 59
20146
MILANO
ITALY

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value
			With Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value
			With Special Rights or Restrictions attached

Date and Time: February 1, 2008 09:04 AM Pacific Time

BRITISH COLUMBIA
The Best Place on Earth

Ministry of Finance
BC Registry Services

Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

Notice of Alteration

FORM 11
BUSINESS CORPORATIONS ACT
Section 257

Filed Date and Time:	**February 1, 2008 09:04 AM Pacific Time**
Alteration Date and Time:	**Notice of Articles Altered on February 1, 2008 09:04 AM Pacific Time**

NOTICE OF ALTERATION

Incorporation Number:
BC0803216

Name of Company:
CANOEL INTERNATIONAL ENERGY LTD.

ALTERATION EFFECTIVE DATE:

The alteration is to take effect at the time that this application is filed with the Registrar.

ADD A RESOLUTION DATE:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

New Resolution Date:

January 31, 2008

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value
			With Special Rights or Restrictions attached

2.	No Maximum	Preferred Shares	Without Par Value
			With Special Rights or Restrictions attached

BRITISH COLUMBIA

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

Telephone: 250 356 – 8626

NOTICE OF ALTERATION

FORM 11 – BC COMPANY

Section 257 (4) *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 Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (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. INCORPORATION NUMBER OF COMPANY

BC0803216

B. NAME OF COMPANY

CANOEL INTERNATIONAL ENERGY LTD.

C. ALTERATIONS TO THE NOTICE OF ARTICLES

Please indicate what information on the Notice of Articles is to be altered:
("altered" means create, add to, vary or delete)

- ☐ Company name
- ☐ A translation of company name
- ☐ Pre-existing Company Provisions
- ☑ Date of a Resolution or Court Order **(applies to special rights or restrictions only)**
- ☑ Authorized Share Structure

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

- ☑ The alteration is to take effect at the time that this notice is filed with the registrar.
- ☐ The alteration 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 notice.
- ☐ The alteration is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on _____ being a date and time that is not more than ten days after the date of the filing of this notice.

E. CHANGE OF COMPANY NAME

The company is to change its name from _____

to *(choose **one** of the following):*

- ☐ _____. This name has been reserved for the company under name reservation number _____ or
- ☐ a name created by adding "B.C. Ltd." after the incorporation number of the company.

F. TRANSLATION OF COMPANY NAME

Set out every new translation of the company name, or set out any change or deletion of an existing translation of the company name to be used outside of Canada.

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

Changes: Change the following translation(s) of the company name:

PREVIOUS TRANSLATION OF THE COMPANY NAME	NEW TRANSLATION OF THE COMPANY NAME

Deletions: Remove the following translation(s) of the company name:

G. PRE-EXISTING COMPANY PROVISIONS (refer to Part 17 and Table 3 of the Regulation under the *Business Corporations Act*)

Complete this item only if the company has resolved that none of the Pre-existing Company Provisions are to apply to this company.

☐ The company has resolved that the Pre-existing Company Provisions are no longer to apply to this company.

H. AUTHORIZED SHARE STRUCTURE

Set out the date of each resolution or court order altering special rights or restrictions attached to a class or series of shares.

YYYY / MM / DD

2008/01/31

Set out the new authorized share structure

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

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

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	DATE SIGNED YYYY/MM/DD
Doug McCartney, Secretary	X	2008/01/31

CANOEL INTERNATIONAL ENERGY LTD.
(the "Company")

1. Copy of Special Resolutions consented to in writing by all of the Shareholders entitled to vote at a general meeting dated January 31, 2008 attached as Schedule "A". Form 11 Notice of Alteration electronically filed with the British Columbia Registrar of Companies on February 1, 2008 AT 9:04 AM Pacific Time.

2. Minutes of the Annual and Special Meeting of Shareholders of the Company dated June 23, 2009 include the following amendment to Articles:

> "The Chairman advised that Management of the Corporation anticipates that the focus of the Corporation's near term fundraising activities will be in Europe. Along with the fact that many of its directors are resident in Europe, the directors of the Corporation believe that it is in the best interest of the Corporation to amend its articles to allow meetings of shareholders to be held in London, England.
>
> Upon motion made, seconded and carried unanimously, it was unanimously RESOLVED as a Special Resolution that the Articles of the Corporation be changed to add London, England as a place where meetings of shareholders may be held."

SPECIAL RESOLUTIONS CONSENTED TO IN WRITING
BY ALL OF THE SHAREHOLDERS ENTITLED TO VOTE
AT A GENERAL MEETING OF
CANOEL INTERNATIONAL ENERGY LTD.
(THE "COMPANY")
AND DATED AS OF THE 31ST DAY OF JANUARY, 2008

RESOLVED THAT:

1. The authorized capital of the Company be amended by cancelling the Unlimited Class "B" Common Non-Voting shares, Unlimited Class "C" Preferred Non-Voting shares and Unlimited Class "D" Preferred Non-Voting shares of which none have been issued and the authorized capital of the Company is decreased accordingly.

2. The authorized capital is amended by creating an unlimited number of preferred shares without par value and the authorized capital is increased accordingly.

3. The name of the Class "A" Common Voting shares without par value of which there are an unlimited number authorized and 1 issued be changed to an unlimited number of common shares without par value of which 1 is issued and the authorized and issued capital are amended accordingly.

4. The following be added to the Articles of the Company as paragraph 11.24:

   "11.24 Pursuant to paragraph 166 of the *Business Corporations Act* (British Columbia), the Company hereby approves the holding of general meetings of the shareholders in Calgary, Alberta provided that the Company fulfills the requirements set forth in paragraph 166 prior to the holding of such meeting."

5. the existing Articles of the Company be altered by deleting and canceling the special rights and restrictions set forth in Part 27, paragraphs 27.1 through 27.5 inclusive in their entirety and creating and attaching to the Articles as Part 27, paragraphs 27.1 through 27.2 inclusive the special rights and restrictions attached hereto as Schedule "A" to these resolutions, and the Articles of the Company are altered accordingly.

6. the alteration to the authorized share structure and Articles of the Company set out in these special resolutions shall not take effect until a Notice of Alteration of the Company is filed with the Registrar to reflect such alterations to the Articles of the Company.

7. the Notice of Articles of the Company be altered to reflect the alteration to the authorized share structure and Articles of the Company authorized by these special resolutions.

JOSE RAMON LOPEZ-PORTILLO

Schedule "A"

PART 27
SPECIAL RIGHTS AND RESTRICTIONS

The Company is authorized to issue:

- an unlimited number of common shares; and
- an unlimited number of preferred shares (issuable in series);

having attached thereto the rights, privileges, restrictions and conditions hereinafter set forth.

27.1 COMMON SHARES

There shall be attached to the common shares, the following rights, privileges, restrictions and conditions, namely:

(a) The holders of common shares shall be entitled to receive notice of, and to vote at every meeting of the shareholders of the Company and shall have one (1) vote thereat for each such common share so held.

(b) Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Company, the holders of common shares shall be entitled to receive such dividend as the directors may from time to time, by resolution, declare.

(c) Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Company, in the event of liquidation, dissolution or winding up of the Company or upon any distribution of the assets of the Company among shareholders being made (other than by way of dividend out of monies properly applicable to the payment of dividends) the holders of common shares shall be entitled to share pro rata.

27.2 PREFERRED SHARES (ISSUABLE IN SERIES)

There shall be attached to the preferred shares, the following rights, privileges, restrictions and conditions, namely:

(a) The directors of the Company may, from time to time, issue the preferred shares in one or more series, each series to consist of such number of shares as may before issuance thereof, be determined by the directors.

(b) The directors of the Company may, by resolution (subject as hereinafter provided) fix before issuance, the designation, rights, privileges, restrictions and conditions to attach to the preferred shares of each series, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of preferential dividends, the redemption price, terms, procedures and conditions of redemption, if any, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the preferred shares of such series; and provided however, that no shares of any series shall be issued until the directors have filed an amendment to the Articles with the Registrar of Companies, Province of British Columbia, or such designated person in any other jurisdiction in which the Company may be continued.

(c) If any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full, the shares of all series shall participate ratably in respect of accumulated dividends and return of capital.

(c) The preferred shares shall be entitled to preference over the common shares of the Company and any other shares of the Company ranking junior to the preferred shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, and may also be given such other preferences over the common shares of the Company and any other shares of the Company ranking junior to the preferred shares as may be fixed by the resolution of the directors of the Company as to the respective series authorized to be issued.

(d) The preferred shares of each series shall rank on a parity with the preferred shares of every other series with respect to priority in the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary exclusive of any conversion rights that may affect the aforesaid.

(e) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the preferred shares unless all dividends, if any, up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of preferred shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the preferred shares nor shall the Company call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the preferred shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the preferred shares unless all dividends up to and including the dividend payable, if any, for the last completed period for which such dividends shall be payable on each series of the preferred shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

(f) Preferred shares of any series may be purchased for cancellation or made subject to redemption by the Company out of capital pursuant to the provisions of the *Business Corporations Act* (British Columbia), if the directors so provide in the resolution of the Board of Directors of the Company relating to the issuance of such preferred shares, and upon such other terms and conditions as may be specified in the designations, rights, privileges, restrictions and conditions attaching to the preferred shares of such series as set forth in the said resolution of the Board of Directors and the amendment to the Articles of the Company relating to the issuance of such series.

(g) The holders of the preferred shares shall not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Company now or hereafter authorized.

(h) No class of shares may be created or rights and privileges increased to rank in parity or priority with the rights and privileges of the preferred shares including, without limiting the generality of the foregoing, the rights of the preferred shares to receive dividends or to return of capital, without the approval of the holders of the preferred shares.

Incorporation
No. BC0803216

CANOEL INTERNATIONAL ENERGY LTD.

(the "Company")

ARTICLES

CANOEL INTERNATIONAL ENERGY LTD.

(THE "COMPANY")

ARTICLES

The Company has as its articles the following articles:

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(a) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

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

(c) "legal personal representative" means the personal or other legal representative of the shareholder;

(d) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(e) "seal" means the seal of the Company, if any.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

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

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

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

2.2 Form of Share Certificate

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

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to:

(a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or

(b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate;

provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

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

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

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

(a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

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

(a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(b) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

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

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

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

3. ISSUE OF SHARES

3.1 Directors Authorized

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

3.2 Commissions and Discounts

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

3.3 Brokerage

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

3.4 Conditions of Issue

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

(a) consideration is provided to the Company for the issue of the share by one or more of the following:

  (i) past services performed for the Company;

  (ii) property;

  (iii) money; and

(b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

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

4. SHARE REGISTERS

4.1 Central Securities Register

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

4.2 Closing Register

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

5. SHARE TRANSFERS

5.1 Registering Transfers

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

(a) a duly signed instrument of transfer in respect of the share has been received by the Company;

(b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

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

5.3 Transferor Remains Shareholder

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

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and

sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(a) in the name of the person named as transferee in that instrument of transfer; or

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

5.5 Enquiry as to Title Not Required

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

5.6 Transfer Fee

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

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

7.2 Purchase When Insolvent

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

(a) the Company is insolvent; or

(b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

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

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

8. BORROWING POWERS

The Company, if authorized by the directors, may:

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

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as 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, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

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

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

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

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

  (i) decrease the par value of those shares; or

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

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any of its shares; or

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

9.2 Special Rights and Restrictions

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

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

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

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

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

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

10.2 Resolution Instead of Annual General Meeting

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

10.3 Calling of Meetings of Shareholders

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

10.4 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, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

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

(b) otherwise, 10 days.

