

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made effective as of the 10th day of August, 2021

AMONG:

JEAN PAUL LIM

c/o 1941 West 61st Avenue
Vancouver, BC V6P 2C6

(“Lim”)

MDC FORBES INC.

c/o #100 – 388 Harbour Road
Victoria, BC V9A 3S1

(“MDC”)

AND:

ADASTRA LABS INC.

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

(the “Purchaser”)

AND

PHYTO EXTRACTIONS INC.

c/o 800 – 885 West Georgia Street
Vancouver, BC V6C 3H1

(“Phyto”)

BACKGROUND

- A. Lim and MDC (collectively, the “Vendor”) are the registered and beneficial owner of all the issued and outstanding shares in the capital of 1225140 B.C. Ltd. (the “Company”), being 100 Class A Common shares without par value (Lim) and 100 Class B Common shares without par value (MDC) (the “Shares”).
- B. The Company carries on the business of a multidisciplinary center for medical cannabis and psychedelic therapies in British Columbia (the “Business”) under the trade name of ‘PerceiveMD’.
- C. The Vendor, as the registered and beneficial owner of the Shares, has agreed to sell, and the Purchaser has agreed to purchase, the Shares, on the terms and conditions contained in this Agreement.
- D. The Purchaser is a wholly-owned subsidiary of Phyto, a public company listed on the Canadian Securities Exchange (the “CSE”), and Phyto wishes to pay a portion of the Purchase Price (as defined below), on behalf of the Purchaser by the issuance of common shares in the capital of Phyto.

Terms of Agreement

In consideration of the premises and the covenants and agreements contained in this Agreement, the parties agree with each other as follows:

1. Interpretation

1.1 Definitions

In this Agreement:

- (a) “Affiliate” has the meaning set out in the British Columbia *Business Corporations Act*;
- (b) “Agreement” means this agreement and all amendments made hereto by written agreement between the Vendor and the Purchaser;
- (c) “Applicable Securities Laws” means all securities and corporate laws, rules, regulations, instruments, notices, blanket orders, decision documents, statements, circulars, procedures and policies that are applicable to Phyto;
- (d) “Business” means the multidisciplinary center for medical cannabis and psychedelic therapy business of the Company in British Columbia under the trade name of ‘PerceiveMD’;
- (e) “*Business Corporations Act*” means the British Columbia *Business Corporations Act* in effect as of the date of this Agreement;
- (f) “Closing” means the closing of the transactions contemplated hereunder on the Closing Date;
- (g) “Closing Date” means September 30, 2021 or such other date as may be mutually agreed upon in writing by the parties;
- (h) “Contracts” includes all contracts listed in Schedule 6 and all other contracts entered into by the Company in the ordinary course of business;
- (i) *[intentionally deleted]*;
- (j) “Leases” means the leases listed in Schedule 7;
- (k) “Licences and Permits” means the licences and permits listed in Schedule 10;
- (l) “Phyto’s Closing Certificate” means the instrument in the form attached as Schedule 2(b) to be executed and delivered by Phyto to the Vendor under Section 9.1(f);
- (m) “Purchaser’s Closing Certificate” means the instrument in the form attached as Schedule 2(a) to be executed and delivered by the Purchaser to the Vendor under Section 9.1(e); and

- (n) “Vendor’s Closing Certificate” means the instrument in the form attached as Schedule 3 to be executed and delivered by the Vendor to the Purchaser under Section 8.1(f).

1.2 Headings

The division of this Agreement into Articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder”, and similar expressions refer to this Agreement and not to any particular Article, section, or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and sections are to Articles and sections of this Agreement.

1.3 Extended Meanings

In this Agreement words importing the singular number only shall include the plural and vice versa, wordings importing the masculine gender shall include the feminine, and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations, and companies.

1.4 Accounting Standards

In this Agreement, “Accounting Standards” means the accounting standards that the Chartered Professional Accountants of Canada (“CPA Canada”) has determined are applicable to the Company, based on the nature of the Company, and, if CPA Canada has determined that the Company may choose between two sets of standards, then it means the set of standards the Company has chosen to have apply to it.

1.5 Currency

All references to currency herein are to lawful money of Canada.