10.5 Record Date for Notice

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

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

(b) otherwise, 10 days.

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

10.6 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.

10.7 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.

10.8 Notice of Special Business at Meetings of Shareholders

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

(a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(c) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(d) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

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

(a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(b) at an annual general meeting, all business is special business except for the following:

(i) business relating to the conduct of or voting at the meeting;

(ii) consideration of any financial statements of the Company presented to the meeting;

(iii) consideration of any reports of the directors or auditor;

(iv) the setting or changing of the number of directors;

(v) the election or appointment of directors;

(vi) the appointment of an auditor;

(vii) the setting of the remuneration of an auditor;

(viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

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

11.2 Special Majority

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

11.3 Quorum

Subject to the special rights 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 two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

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

(a) the quorum is one person who is, or who represents by proxy, that shareholder, and

(b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does 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.

11.6 Requirement of Quorum

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

11.7 Lack of Quorum

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

(a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

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

11.9 Chair

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

(a) the chair of the board, if any; or

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

11.10 Selection of Alternate Chair

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

11.11 Adjournments

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

11.12 Notice of Adjourned Meeting

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

11.13 Decisions by Show of Hands or Poll

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

11.14 Declaration of Result

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

11.15 Motion Need Not be Seconded

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

11.16 Casting Vote

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

11.17 Manner of Taking Poll

Subject to Article 11.8, if a poll is duly demanded at a meeting of shareholders:

(a) the poll must be taken:

  (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

  (ii) in the manner, at the time and at the place that the chair of the meeting directs;

(b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(c) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

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

11.19 Chair Must Resolve Dispute

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

11.20 Casting of Votes

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

11.21 Demand for Poll

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

11.22 Demand for Poll Not to Prevent Continuance of Meeting

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

11.23 Retention of Ballots and Proxies

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

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

(a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

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

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

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

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

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

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

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

(b) if a representative is appointed under this Article 12.5:

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

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

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

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

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

12.8 Alternate Proxy Holders

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

12.9 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 12.5;

(b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; 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.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

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

(b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

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

12.11 Validity of Proxy Vote

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

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

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

12.12 Form of Proxy

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

(NAME OF COMPANY)
(the "Company")

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

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

Signed [month, day, year]

_____
[Signature of shareholder]

_____
[Name of shareholder—printed]

12.13 Revocation of Proxy

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

(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.

12.14 Revocation of Proxy Must Be Signed

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

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

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

13. DIRECTORS

13.1 First Directors; Number of Directors

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

(a) subject to paragraphs 13.1(b)and 13.1(c), the number of directors that is equal to the number of the Company's first directors:

(b) if the Company is a public company, the greater of three and the most recently set of:

  (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

  (ii) the number of directors set under Article 14.4:

(c) if the Company is not a public company, the most recently set of:

  (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

  (ii) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(b)(i) or 13.1(c)(i):

(a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

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

13.3 Directors' Acts Valid Despite Vacancy

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

13.4 Qualifications of Directors

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

13.5 Remuneration of Directors

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

13.6 Reimbursement of Expenses of Directors

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

13.7 Special Remuneration for Directors

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

13.8 Gratuity, Pension or Allowance on Retirement of Director

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

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

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

(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 Aarticles; and

(b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph 14.1(b), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

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

(a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

(b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

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

14.3 Failure to Elect or Appoint Directors

If:

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

(b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

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

(c) 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.

14.4 Places of Retiring Directors Not Filled

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

14.5 Directors May Fill Casual Vacancies

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

14.6 Remaining Directors Power to Act

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

14.7 Shareholders May Fill Vacancies

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

14.8 Additional Directors

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

(a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

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

14.9 Ceasing to be a Director

A director ceases to be a director when:

(a) the term of office of the director expires;

(b) the director dies;

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

(d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

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

14.11 Removal of Director by Directors

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

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

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

15.2 Notice of Meetings

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

15.3 Alternate for More Than One Director Attending Meetings

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

(a) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(b) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

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

(d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a shareholder of that committee and, in the case of an appointee who is also a shareholder of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

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

15.5 Alternate Director Not an Agent

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

15.6 Revocation of Appointment of Alternate Director

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

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(b) the alternate director dies;

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

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

(e) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

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

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

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

16.2 Appointment of Attorney of Company

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

17. DISCLOSURE OF INTEREST OF DIRECTORS

17.1 Obligation to Account for Profits

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

17.2 Restrictions on Voting by Reason of Interest

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

17.3 Interested Director Counted in Quorum

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

17.4 Disclosure of Conflict of Interest or Property

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

17.5 Director Holding Other Office in the Company

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

17.6 No Disqualification

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

17.7 Professional Services by Director or Officer

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

17.8 Director or Officer in Other Corporations

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

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

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

18.2 Voting at Meetings

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

18.3 Chair of Meetings

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

(a) the chair of the board, if any;

(b) in the absence of the chair of the board, the president, if any, if the president is a director; or

(c) any other director chosen by the directors if:

(d) 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;

(e) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

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

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by 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. 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 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

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

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 25.1 or orally or by telephone.

18.7 When Notice Not Required

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

(a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(b) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

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

18.9 Waiver of Notice of Meetings

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

18.10 Quorum

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

18.11 Validity of Acts Where Appointment Defective

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

18.12 Consent Resolutions in Writing

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

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

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

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(b) delegate to a committee appointed under paragraph 19.2(a) any of the directors' powers, except:

(c) the power to fill vacancies in the board of directors;

(d) the power to remove a director;

(e) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(f) the power to appoint or remove officers appointed by the directors; and

(g) make any delegation referred to in paragraph 19.2(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

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

(a) conform to any rules that may from time to time be imposed on it by the directors; and

(b) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

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

(a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(b) terminate the appointment of, or change the membership of, the committee; and

(c) fill vacancies in the committee.

19.5 Committee Meetings

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

(a) the committee may meet and adjourn as it thinks proper;

(b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are shareholders of the committee may choose one of their number to chair the meeting;

(c) a majority of the shareholders of the committee constitutes a quorum of the committee; and

(d) questions arising at any meeting of the committee are determined by a majority of votes of the shareholders present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

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

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(a) determine the functions and duties of the officer;

(b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

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

20.4 Remuneration and Terms of Appointment

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

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

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

(b) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

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

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

(e) "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors and Former Directors

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

21.3 Indemnification of Other Persons

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

21.4 Non-Compliance with Business Corporations Act

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

21.5 Company May Purchase Insurance

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

(a) is or was a director, alternate director, officer, employee or agent of the Company;

(b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

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

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

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

22.2 Declaration of Dividends

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

22.3 No Notice Required

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

22.4 Record Date

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

22.5 Manner of Paying Dividend

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

22.6 Settlement of Difficulties

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

(a) set the value for distribution of specific assets;

(b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

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

22.7 When Dividend Payable

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

22.8 Dividends to be Paid in Accordance with Number of Shares

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

22.9 Receipt by Joint Shareholders

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

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

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

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central

securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Surplus

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

23. DOCUMENTS, RECORDS AND REPORTS

23.1 Recording of Financial Affairs

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

23.2 Inspection of Accounting Records

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

24. NOTICES

24.1 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:

(b) for a record mailed to a shareholder, the shareholder's registered address;

(c) 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;

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

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

(f) for a record delivered to a shareholder, the shareholder's registered address;

(g) 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;

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

(i) 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;

(j) 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;

(k) physical delivery to the intended recipient.

24.2 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 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

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

24.5 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 paragraph 24.5(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.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 26.2 and 26.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(a) any two directors;

(b) any officer, together with any director;

(c) if the Company only has one director, that director; or

(d) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

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

25.3 Mechanical Reproduction of Seal

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

26. PROHIBITIONS

26.1 Definitions

In this Article 26:

(a) "designated security" means:

(i) a voting security of the Company;

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

(iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph 26.1(a)(i) and 26.1(a)(ii);

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

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

(i) is not a debt security, and

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

26.2 Application

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

26.3 Consent Required for Transfer of Shares or Designated Securities

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

27. SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO CLASSES OF SHARES

27.1 The special rights and restrictions attached to the Class "A" Common Voting shares are as follows:

Voting Rights

(a) The holders of Class "A" Common Voting shares shall have voting rights for the election of directors or for any other purpose of the Company and they shall be entitled to receive notice of, and to attend, shareholders' meetings, and shall have one vote thereat for each Class "A" Common Voting share held by them.

Dividends

(b) Subject to the provisions of these Articles, dividends may be declared, at the discretion of the Directors, at any time upon the Class "A" Common Voting shares to the exclusion of all or any other class or classes of shares. Payment of any dividend declared upon the Class "A" Common Voting shares shall be expressly subject to Article 27.5 and to the prior payment of dividends declared on the Class "C" Preferred Non-Voting shares and Class "D" Preferred Non-Voting shares. Dividends may be declared and paid, at the discretion of the Directors, upon all or any other classes of shares to the exclusion of the Class "A" Common Voting shares.

Liquidation, Dissolution and Winding Up

(c) In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of Class "A" Common Voting shares shall be entitled to receive any and all distributions of the assets of the Company, after payment to the holders of all other classes of shares.

27.2 The special rights and restrictions attached to the Class "B" Common Non-Voting shares are as follows:

Voting Rights

(a) Subject to the provisions of the *Business Corporations Act*, the holders of the Class "B" Common Non-Voting shares shall not, as such, have any right to vote at a general meeting of the Company, nor shall they be entitled, as such, to notice of or to attend shareholders' meetings other than a meeting of the class of shareholders holding Class "B" Common Non-Voting shares. In accordance with the *Business Corporations Act*, no right or special right attached to issued Class "B" Common Non-Voting shares may be prejudiced or interfered with unless the holders of the Class "B" Common Non-Voting shares consent by way of special resolutions.

Dividends

(b) Subject to the provisions of these Articles, dividends may be declared, at the discretion of the Directors, at any time upon the Class "B" Common Non-Voting shares to the exclusion of all or any other class or classes of shares. Payment of any dividend declared upon the Class "B" Common Non-Voting shares shall be expressly subject to Article 27.5 and to the prior payment of dividends declared on the Class "C" Preferred Non-Voting shares and Class "D" Preferred Non-Voting shares. Dividends may be declared and paid, at the discretion of the Directors, upon all or any other classes of shares to the exclusion of the Class "B" Common Non-Voting shares.

Liquidation, Dissolution and Winding Up

(c) In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of Class "B" Common Non-Voting shares shall be entitled to receive the amount paid up on such Class "B" Common Non-Voting shares, together with all dividends declared and unpaid on the Class "B" Common Non-Voting shares, after payment to the holders of Class "C" Preferred Non-Voting shares and the Class "D" Preferred Non-Voting shares of the amounts entitled to be paid to the holders of such shares, as set out in these special rights and restrictions.

27.3 The special rights and restrictions attached to the Class "C" Preferred Non-Voting shares are as follows:

Redemption Price

(a) The redemption price of the Class "C" Preferred Non-Voting shares shall be determined by the directors of the Company on the date of first issuance of such shares (in this Article 27.3 called the Redemption Price).

Dividends

(b) The holders of the Class "C" Preferred Non-Voting shares shall in each year in the discretion of the Directors be entitled to receive out of any or all profits or surplus available for dividends, as and when declared by the Directors, non-cumulative dividends at the rate per annum on the Redemption Price of each Class "C" Preferred Non-Voting share to be determined by the Directors of the Company on the date of declaration of such dividend. Subject to the provisions of these Articles, dividends may be declared and paid at any time upon the Class "C" Preferred Non-Voting shares to the exclusion of all or any other classes or class of shares or may be declared and paid upon all or any other classes of shares to the exclusion of the Class "C" Preferred Non-Voting shares.

Liquidation, Dissolution or Winding Up

(c) Subject to the rights attached to the Class "D" Preferred Non-Voting shares, in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of the redemption, purchase or acquisition of any shares, the reduction of capital or any other return of capital, the holders of the Class "C" Preferred Non-Voting shares shall be entitled to receive before any distribution of any part of the assets of the Company to the holders of any other shares, except the Class "D" Preferred Non-Voting shares, an amount equal to the Redemption Price thereof, and any dividends declared thereon and unpaid and no more.

Redemption By Shareholder

(d) Subject to the rights of the holders of the Class "D" Preferred Non-Voting shares to demand that such shares be redeemed from time to time, the holders of any of the Class "C" Preferred Non-Voting shares shall have the right at any time and from time to time to have all or any of their Class "C" Preferred Non-Voting shares redeemed by the Company at the Redemption Price, together with any dividends declared thereon and unpaid, upon written notice given by the holders thereof to the Company demanding redemption thereof. Upon such notice being given:

(i) the Company shall forthwith give notice to all holders of the Class "C" Preferred Non-Voting shares and the Class "D" Preferred Non-Voting shares that the Company received a demand (hereinafter called the "first demand") for redemption of a certain number of Class "C" Preferred Non-Voting shares on a certain date and within 60 days of such date intends to use its best efforts to redeem such shares pursuant to the first demand and pursuant to all like demands received from the holders of Class "C" Preferred Non-Voting shares or the Class "D" Preferred Non-Voting shares within 30 days of the date of the notice to such holders of the first demand;

(ii) the Company shall forthwith take all necessary steps and use its best efforts to redeem for cash within 60 days of the first demand or so soon thereafter as liquid funds become available the Class "C" Preferred Non-Voting shares and the Class "D" Preferred Non-Voting shares in respect of which it has received the first demand or a demand for redemption within 30 days of the giving of notice pursuant to clause (i), provided that such redemption or redemptions shall be made firstly, to the holders of Class "D" Preferred Non-Voting shares and secondly to the holders of Class "C" Preferred Non-Voting shares, for which redemption has been demanded by a holder of Class "C" Preferred Non-Voting shares or Class "D" Preferred Non-Voting shares;

(iii) the failure of any holder of Class "C" Preferred Non-Voting shares or Class "D" Preferred Non-Voting shares to demand redemption of such shares held by him upon receiving notice of the first demand shall not in any way prejudice or interfere with his rights as holder of such shares, including the right to demand redemption pursuant to the provisions of this paragraph at any time or upon demand in writing prior to payment of the Redemption Price to participate in any redemption pursuant to this paragraph which has not been completed by payment of the Redemption Price;

(iv) if cash in the amount required to redeem any specified number of shares held by a shareholder and subject to redemption pursuant to this paragraph be deposited with any trust company or chartered bank in Canada, then the Company shall forthwith notify the holders of Class "C" Preferred Non-Voting shares participating in such redemption that the money has been so deposited and may be obtained by the holders of such shares to the extent of their pro rata participation in the redemption by such holders presenting certificates representing such shares so to be redeemed at the said trust company or chartered bank, and as of and from the date the funds are so deposited and unless default be made in payment of the Redemption Price, dividends on such shares shall not be declared and the holders thereof shall thereafter have no rights against the Company in respect thereof except the right, upon surrender of the certificates representing such shares, to receive payment of the Redemption Price out of the money so deposited and, if declared, any unpaid dividends thereon.

Redemption by Company

(e) The Company may, upon giving notice, as hereinafter provided, unless waived, redeem the whole or any part of the Class "C" Preferred Non-Voting shares on payment for each share to be redeemed of the Redemption Price together with all dividends declared thereon and unpaid. If some of the then outstanding Class "C" Preferred Non-Voting shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed pro rata, disregarding fractions, and the Directors may make such adjustments as may be necessary to avoid the redemption of fractions of shares. Unless waived, not less than 10 days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the shares so to be redeemed, specifying the number of shares to be redeemed, the Redemption Price per share, the amount of any unpaid dividends per share, and the date and place or places of redemption. If notice of any such redemption is given by the Company in the manner aforesaid, and an amount sufficient to redeem the shares is deposited with any trust company or chartered bank in Canada as specified in the notice, or is paid to the holders of the shares so to be redeemed on or before the date fixed for redemption, then dividends on the Class "C" Preferred Non-Voting shares to be redeemed shall not be declared after the date so fixed for redemption and thereafter such shares shall be deemed to have been redeemed and the holders thereof shall have no rights against the Company in respect thereof except, upon the surrender of certificates for such shares, to receive or retain payment therefore out of the monies so deposited or paid. After an amount sufficient to redeem any shares has been deposited with any trust company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of any Class "C" Preferred Non-Voting shares called for redemption who have failed to present the certificates representing such shares within 2 months of the dates specified for redemption that the money has been so deposited and will be paid without interest to the holders of the said Class "C" Preferred Non-Voting shares upon presentation of the certificates representing such shares called for redemption at the said trust company or chartered bank.

(f) The Company may acquire the whole or any part of the Class "C" Preferred Non-Voting shares pursuant to tenders received by the Company upon request for tenders addressed to all holders of Class "C" Preferred Non-Voting shares, at the lowest price at which, in the opinion of the Directors, such shares are obtainable, but not exceeding the Redemption Price thereof, together with all dividends declared thereon and unpaid. From and after the date of the acquisition of any Class "C" Preferred Non-Voting shares, such shares shall be regarded as having been redeemed. If in response to any invitation for tenders, two or more shareholders submit tenders at the same price, and if such tenders are accepted by the Company in whole or in part, then, unless the Company shall accept all such tenders in whole, the Company shall accept such tenders in proportion as nearly as may be to the number of shares offered in each such tender.

(g) Any provision relating to the redemption or purchase of Class "C" Preferred Non-Voting shares may be waived or varied in such a manner and to such extent as may be agreed between the Company and all the holders of the Class "C" Preferred Non-Voting shares.

Voting Rights

(h) Subject to the provisions of the *Business Corporations Act*, the holders of the Class "C" Preferred Non-Voting shares shall not, as such, have any right to vote at a general meeting of the Company, nor shall they be entitled, as such, to notice of or to attend shareholders' meetings other than a meeting of the class of shareholders holding Class "C" Preferred Non-Voting shares. In accordance with the *Business Corporations Act*, no right or special right attached to issued Class

"C" Preferred Non-Voting shares may be prejudiced or interfered with unless the holders of the Class "C" Preferred Non-Voting shares consent by way of special resolutions.

27.4 The special rights and restrictions attached to the Class "D" Preferred Non-Voting shares are as follows:

Redemption Price

(a) The redemption price of the Class "D" Preferred Non-Voting shares shall be determined by the directors of the Company on the date of first issuance of such shares (in this Article 27.4 called the Redemption Price). The Redemption Price is subject to adjustment pursuant to clause 27.4(k).

Dividends

(b) The holders of the Class "D" Preferred Non-Voting shares shall in each year in the discretion of the Directors be entitled to receive out of any or all profits or surplus available for dividends, as and when declared by the Directors, non-cumulative dividends at the rate per annum on the Redemption Price of each Class "D" Preferred Non-Voting share to be determined by the Directors of the Company on the date of declaration of such dividend. Subject to the provisions of these Articles, dividends may be declared and paid at any time upon the Class "D" Preferred Non-Voting shares to the exclusion of all or any other classes or class of shares or may be declared and paid upon all or any other classes of shares to the exclusion of the Class "D" Preferred Non-Voting shares.

(c) The Class "D" Preferred Non-Voting shares shall rank as regards payment of dividends which have been declared, in priority to all other shares in the Company.

Liquidation, Dissolution and Winding Up

(d) In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of the redemption, purchase or acquisition of any shares, the reduction of capital or any other return of capital, the holders of the Class "D" Preferred Non-Voting shares shall be entitled to receive before any distribution of any part of the assets of the Company to the holders of any other shares, an amount equal to the Redemption Price thereof, and any dividends declared thereon and unpaid and no more.

Redemption by Shareholder

(e) The holders of any of the Class "D" Preferred Non-Voting shares shall have the right at any time and from time to time to have all or any of their Class "D" Preferred Non-Voting shares redeemed by the Company at the Redemption Price together with all dividends declared thereon and upon written notice given by the holders thereof to the Company demanding redemption thereof. Upon such notice being given:

(i) the Company shall forthwith give notice to all holders of the Class "D" Preferred Non-Voting shares that the Company received a demand (hereinafter called the "first demand") for redemption of a certain number of Class "D" Preferred Non-Voting shares on a certain date and within 60 days of such date intends to use its best efforts to redeem such shares pursuant to the first demand and pursuant to all like demands received from the holders of Class "D" Preferred Non-Voting shares within 30 days of the date of the notice to such holders of the first demand;

(ii) the Company shall forthwith take all necessary steps and use its best efforts to redeem for cash within 60 days of the first demand or so soon thereafter as liquid funds become available, the Class "D" Preferred Non-Voting shares in respect of which it has received the first demand or a demand for redemption within 30 days of the giving of notice pursuant to clause above, provided that such redemption or redemptions shall be made pro rata as funds are or become available, according to the aggregate number of Class "D" Preferred Non-Voting shares for which redemption has been demanded by each holder of Class "D" Preferred Non-Voting shares;

(iii) the failure of any holder of Class "D" Preferred Non-Voting shares to demand redemption of such shares held by him upon receiving notice of the first demand shall not in any way prejudice or interfere with his rights as a holder of such shares, including the right to demand redemption pursuant to the provisions of this paragraph at any time or upon demand in writing prior to payment of the Redemption Price, and any dividends declared thereon and unpaid, to participate in any uncompleted redemption pursuant to this paragraph;

(iv) if cash in the amount required to redeem any specified number of shares held by a shareholder and subject to redemption pursuant to this paragraph be deposited with any trust company or chartered bank in Canada, then the Company shall forthwith notify the holders of Class "D" Preferred Non-Voting shares participating in such redemption that the money has been so deposited and may be obtained by the holders of such shares to the extent of their pro rata participation in the redemption by such holders presenting certificates representing such shares so to be redeemed at the said trust company or chartered bank, and as of and from the date the funds are so deposited and unless default be made in payment of the Redemption Price, dividends on such shares shall not be declared and such holders thereof shall thereafter have no rights against the Company in respect thereof except the right, upon surrender of the certificates representing such shares, to receive payment of the Redemption Price out of the money so deposited and, if declared, any unpaid dividends thereon.

Redemption By Company

(f) The Company may, upon giving notice, as hereinafter provided, unless waived, redeem the whole or any part of the Class "D" Preferred Non-Voting shares on payment for each share to be redeemed of the Redemption Price together with all dividends declared thereon and unpaid. If some of the then outstanding Class "D" Preferred Non-Voting shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed pro rata, disregarding fractions, and the Directors may make such adjustments as may be necessary to avoid the redemption of fractions of shares. Unless waived, not less than 10 days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the shares so to be redeemed, specifying the number of shares to be redeemed, the Redemption Price per share, the amount of any unpaid dividends per share, and the date and place or places of redemption. If notice of any such redemption is given by the Company in the manner aforesaid, and an amount sufficient to redeem the shares is deposited with any trust company or chartered bank in Canada as specified in the notice, or is paid to the holders of the shares so to be redeemed on or before the date fixed for redemption, then dividends on the Class "D" Preferred Non-Voting shares to be redeemed shall not be declared after the date so fixed for redemption and thereafter such shares shall be deemed to have been redeemed and the holders thereof shall have no rights against the Company in respect thereof except, upon the surrender of certificates for such shares, to receive or retain

payment therefore out of the monies so deposited or paid. After an amount sufficient to redeem any shares has been deposited with any trust company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of any Class "D" Preferred Non-Voting shares called for redemption who have failed to present the certificates representing such shares within 2 months of the dates specified for redemption that the money has been so deposited and will be paid without interest to the holders of the said Class "D" Preferred Non-Voting shares upon presentation of the certificates representing such shares called for redemption at the said trust company or chartered bank.

(g) The Company may acquire the whole or any part of the Class "D" Preferred Non-Voting shares pursuant to tenders received by the Company upon request for tenders addressed to all holders of Class "D" Preferred Non-Voting shares, at the lowest price at which, in the opinion of the Directors, such shares are obtainable, but not exceeding the Redemption Price thereof, together with all dividends declared thereon and unpaid. From and after the date of the acquisition of any Class "D" Preferred Non-Voting shares, such shares shall be regarded as having been redeemed. If, in response to any invitation for tenders, two or more shareholders submit tenders at the same price, and if such tenders are accepted by the Company in whole or in part, then, unless the Company shall accept all such tenders in whole, the Company shall accept such tenders in proportion as nearly as may be to the number of shares offered in each such tender.

(h) Any provision relating to the redemption or purchase of Class "D" Preferred Non-Voting shares may be waived or varied in such a manner and to such extent as may be agreed between the Company and all the holders of the Class "D" Preferred Non-Voting shares.

Voting Rights

(i) Subject to the provisions of the *Business Corporations Act*, the holders of the Class "D" Preferred Non-Voting shares shall not, as such, have any right to vote at a general meeting of the Company, nor shall they be entitled, as such, to notice of or to attend shareholders' meetings other than a meeting of the class of shareholders holding Class "D" Preferred Non-Voting shares. In accordance with the *Business Corporations Act*, no right or special right attached to issued Class "D" Preferred Non-Voting shares may be prejudiced or interfered with unless the holders of the Class "D" Preferred Non-Voting shares consent by way of special resolutions.

Redemption Price Adjustment

(j) The Redemption Price of the Class "D" Preferred Non-Voting shares is to be based upon the following intentions:

(i) the number of Class "D" Preferred Non-Voting shares that will be issued at any time is such that the aggregate Redemption Price of such Class "D" Preferred Non-Voting shares so issued would be equal to the best estimate by the Directors and by the allottees of the net fair market value of the particular asset, cash, or services, less the fair market value of any non-share consideration given by the Company for the asset cash or services; and

(ii) the holders of Class "D" Preferred Non-Voting shares intend that the number of such Class "D" Preferred Non-Voting shares received from the Company for any particular asset, cash, or services will be such that the fair market value of the particular asset, cash, or services received by the Company for such shares from such holder will be equal to the Redemption Price multiplied by the number of Class "D" Preferred Non-Voting shares so issued.

(k) If the Minister of National Revenue, the Minister of Finance for the Province of British Columbia, their authorized representatives, or any similar authority proposes to issue or issues any assessment or reassessment, or if a court of competent jurisdiction makes a final determination that would impose or imposes any liability for tax on the holders of the Class "D" Preferred Non-Voting shares or any other class of shares or on any other person on the basis of a determination or assumption made in respect of the fair market value of the consideration received by the Company for the issue of such Class "D" Preferred Non-Voting shares which results in greater or lesser fair market value than that used for the purpose of a particular allotment of Class "D" Preferred Non-Voting shares, or if the Company and all holders of Class "D" Preferred Non-Voting shares so agree, then such fair market value and the Redemption Price of the Class "D" Preferred Non-Voting shares over which a difference has arisen shall be reviewed and deemed to be adjusted as follows:

(i) if the authority in issuing or proposing to issue such an assessment or reassessment also makes a determination of the fair market value of the consideration received by the Company for the allotment and issuance of Class "D" Preferred Non-Voting shares, or a recommendation as to the required increase or decrease in the Redemption Price of any Class "D" Preferred Non-Voting shares that have been allotted and issued, which is necessary so as to ensure that the aggregate Redemption Price of such shares represents the fair market value of the consideration received by the Company for such shares, and the holders of the Class "D" Preferred Non-Voting shares and such other persons, if any, against whom such assessment is made or proposed, either before or after objection of appeal or by an agreement with such authority, accept the determination or recommendation, or of the Company and all holders of Class "D" Preferred Non-Voting shares so agree, then the fair market value so determined shall be deemed to be the fair market value and the recommended increase or decrease in the Redemption Price shall be deemed to be the increase or decrease required as hereafter provided;

(ii) if the court of competent jurisdiction in making such final determination also makes a determination of the fair market value of the consideration received by the Company for the allotment and issuance of Class "D" Preferred Non-Voting shares, or a recommendation as to the required increase or decrease in the Class "D" Redemption Price of any Class "D" Preferred Non-Voting shares that have been allotted and issued, which is necessary so as to ensure that the aggregate Class "D" Redemption Price of such shares represents the fair market value of the consideration received by the Company for such shares, then the fair market value so determined shall be deemed to be the fair market value and the determined increase or decrease in the Class "D" Redemption Price shall be deemed to be the increase or decrease required as hereinafter provided;

(iii) in any other case, the parties shall appoint a firm of professional accountants or a chartered business valuator in the Province of British Columbia to make or obtain a second determination of such fair market value over which a difference has arisen and to make a recommendation as to the required increase or decrease, if any, in the Redemption Price of such Class "D" Preferred Non-Voting shares and the fair market value of such consideration and the required increase or decrease in the Redemption Price aforesaid shall be deemed to be the amount agreed upon by the persons referred to in clause (i) of this paragraph 27.4(k) after first receiving and considering such second determination and recommendation, or if they cannot agree, the matter of such value or such increase or decrease will be referred to a single arbitrator appointed under the *Commercial*

Arbitration Act, R.S.B.C. 1996, Chapter 55, whose determination of such matters shall be final.

Thereafter the Redemption Price of such Class "D" Preferred Non-Voting shares that were outstanding immediately after the allotment over which the issue arose shall be adjusted in accordance with such recommended or determined increase or decrease retroactively and nunc pro tunc as of the date of the allotment and applicable to the first and every subsequent redemption of any such shares, provided that if at the time of such adjustment in the Redemption Price any such shares have been redeemed then the Company shall forthwith pay any increase in the Redemption Price for such shares already redeemed to the person who held such shares at the time of redemption or, failing him, his personal representatives or estate on account of the adjustment in the Redemption Price and such person or his representative shall forthwith repay to the Company the amount of any decrease in the Redemption Price so adjusted.

27.5 Notwithstanding any other provision of these Articles no dividends will be paid on any class of shares, except on Class "D" Preferred Non-Voting shares, and no shares will be redeemed, except Class "D" Preferred Non-Voting shares, if such act would result in the Company having insufficient assets to redeem the Class "C" Preferred Non-Voting shares at the Redemption Price thereof, together with any declared but unpaid dividends thereon.

Full name and signature of each incorporator	**Date of signing**
HARGO S. MUNDI	20th day of September, 2007

PART 27
SPECIAL RIGHTS AND RESTRICTIONS

The Company is authorized to issue:

- an unlimited number of common shares; and
- an unlimited number of preferred shares (issuable in series);

having attached thereto the rights, privileges, restrictions and conditions hereinafter set forth.

27.1 COMMON SHARES

There shall be attached to the common shares, the following rights, privileges, restrictions and conditions, namely:

(a) The holders of common shares shall be entitled to receive notice of, and to vote at every meeting of the shareholders of the Company and shall have one (1) vote thereat for each such common share so held.

(b) Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Company, the holders of common shares shall be entitled to receive such dividend as the directors may from time to time, by resolution, declare.

(c) Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Company, in the event of liquidation, dissolution or winding up of the Company or upon any distribution of the assets of the Company among shareholders being made (other than by way of dividend out of monies properly applicable to the payment of dividends) the holders of common shares shall be entitled to share pro rata.

27.2 PREFERRED SHARES (ISSUABLE IN SERIES)

There shall be attached to the preferred shares, the following rights, privileges, restrictions and conditions, namely:

(a) The directors of the Company may, from time to time, issue the preferred shares in one or more series, each series to consist of such number of shares as may before issuance thereof, be determined by the directors.

(b) The directors of the Company may, by resolution (subject as hereinafter provided) fix before issuance, the designation, rights, privileges, restrictions and conditions to attach to the preferred shares of each series, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of preferential dividends, the redemption price, terms, procedures and conditions of redemption, if any, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the preferred shares of such series; and provided however, that no shares of any series shall be issued until the directors have filed an amendment to the Articles with the Registrar of Companies, Province of British Columbia, or such designated person in any other jurisdiction in which the Company may be continued.

(c) If any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full, the shares of all series shall participate ratably in respect of accumulated dividends and return of capital.

(c) The preferred shares shall be entitled to preference over the common shares of the Company and any other shares of the Company ranking junior to the preferred shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, and may also be given such other preferences over the common shares of the Company and any other shares of the Company ranking junior to the preferred shares as may be fixed by the resolution of the directors of the Company as to the respective series authorized to be issued.

(d) The preferred shares of each series shall rank on a parity with the preferred shares of every other series with respect to priority in the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary exclusive of any conversion rights that may affect the aforesaid.

(e) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the preferred shares unless all dividends, if any, up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of preferred shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the preferred shares nor shall the Company call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the preferred shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the preferred shares unless all dividends up to and including the dividend payable, if any, for the last completed period for which such dividends shall be payable on each series of the preferred shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

(f) Preferred shares of any series may be purchased for cancellation or made subject to redemption by the Company out of capital pursuant to the provisions of the *Business Corporations Act* (British Columbia), if the directors so provide in the resolution of the Board of Directors of the Company relating to the issuance of such preferred shares, and upon such other terms and conditions as may be specified in the designations, rights, privileges, restrictions and conditions attaching to the preferred shares of such series as set forth in the said resolution of the Board of Directors and the amendment to the Articles of the Company relating to the issuance of such series.

(g) The holders of the preferred shares shall not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Company now or hereafter authorized.

(h) No class of shares may be created or rights and privileges increased to rank in parity or priority with the rights and privileges of the preferred shares including, without limiting the generality of the foregoing, the rights of the preferred shares to receive dividends or to return of capital, without the approval of the holders of the preferred shares.

BRITISH COLUMBIA
The Best Place on Earth

Number: BC0803216

CERTIFICATE
OF
INCORPORATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that CANOEL INTERNATIONAL ENERGY LTD. was incorporated under the Business Corporations Act on September 20, 2007 at 02:57 PM Pacific Time.

Issued under my hand at Victoria, British Columbia
On September 20, 2007

RON TOWNSHEND
Registrar of Companies
Province of British Columbia
Canada

BRITISH COLUMBIA
The Best Place on Earth

Ministry of Finance
BC Registry Services

Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

Incorporation Application

FORM 1
BUSINESS CORPORATIONS ACT
Section 10

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

RON TOWNSHEND
September 20, 2007

FILING DETAILS:	*Incorporation Application for:* **CANOEL INTERNATIONAL ENERGY LTD.**
	Incorporation Number: **BC0803216**
Filed Date and Time:	**September 20, 2007 02:57 PM Pacific Time**
Recognition Date and Time:	**Incorporated on September 20, 2007 02:57 PM Pacific Time**

INCORPORATION APPLICATION

Name Reservation Number:
NR6192242

Name Reserved:
CANOEL INTERNATIONAL ENERGY LTD.

INCORPORATION EFFECTIVE DATE:

The incorporation is to take effect at the time that this application is filed with the Registrar.

INCORPORATOR INFORMATION

Last Name, First Name, Middle Name:
Mundi, Hargo S.

Mailing Address:
1450, 13401-108TH AVENUE
SURREY BC V3T 5T3
CANADA

COMPLETING PARTY

Last Name, First Name, Middle Name:
Cunningham, Tammy L.

Mailing Address:
1450, 13401-108TH AVENUE
SURREY BC V3T 5T3
CANADA

Completing Party Statement

I, Tammy L. Cunningham, the completing party, have examined the articles and the incorporation agreement applicable to the company that is to be incorporated by the filing of the Incorporation Application and confirm that:

a) the Articles and the Incorporation Agreement both contain a signature line for each person identified as an incorporator in the Incorporation Application with the name of that person set out legibly under the signature lines,

b) an original signature has been placed on each of those signature lines, and

c) I have no reason to believe that the signature placed on a signature line is not the signature of the person whose name is set out under that signature line.

NOTICE OF ARTICLES

Name of Company:

CANOEL INTERNATIONAL ENERGY LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
1450, 13401-108TH AVENUE
SURREY BC V3T 5T3
CANADA

Delivery Address:
1450, 13401-108TH AVENUE
SURREY BC V3T 5T3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
1450, 13401-108TH AVENUE
SURREY BC V3T 5T3
CANADA

Delivery Address:
1450, 13401-108TH AVENUE
SURREY BC V3T 5T3
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Mundi, Hargo S.

Mailing Address:
1450, 13401-108TH AVENUE
SURREY BC V3T 5T3
CANADA

Delivery Address:
1450, 13401-108TH AVENUE
SURREY BC V3T 5T3
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Class "A" Common Voting Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	Class "B" Common Non-Voting Shares	Without Par Value With Special Rights or Restrictions attached
3.	No Maximum	Class "C" Preferred Non-Voting Shares	With a Par Value of 1.00 Canadian Dollar(s) each With Special Rights or Restrictions attached
4.	No Maximum	Class "D" Preferred Non-Voting Shares	Without Par Value With Special Rights or Restrictions attached

INCORPORATION AGREEMENT

This Incorporation Agreement dated for reference the 20th day of September, 2007.

1. The undersigned wishes to form a company under the *Business Corporations Act;*

2. The name of the Company will be "CANOEL INTERNATIONAL ENERGY LTD." (the "Company").

3. The undersigned adopts the Incorporation Application and Notice of Articles set out in Schedule "A" to this Incorporation Agreement.

4. The undersigned adopts as the Articles of the Company the Articles set out in Schedule "B" to this Incorporation Agreement.

5. The authorized share structure of the Company is as follows:

   (a) an unlimited number of Class "A" Common Voting shares without par value;

   (b) an unlimited number of Class "B" Common Non-Voting shares without par value;

   (c) an unlimited number of Class "C" Preferred Non-Voting shares with a par value of $1.00 each; and

   (d) an unlimited number of Class "D" Preferred Non-Voting shares without par value.

6. The undersigned agrees to take the number and class of shares in the Company set out opposite my name.

HARGO S. MUNDI

Date: September 20, 2007

1 Class "A" Common Voting

Schedule 'A'

BRITISH COLUMBIA

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

Telephone: 250 356 – 8626

INCORPORATION APPLICATION

FORM 1 – BC COMPANY
Section 10 *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 Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (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 CANOEL INTERNATIONAL ENERGY LTD. is the name reserved for the company to be incorporated. The name reservation number is 6192242 OR

☐ The company is to be incorporated with a name created by adding "B.C. Ltd." after the incorporation number of the company.

B. INCORPORATION EFFECTIVE DATE – *Choose **one** of the following:*

☑ The incorporation is to take effect at the time that this application is filed with the registrar.

☐ The incorporation 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 incorporation is to take effect at _____ ☐ a.m. or ☐ p.m. Pacific Time on _____ being a date and time that is not more than ten days after the date of the filing of this application.

C. INCORPORATOR NAME(S) AND MAILING ADDRESS(ES)

If an incorporator is a corporation or firm, enter the full name of the corporation or firm. Attach an additional sheet if more space is required.

CORPORATION OR FIRM NAME OR LAST NAME	FIRST NAME	MIDDLE NAME	MAILING ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ZIP CODE
Mundi, Hargo S.			1450, 13401-108th Avenue, Surrey, BC V3T 5T3

D. COMPLETING PARTY – The completing party must be an individual, not a corporation or firm.

LAST NAME	FIRST NAME	MIDDLE NAME
Cunningham, Tammy L.		

E. MAILING ADDRESS OF COMPLETING PARTY INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ZIP CODE

#1450 - 13401 108th Avenue, Surrey, BC V3T 5T3

F. COMPLETING PARTY STATEMENT

FIRST NAME MIDDLE NAME LAST NAME

I, Tammy L. Cunningham,

the completing party, have examined the Articles and Incorporation Agreement applicable to the company that is to be incorporated by the filing of this Incorporation Application and confirm that:

(a) the Articles and Incorporation Agreement both contain a signature line for each person identified as an incorporator in the Incorporation Application with the name of that person set out legibly under the signature line,

(b) an original signature has been placed on each of those signature lines, and

(c) I have no reason to believe that the signature placed on a signature line is not the signature of the person whose name is set out under that signature line.

NAME OF COMPLETING PARTY	SIGNATURE OF COMPLETING PARTY	DATE SIGNED YYYY / MM /DD
Tammy L. Cunningham	X	

NOTICE OF ARTICLES

A. NAME OF COMPANY

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

CANOEL INTERNATIONAL ENERGY LTD.

B. TRANSLATION OF COMPANY NAME

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

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

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9:00 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME	FIRST NAME	MIDDLE NAME	DELIVERY ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ZIP CODE	MAILING ADDRESS INCLUDING PROVINCE/STATE, COUNTRY AND POSTAL/ZIP CODE
Mundi, Hargo S.			1450, 13401-108th Avenue Surrey, BC V3T 5T3	1450, 13401-108th Avenue Surrey, BC V3T 5T3

D. REGISTERED OFFICE ADDRESSES

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

1450, 13401-108th Avenue, Surrey, BC V3T 5T3

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

1450, 13401-108th Avenue, Surrey, BC V3T 5T3

E. RECORDS OFFICE ADDRESSES

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

1450, 13401-108th Avenue, Surrey, BC V3T 5T3

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

1450, 13401-108th Avenue, Surrey, BC V3T 5T3

F. AUTHORIZED SHARE STRUCTURE

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number	Kind of shares of this class or series of shares		Are there special rights or restrictions attached to the shares of this class or series of shares?
	MAXIMUM NUMBER OF SHARES AUTHORIZED OR "NO MAXIMUM NUMBER"	PAR VALUE OR WITHOUT PAR VALUE	TYPE OF CURRENCY	YES/NO
Class "A" Common Voting	no maximum number	without par value	n/a	Yes
Class "B" Common Non-Voting	no maximum number	without par value	n/a	Yes
Class "C" Preferred Non-Voting	no maximum number	$1.00	CAD	Yes
Class "D" Preferred Non-Voting	no maximum number	without par value	n/a	Yes

Schedule "B"

Incorporation No.

CANOEL INTERNATIONAL ENERGY LTD.

(the "Company")

ARTICLES

CANOEL INTERNATIONAL ENERGY LTD.

(THE "COMPANY")

ARTICLES

The Company has as its articles the following articles:

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(a) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

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

(c) "legal personal representative" means the personal or other legal representative of the shareholder;

(d) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(e) "seal" means the seal of the Company, if any.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

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

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

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

2.2 Form of Share Certificate

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

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to:

(a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or

(b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate;

provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

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

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

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

(a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

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

(a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(b) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

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

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

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

3. ISSUE OF SHARES

3.1 Directors Authorized

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

3.2 Commissions and Discounts

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

3.3 Brokerage

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

3.4 Conditions of Issue

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

(a) consideration is provided to the Company for the issue of the share by one or more of the following:

  (i) past services performed for the Company;

  (ii) property;

  (iii) money; and

(b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

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

4. SHARE REGISTERS

4.1 Central Securities Register

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

4.2 Closing Register

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

5. SHARE TRANSFERS

5.1 Registering Transfers

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

(a) a duly signed instrument of transfer in respect of the share has been received by the Company;

(b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

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

5.3 Transferor Remains Shareholder

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

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and

sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(a) in the name of the person named as transferee in that instrument of transfer; or

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

5.5 Enquiry as to Title Not Required

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

5.6 Transfer Fee

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

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

7.2 Purchase When Insolvent

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

(a) the Company is insolvent; or

(b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

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

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

8. BORROWING POWERS

The Company, if authorized by the directors, may:

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

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as 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, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

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

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

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

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

  (i) decrease the par value of those shares; or

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

(e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(f) alter the identifying name of any of its shares; or

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

9.2 Special Rights and Restrictions

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

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

(b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

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

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

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

10.2 Resolution Instead of Annual General Meeting

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

10.3 Calling of Meetings of Shareholders

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

10.4 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, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

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

(b) otherwise, 10 days.

10.5 Record Date for Notice

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

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

(b) otherwise, 10 days.

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

10.6 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.

10.7 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.

10.8 Notice of Special Business at Meetings of Shareholders

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

(a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(c) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(d) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

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

(a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(b) at an annual general meeting, all business is special business except for the following:

(i) business relating to the conduct of or voting at the meeting;

(ii) consideration of any financial statements of the Company presented to the meeting;

(iii) consideration of any reports of the directors or auditor;

(iv) the setting or changing of the number of directors;

(v) the election or appointment of directors;

(vi) the appointment of an auditor;

(vii) the setting of the remuneration of an auditor;

(viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

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

11.2 Special Majority

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

11.3 Quorum

Subject to the special rights 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 two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

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

(a) the quorum is one person who is, or who represents by proxy, that shareholder, and

(b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does 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.

11.6 Requirement of Quorum

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

11.7 Lack of Quorum

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

(a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

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

11.9 Chair

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

(a) the chair of the board, if any; or

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

11.10 Selection of Alternate Chair

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

11.11 Adjournments

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

11.12 Notice of Adjourned Meeting

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

11.13 Decisions by Show of Hands or Poll

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

11.14 Declaration of Result

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

11.15 Motion Need Not be Seconded

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

11.16 Casting Vote

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

11.17 Manner of Taking Poll

Subject to Article 11.8, if a poll is duly demanded at a meeting of shareholders:

(a) the poll must be taken:

  (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

  (ii) in the manner, at the time and at the place that the chair of the meeting directs;

(b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(c) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

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

11.19 Chair Must Resolve Dispute

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

11.20 Casting of Votes

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

11.21 Demand for Poll

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

11.22 Demand for Poll Not to Prevent Continuance of Meeting

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

11.23 Retention of Ballots and Proxies

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

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

(a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

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

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

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

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

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

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

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

(b) if a representative is appointed under this Article 12.5:

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

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

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

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

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

12.8 Alternate Proxy Holders

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

12.9 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 12.5;

(b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; 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.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

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

(b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

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

12.11 Validity of Proxy Vote

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

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

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

12.12 Form of Proxy

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

(NAME OF COMPANY)
(the "Company")

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

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

Signed [month, day, year]

[Signature of shareholder]
[Name of shareholder—printed]

12.13 Revocation of Proxy

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

(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.

12.14 Revocation of Proxy Must Be Signed

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

(a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

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

13. DIRECTORS

13.1 First Directors; Number of Directors

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

(a) subject to paragraphs 13.1(b)and 13.1(c), the number of directors that is equal to the number of the Company's first directors:

(b) if the Company is a public company, the greater of three and the most recently set of:

  (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

  (ii) the number of directors set under Article 14.4:

(c) if the Company is not a public company, the most recently set of:

  (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

  (ii) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(b)(i) or 13.1(c)(i):

(a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

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

13.3 Directors' Acts Valid Despite Vacancy

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

13.4 Qualifications of Directors

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

13.5 Remuneration of Directors

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

13.6 Reimbursement of Expenses of Directors

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

13.7 Special Remuneration for Directors

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

13.8 Gratuity, Pension or Allowance on Retirement of Director

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

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

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

(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 Aarticles; and

(b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph 14.1(b), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

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

(a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

(b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

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

14.3 Failure to Elect or Appoint Directors

If:

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

(b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

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

(c) 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.

14.4 Places of Retiring Directors Not Filled

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

14.5 Directors May Fill Casual Vacancies

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

14.6 Remaining Directors Power to Act

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

14.7 Shareholders May Fill Vacancies

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

14.8 Additional Directors

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

(a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

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

14.9 Ceasing to be a Director

A director ceases to be a director when:

(a) the term of office of the director expires;

(b) the director dies;

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

(d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

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

14.11 Removal of Director by Directors

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

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

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

15.2 Notice of Meetings

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

15.3 Alternate for More Than One Director Attending Meetings

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

(a) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(b) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

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

(d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a shareholder of that committee and, in the case of an appointee who is also a shareholder of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

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

15.5 Alternate Director Not an Agent

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

15.6 Revocation of Appointment of Alternate Director

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

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(b) the alternate director dies;

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

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

(e) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

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

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

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

16.2 Appointment of Attorney of Company

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

17. DISCLOSURE OF INTEREST OF DIRECTORS

17.1 Obligation to Account for Profits

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

17.2 Restrictions on Voting by Reason of Interest

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

17.3 Interested Director Counted in Quorum

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

17.4 Disclosure of Conflict of Interest or Property

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

17.5 Director Holding Other Office in the Company

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

17.6 No Disqualification

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

17.7 Professional Services by Director or Officer

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

17.8 Director or Officer in Other Corporations

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

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

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

18.2 Voting at Meetings

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

18.3 Chair of Meetings

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

(a) the chair of the board, if any;

(b) in the absence of the chair of the board, the president, if any, if the president is a director; or

(c) any other director chosen by the directors if:

(d) 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;

(e) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

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

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by 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. 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 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

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

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 25.1 or orally or by telephone.

18.7 When Notice Not Required

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

(a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(b) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

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

18.9 Waiver of Notice of Meetings

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

18.10 Quorum

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

18.11 Validity of Acts Where Appointment Defective

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

18.12 Consent Resolutions in Writing

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

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

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

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(b) delegate to a committee appointed under paragraph 19.2(a) any of the directors' powers, except:

(c) the power to fill vacancies in the board of directors;

(d) the power to remove a director;

(e) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(f) the power to appoint or remove officers appointed by the directors; and

(g) make any delegation referred to in paragraph 19.2(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

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

(a) conform to any rules that may from time to time be imposed on it by the directors; and

(b) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

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

(a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(b) terminate the appointment of, or change the membership of, the committee; and

(c) fill vacancies in the committee.

19.5 Committee Meetings

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

(a) the committee may meet and adjourn as it thinks proper;

(b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are shareholders of the committee may choose one of their number to chair the meeting;

(c) a majority of the shareholders of the committee constitutes a quorum of the committee; and

(d) questions arising at any meeting of the committee are determined by a majority of votes of the shareholders present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

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

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(a) determine the functions and duties of the officer;

(b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

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

20.4 Remuneration and Terms of Appointment

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

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

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

(b) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

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

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

(e) "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors and Former Directors

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

21.3 Indemnification of Other Persons

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

21.4 Non-Compliance with Business Corporations Act

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

21.5 Company May Purchase Insurance

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

(a) is or was a director, alternate director, officer, employee or agent of the Company;

(b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

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

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

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

22.2 Declaration of Dividends

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

22.3 No Notice Required

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

22.4 Record Date

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

22.5 Manner of Paying Dividend

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

22.6 Settlement of Difficulties

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

(a) set the value for distribution of specific assets;

(b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

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

22.7 When Dividend Payable

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

22.8 Dividends to be Paid in Accordance with Number of Shares

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

22.9 Receipt by Joint Shareholders

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

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

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

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central

securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Surplus

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

23. DOCUMENTS, RECORDS AND REPORTS

23.1 Recording of Financial Affairs

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

23.2 Inspection of Accounting Records

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

24. NOTICES

24.1 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:

(b) for a record mailed to a shareholder, the shareholder's registered address;

(c) 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;

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

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

(f) for a record delivered to a shareholder, the shareholder's registered address;

(g) 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;

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

(i) 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;

(j) 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;

(k) physical delivery to the intended recipient.

24.2 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 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

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

24.5 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 paragraph 24.5(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.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 26.2 and 26.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(a) any two directors;

(b) any officer, together with any director;

(c) if the Company only has one director, that director; or

(d) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

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

25.3 Mechanical Reproduction of Seal

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

26. PROHIBITIONS

26.1 Definitions

In this Article 26:

(a) "designated security" means:

(i) a voting security of the Company;

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

(iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph 26.1(a)(i) and 26.1(a)(ii);

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

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

(i) is not a debt security, and

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

26.2 Application

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

26.3 Consent Required for Transfer of Shares or Designated Securities

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

27. SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO CLASSES OF SHARES

27.1 The special rights and restrictions attached to the Class "A" Common Voting shares are as follows:

Voting Rights

(a) The holders of Class "A" Common Voting shares shall have voting rights for the election of directors or for any other purpose of the Company and they shall be entitled to receive notice of, and to attend, shareholders' meetings, and shall have one vote thereat for each Class "A" Common Voting share held by them.

Dividends

(b) Subject to the provisions of these Articles, dividends may be declared, at the discretion of the Directors, at any time upon the Class "A" Common Voting shares to the exclusion of all or any other class or classes of shares. Payment of any dividend declared upon the Class "A" Common Voting shares shall be expressly subject to Article 27.5 and to the prior payment of dividends declared on the Class "C" Preferred Non-Voting shares and Class "D" Preferred Non-Voting shares. Dividends may be declared and paid, at the discretion of the Directors, upon all or any other classes of shares to the exclusion of the Class "A" Common Voting shares.

Liquidation, Dissolution and Winding Up

(c) In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of Class "A" Common Voting shares shall be entitled to receive any and all distributions of the assets of the Company, after payment to the holders of all other classes of shares.

27.2 The special rights and restrictions attached to the Class "B" Common Non-Voting shares are as follows:

Voting Rights

(a) Subject to the provisions of the *Business Corporations Act*, the holders of the Class "B" Common Non-Voting shares shall not, as such, have any right to vote at a general meeting of the Company, nor shall they be entitled, as such, to notice of or to attend shareholders' meetings other than a meeting of the class of shareholders holding Class "B" Common Non-Voting shares. In accordance with the *Business Corporations Act*, no right or special right attached to issued Class "B" Common Non-Voting shares may be prejudiced or interfered with unless the holders of the Class "B" Common Non-Voting shares consent by way of special resolutions.

Dividends

(b) Subject to the provisions of these Articles, dividends may be declared, at the discretion of the Directors, at any time upon the Class "B" Common Non-Voting shares to the exclusion of all or any other class or classes of shares. Payment of any dividend declared upon the Class "B" Common Non-Voting shares shall be expressly subject to Article 27.5 and to the prior payment of dividends declared on the Class "C" Preferred Non-Voting shares and Class "D" Preferred Non-Voting shares. Dividends may be declared and paid, at the discretion of the Directors, upon all or any other classes of shares to the exclusion of the Class "B" Common Non-Voting shares.

Liquidation, Dissolution and Winding Up

(c) In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of Class "B" Common Non-Voting shares shall be entitled to receive the amount paid up on such Class "B" Common Non-Voting shares, together with all dividends declared and unpaid on the Class "B" Common Non-Voting shares, after payment to the holders of Class "C" Preferred Non-Voting shares and the Class "D" Preferred Non-Voting shares of the amounts entitled to be paid to the holders of such shares, as set out in these special rights and restrictions.

27.3 The special rights and restrictions attached to the Class "C" Preferred Non-Voting shares are as follows:

Redemption Price

(a) The redemption price of the Class "C" Preferred Non-Voting shares shall be determined by the directors of the Company on the date of first issuance of such shares (in this Article 27.3 called the Redemption Price).

Dividends

(b) The holders of the Class "C" Preferred Non-Voting shares shall in each year in the discretion of the Directors be entitled to receive out of any or all profits or surplus available for dividends, as and when declared by the Directors, non-cumulative dividends at the rate per annum on the Redemption Price of each Class "C" Preferred Non-Voting share to be determined by the Directors of the Company on the date of declaration of such dividend. Subject to the provisions of these Articles, dividends may be declared and paid at any time upon the Class "C" Preferred Non-Voting shares to the exclusion of all or any other classes or class of shares or may be declared and paid upon all or any other classes of shares to the exclusion of the Class "C" Preferred Non-Voting shares.

Liquidation, Dissolution or Winding Up

(c) Subject to the rights attached to the Class "D" Preferred Non-Voting shares, in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of the redemption, purchase or acquisition of any shares, the reduction of capital or any other return of capital, the holders of the Class "C" Preferred Non-Voting shares shall be entitled to receive before any distribution of any part of the assets of the Company to the holders of any other shares, except the Class "D" Preferred Non-Voting shares, an amount equal to the Redemption Price thereof, and any dividends declared thereon and unpaid and no more.

Redemption By Shareholder

(d) Subject to the rights of the holders of the Class "D" Preferred Non-Voting shares to demand that such shares be redeemed from time to time, the holders of any of the Class "C" Preferred Non-Voting shares shall have the right at any time and from time to time to have all or any of their Class "C" Preferred Non-Voting shares redeemed by the Company at the Redemption Price, together with any dividends declared thereon and unpaid, upon written notice given by the holders thereof to the Company demanding redemption thereof. Upon such notice being given:

(i) the Company shall forthwith give notice to all holders of the Class "C" Preferred Non-Voting shares and the Class "D" Preferred Non-Voting shares that the Company received a demand (hereinafter called the "first demand") for redemption of a certain number of Class "C" Preferred Non-Voting shares on a certain date and within 60 days of such date intends to use its best efforts to redeem such shares pursuant to the first demand and pursuant to all like demands received from the holders of Class "C" Preferred Non-Voting shares or the Class "D" Preferred Non-Voting shares within 30 days of the date of the notice to such holders of the first demand;

(ii) the Company shall forthwith take all necessary steps and use its best efforts to redeem for cash within 60 days of the first demand or so soon thereafter as liquid funds become available the Class "C" Preferred Non-Voting shares and the Class "D" Preferred Non-Voting shares in respect of which it has received the first demand or a demand for redemption within 30 days of the giving of notice pursuant to clause (i), provided that such redemption or redemptions shall be made firstly, to the holders of Class "D" Preferred Non-Voting shares and secondly to the holders of Class "C" Preferred Non-Voting shares, for which redemption has been demanded by a holder of Class "C" Preferred Non-Voting shares or Class "D" Preferred Non-Voting shares;

(iii) the failure of any holder of Class "C" Preferred Non-Voting shares or Class "D" Preferred Non-Voting shares to demand redemption of such shares held by him upon receiving notice of the first demand shall not in any way prejudice or interfere with his rights as holder of such shares, including the right to demand redemption pursuant to the provisions of this paragraph at any time or upon demand in writing prior to payment of the Redemption Price to participate in any redemption pursuant to this paragraph which has not been completed by payment of the Redemption Price;

(iv) if cash in the amount required to redeem any specified number of shares held by a shareholder and subject to redemption pursuant to this paragraph be deposited with any trust company or chartered bank in Canada, then the Company shall forthwith notify the holders of Class "C" Preferred Non-Voting shares participating in such redemption that the money has been so deposited and may be obtained by the holders of such shares to the extent of their pro rata participation in the redemption by such holders presenting certificates representing such shares so to be redeemed at the said trust company or chartered bank, and as of and from the date the funds are so deposited and unless default be made in payment of the Redemption Price, dividends on such shares shall not be declared and the holders thereof shall thereafter have no rights against the Company in respect thereof except the right, upon surrender of the certificates representing such shares, to receive payment of the Redemption Price out of the money so deposited and, if declared, any unpaid dividends thereon.

Redemption by Company

(e) The Company may, upon giving notice, as hereinafter provided, unless waived, redeem the whole or any part of the Class "C" Preferred Non-Voting shares on payment for each share to be redeemed of the Redemption Price together with all dividends declared thereon and unpaid. If some of the then outstanding Class "C" Preferred Non-Voting shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed pro rata, disregarding fractions, and the Directors may make such adjustments as may be necessary to avoid the redemption of fractions of shares. Unless waived, not less than 10 days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the shares so to be redeemed, specifying the number of shares to be redeemed, the Redemption Price per share, the amount of any unpaid dividends per share, and the date and place or places of redemption. If notice of any such redemption is given by the Company in the manner aforesaid, and an amount sufficient to redeem the shares is deposited with any trust company or chartered bank in Canada as specified in the notice, or is paid to the holders of the shares so to be redeemed on or before the date fixed for redemption, then dividends on the Class "C" Preferred Non-Voting shares to be redeemed shall not be declared after the date so fixed for redemption and thereafter such shares shall be deemed to have been redeemed and the holders thereof shall have no rights against the Company in respect thereof except, upon the surrender of certificates for such shares, to receive or retain payment therefore out of the monies so deposited or paid. After an amount sufficient to redeem any shares has been deposited with any trust company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of any Class "C" Preferred Non-Voting shares called for redemption who have failed to present the certificates representing such shares within 2 months of the dates specified for redemption that the money has been so deposited and will be paid without interest to the holders of the said Class "C" Preferred Non-Voting shares upon presentation of the certificates representing such shares called for redemption at the said trust company or chartered bank.

(f) The Company may acquire the whole or any part of the Class "C" Preferred Non-Voting shares pursuant to tenders received by the Company upon request for tenders addressed to all holders of Class "C" Preferred Non-Voting shares, at the lowest price at which, in the opinion of the Directors, such shares are obtainable, but not exceeding the Redemption Price thereof, together with all dividends declared thereon and unpaid. From and after the date of the acquisition of any Class "C" Preferred Non-Voting shares, such shares shall be regarded as having been redeemed. If in response to any invitation for tenders, two or more shareholders submit tenders at the same price, and if such tenders are accepted by the Company in whole or in part, then, unless the Company shall accept all such tenders in whole, the Company shall accept such tenders in proportion as nearly as may be to the number of shares offered in each such tender.

(g) Any provision relating to the redemption or purchase of Class "C" Preferred Non-Voting shares may be waived or varied in such a manner and to such extent as may be agreed between the Company and all the holders of the Class "C" Preferred Non-Voting shares.

Voting Rights

(h) Subject to the provisions of the *Business Corporations Act*, the holders of the Class "C" Preferred Non-Voting shares shall not, as such, have any right to vote at a general meeting of the Company, nor shall they be entitled, as such, to notice of or to attend shareholders' meetings other than a meeting of the class of shareholders holding Class "C" Preferred Non-Voting shares. In accordance with the *Business Corporations Act*, no right or special right attached to issued Class

"C" Preferred Non-Voting shares may be prejudiced or interfered with unless the holders of the Class "C" Preferred Non-Voting shares consent by way of special resolutions.

27.4 The special rights and restrictions attached to the Class "D" Preferred Non-Voting shares are as follows:

Redemption Price

(a) The redemption price of the Class "D" Preferred Non-Voting shares shall be determined by the directors of the Company on the date of first issuance of such shares (in this Article 27.4 called the Redemption Price). The Redemption Price is subject to adjustment pursuant to clause 27.4(k).

Dividends

(b) The holders of the Class "D" Preferred Non-Voting shares shall in each year in the discretion of the Directors be entitled to receive out of any or all profits or surplus available for dividends, as and when declared by the Directors, non-cumulative dividends at the rate per annum on the Redemption Price of each Class "D" Preferred Non-Voting share to be determined by the Directors of the Company on the date of declaration of such dividend. Subject to the provisions of these Articles, dividends may be declared and paid at any time upon the Class "D" Preferred Non-Voting shares to the exclusion of all or any other classes or class of shares or may be declared and paid upon all or any other classes of shares to the exclusion of the Class "D" Preferred Non-Voting shares.

(c) The Class "D" Preferred Non-Voting shares shall rank as regards payment of dividends which have been declared, in priority to all other shares in the Company.

Liquidation, Dissolution and Winding Up

(d) In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of the redemption, purchase or acquisition of any shares, the reduction of capital or any other return of capital, the holders of the Class "D" Preferred Non-Voting shares shall be entitled to receive before any distribution of any part of the assets of the Company to the holders of any other shares, an amount equal to the Redemption Price thereof, and any dividends declared thereon and unpaid and no more.

Redemption by Shareholder

(e) The holders of any of the Class "D" Preferred Non-Voting shares shall have the right at any time and from time to time to have all or any of their Class "D" Preferred Non-Voting shares redeemed by the Company at the Redemption Price together with all dividends declared thereon and upon written notice given by the holders thereof to the Company demanding redemption thereof. Upon such notice being given:

(i) the Company shall forthwith give notice to all holders of the Class "D" Preferred Non-Voting shares that the Company received a demand (hereinafter called the "first demand") for redemption of a certain number of Class "D" Preferred Non-Voting shares on a certain date and within 60 days of such date intends to use its best efforts to redeem such shares pursuant to the first demand and pursuant to all like demands received from the holders of Class "D" Preferred Non-Voting shares within 30 days of the date of the notice to such holders of the first demand;

(ii) the Company shall forthwith take all necessary steps and use its best efforts to redeem for cash within 60 days of the first demand or so soon thereafter as liquid funds become available, the Class "D" Preferred Non-Voting shares in respect of which it has received the first demand or a demand for redemption within 30 days of the giving of notice pursuant to clause above, provided that such redemption or redemptions shall be made pro rata as funds are or become available, according to the aggregate number of Class "D" Preferred Non-Voting shares for which redemption has been demanded by each holder of Class "D" Preferred Non-Voting shares;

(iii) the failure of any holder of Class "D" Preferred Non-Voting shares to demand redemption of such shares held by him upon receiving notice of the first demand shall not in any way prejudice or interfere with his rights as a holder of such shares, including the right to demand redemption pursuant to the provisions of this paragraph at any time or upon demand in writing prior to payment of the Redemption Price, and any dividends declared thereon and unpaid, to participate in any uncompleted redemption pursuant to this paragraph;

(iv) if cash in the amount required to redeem any specified number of shares held by a shareholder and subject to redemption pursuant to this paragraph be deposited with any trust company or chartered bank in Canada, then the Company shall forthwith notify the holders of Class "D" Preferred Non-Voting shares participating in such redemption that the money has been so deposited and may be obtained by the holders of such shares to the extent of their pro rata participation in the redemption by such holders presenting certificates representing such shares so to be redeemed at the said trust company or chartered bank, and as of and from the date the funds are so deposited and unless default be made in payment of the Redemption Price, dividends on such shares shall not be declared and such holders thereof shall thereafter have no rights against the Company in respect thereof except the right, upon surrender of the certificates representing such shares, to receive payment of the Redemption Price out of the money so deposited and, if declared, any unpaid dividends thereon.

Redemption By Company

(f) The Company may, upon giving notice, as hereinafter provided, unless waived, redeem the whole or any part of the Class "D" Preferred Non-Voting shares on payment for each share to be redeemed of the Redemption Price together with all dividends declared thereon and unpaid. If some of the then outstanding Class "D" Preferred Non-Voting shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed pro rata, disregarding fractions, and the Directors may make such adjustments as may be necessary to avoid the redemption of fractions of shares. Unless waived, not less than 10 days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the shares so to be redeemed, specifying the number of shares to be redeemed, the Redemption Price per share, the amount of any unpaid dividends per share, and the date and place or places of redemption. If notice of any such redemption is given by the Company in the manner aforesaid, and an amount sufficient to redeem the shares is deposited with any trust company or chartered bank in Canada as specified in the notice, or is paid to the holders of the shares so to be redeemed on or before the date fixed for redemption, then dividends on the Class "D" Preferred Non-Voting shares to be redeemed shall not be declared after the date so fixed for redemption and thereafter such shares shall be deemed to have been redeemed and the holders thereof shall have no rights against the Company in respect thereof except, upon the surrender of certificates for such shares, to receive or retain

payment therefore out of the monies so deposited or paid. After an amount sufficient to redeem any shares has been deposited with any trust company or chartered bank in Canada, as aforesaid, notice shall be given to the holders of any Class "D" Preferred Non-Voting shares called for redemption who have failed to present the certificates representing such shares within 2 months of the dates specified for redemption that the money has been so deposited and will be paid without interest to the holders of the said Class "D" Preferred Non-Voting shares upon presentation of the certificates representing such shares called for redemption at the said trust company or chartered bank.

(g) The Company may acquire the whole or any part of the Class "D" Preferred Non-Voting shares pursuant to tenders received by the Company upon request for tenders addressed to all holders of Class "D" Preferred Non-Voting shares, at the lowest price at which, in the opinion of the Directors, such shares are obtainable, but not exceeding the Redemption Price thereof, together with all dividends declared thereon and unpaid. From and after the date of the acquisition of any Class "D" Preferred Non-Voting shares, such shares shall be regarded as having been redeemed. If, in response to any invitation for tenders, two or more shareholders submit tenders at the same price, and if such tenders are accepted by the Company in whole or in part, then, unless the Company shall accept all such tenders in whole, the Company shall accept such tenders in proportion as nearly as may be to the number of shares offered in each such tender.

(h) Any provision relating to the redemption or purchase of Class "D" Preferred Non-Voting shares may be waived or varied in such a manner and to such extent as may be agreed between the Company and all the holders of the Class "D" Preferred Non-Voting shares.

Voting Rights

(i) Subject to the provisions of the *Business Corporations Act*, the holders of the Class "D" Preferred Non-Voting shares shall not, as such, have any right to vote at a general meeting of the Company, nor shall they be entitled, as such, to notice of or to attend shareholders' meetings other than a meeting of the class of shareholders holding Class "D" Preferred Non-Voting shares. In accordance with the *Business Corporations Act*, no right or special right attached to issued Class "D" Preferred Non-Voting shares may be prejudiced or interfered with unless the holders of the Class "D" Preferred Non-Voting shares consent by way of special resolutions.

Redemption Price Adjustment

(j) The Redemption Price of the Class "D" Preferred Non-Voting shares is to be based upon the following intentions:

(i) the number of Class "D" Preferred Non-Voting shares that will be issued at any time is such that the aggregate Redemption Price of such Class "D" Preferred Non-Voting shares so issued would be equal to the best estimate by the Directors and by the allottees of the net fair market value of the particular asset, cash, or services, less the fair market value of any non-share consideration given by the Company for the asset cash or services; and

(ii) the holders of Class "D" Preferred Non-Voting shares intend that the number of such Class "D" Preferred Non-Voting shares received from the Company for any particular asset, cash, or services will be such that the fair market value of the particular asset, cash, or services received by the Company for such shares from such holder will be equal to the Redemption Price multiplied by the number of Class "D" Preferred Non-Voting shares so issued.

(k) If the Minister of National Revenue, the Minister of Finance for the Province of British Columbia, their authorized representatives, or any similar authority proposes to issue or issues any assessment or reassessment, or if a court of competent jurisdiction makes a final determination that would impose or imposes any liability for tax on the holders of the Class "D" Preferred Non-Voting shares or any other class of shares or on any other person on the basis of a determination or assumption made in respect of the fair market value of the consideration received by the Company for the issue of such Class "D" Preferred Non-Voting shares which results in greater or lesser fair market value than that used for the purpose of a particular allotment of Class "D" Preferred Non-Voting shares, or if the Company and all holders of Class "D" Preferred Non-Voting shares so agree, then such fair market value and the Redemption Price of the Class "D" Preferred Non-Voting shares over which a difference has arisen shall be reviewed and deemed to be adjusted as follows:

(i) if the authority in issuing or proposing to issue such an assessment or reassessment also makes a determination of the fair market value of the consideration received by the Company for the allotment and issuance of Class "D" Preferred Non-Voting shares, or a recommendation as to the required increase or decrease in the Redemption Price of any Class "D" Preferred Non-Voting shares that have been allotted and issued, which is necessary so as to ensure that the aggregate Redemption Price of such shares represents the fair market value of the consideration received by the Company for such shares, and the holders of the Class "D" Preferred Non-Voting shares and such other persons, if any, against whom such assessment is made or proposed, either before or after objection of appeal or by an agreement with such authority, accept the determination or recommendation, or of the Company and all holders of Class "D" Preferred Non-Voting shares so agree, then the fair market value so determined shall be deemed to be the fair market value and the recommended increase or decrease in the Redemption Price shall be deemed to be the increase or decrease required as hereafter provided;

(ii) if the court of competent jurisdiction in making such final determination also makes a determination of the fair market value of the consideration received by the Company for the allotment and issuance of Class "D" Preferred Non-Voting shares, or a recommendation as to the required increase or decrease in the Class "D" Redemption Price of any Class "D" Preferred Non-Voting shares that have been allotted and issued, which is necessary so as to ensure that the aggregate Class "D" Redemption Price of such shares represents the fair market value of the consideration received by the Company for such shares, then the fair market value so determined shall be deemed to be the fair market value and the determined increase or decrease in the Class "D" Redemption Price shall be deemed to be the increase or decrease required as hereinafter provided;

(iii) in any other case, the parties shall appoint a firm of professional accountants or a chartered business valuator in the Province of British Columbia to make or obtain a second determination of such fair market value over which a difference has arisen and to make a recommendation as to the required increase or decrease, if any, in the Redemption Price of such Class "D" Preferred Non-Voting shares and the fair market value of such consideration and the required increase or decrease in the Redemption Price aforesaid shall be deemed to be the amount agreed upon by the persons referred to in clause (i) of this paragraph 27.4(k) after first receiving and considering such second determination and recommendation, or if they cannot agree, the matter of such value or such increase or decrease will be referred to a single arbitrator appointed under the *Commercial*

Arbitration Act, R.S.B.C. 1996, Chapter 55, whose determination of such matters shall be final.

Thereafter the Redemption Price of such Class "D" Preferred Non-Voting shares that were outstanding immediately after the allotment over which the issue arose shall be adjusted in accordance with such recommended or determined increase or decrease retroactively and nunc pro tunc as of the date of the allotment and applicable to the first and every subsequent redemption of any such shares, provided that if at the time of such adjustment in the Redemption Price any such shares have been redeemed then the Company shall forthwith pay any increase in the Redemption Price for such shares already redeemed to the person who held such shares at the time of redemption or, failing him, his personal representatives or estate on account of the adjustment in the Redemption Price and such person or his representative shall forthwith repay to the Company the amount of any decrease in the Redemption Price so adjusted.

27.5 Notwithstanding any other provision of these Articles no dividends will be paid on any class of shares, except on Class "D" Preferred Non-Voting shares, and no shares will be redeemed, except Class "D" Preferred Non-Voting shares, if such act would result in the Company having insufficient assets to redeem the Class "C" Preferred Non-Voting shares at the Redemption Price thereof, together with any declared but unpaid dividends thereon.

Full name and signature of each incorporator	**Date of signing**
_____ HARGO S. MUNDI	20th day of September, 2007

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