2. Schedules

The following schedules are attached to and incorporated in this Agreement by reference and deemed to be part of this Agreement:

- Schedule 1—Financial Matters
- Schedule 2(a) —Purchaser’s Closing Certificate
- Schedule 2(b) —Phyto’s Closing Certificate
- Schedule 3—Vendor’s Closing Certificate
- Schedule 4—Notice of Articles and Articles of the Company
- Schedule 5—Non-arm’s Length Property
- Schedule 6—Material Assets, Contracts, and Agreements
- Schedule 7—Leases
- Schedule 8—Employees
- Schedule 9—Directors and Officers of the Company
- Schedule 10—Licences and Permits
- Schedule 11—Non-Competition Exception
- Schedule 12 – Lim Consulting Agreement

3. Purchased Shares, Purchase Price and Deposit

3.1 Purchased Shares and Purchase Price

- (a) Subject to the terms and conditions of this Agreement and based on the representations and warranties of the Vendor set forth in this Agreement, on the Closing Date the Vendor will sell, assign, and transfer to the Purchaser and the Purchaser will purchase from the Vendor all (but not less than all) of the Shares for a total purchase price of \$2,300,000.00 (the "Purchase Price").
- (b) The Purchase Price will be paid and satisfied as follows:
 - (i) \$10,000.00 by the Purchaser by way of directing the Deposit (as defined herein) to the Vendor, or as the Vendor directs; and
 - (ii) \$2,290,000.00 by way of the issuance by Phyto, on behalf of the Purchaser, of that certain amount of unrestricted shares in the capital of Phyto that, subject to the policies of the CSE, equals \$2,290,000.00 as calculated on the basis of the daily volume weighted average of actual trading prices (measured in hundredths of cents) for 10 consecutive trading days immediately prior to the Closing Date (the "Share Consideration").

3.1 Deposit

Within two (2) business days after the execution of this Agreement, the Purchaser shall deliver to the Vendor's solicitors, in trust, the sum of \$10,000.00 to be held as a deposit (the "Deposit") on the following terms and conditions:

- (a) in the event that the transaction completes in accordance with Section 10.3, the Deposit shall form part of the payment of the Purchase Price;
- (b) in the event that the Purchaser fails to complete the purchase in accordance with the terms of this Agreement, the Deposit, at the election of the Vendor, shall be forfeited to the Vendor on account of liquidated damages without prejudice to any other remedies the Vendor may have against the Purchaser; and
- (c) in the event that the Vendor fails to complete the sale in accordance with the terms of this Agreement, the Deposit shall, at the election of the Purchaser, be returned to the Purchaser without setoff or deduction and without prejudice to any remedies the purchaser may have against the Vendor.

4. Vendor's Representations and Warranties

In order to induce the Purchaser and Phyto to enter into and consummate this Agreement, the Vendor represents and warrants to the Purchaser and Phyto as follows:

4.1 Corporate and Share Representations

- (a) The Company is a company duly incorporated, organized, and subsisting under the law of British Columbia, is not a reporting issuer, and is in good standing with respect to

the filing of annual reports with the Office of the Registrar of Companies of British Columbia.

- (b) The Company has the corporate power to own the assets owned by it and to carry on the Business.
- (c) The authorized capital of the Company is 10,000 Class A Common shares (without par value), 10,000 Class B Common shares (without par value), 10,000 Class C Common Non-voting shares (without par value) and 10,000 Class P Preferred shares (each with a par value of \$0.10), of which the Shares are the only issued and outstanding shares of the Company.
- (d) The Shares are validly issued and outstanding as fully paid and non-assessable shares in the capital of the Company.
- (e) The Vendor owns the Shares as legal and beneficial owner, free and clear of all liens, claims, charges, encumbrances, and any other rights of others.
- (f) The Vendor has due and sufficient right and authority to enter into this Agreement on the terms and conditions set forth in this Agreement and to transfer the legal and beneficial title to and ownership of the Shares to the Purchaser, free and clear of all liens, claims, charges, encumbrances, and any other rights of others.
- (g) No person, firm, or corporation has any agreement or option or any right capable at any time of becoming an agreement to:
 - (i) purchase or otherwise acquire the Shares or any of the unissued shares in the capital of the Company; or
 - (ii) require the Vendor to sell, transfer, assign, pledge, charge, mortgage, or in any other way dispose of or encumber any of the Shares other than under this Agreement.
- (h) The Notice of Articles and Articles of the Company are as attached in Schedule 4.
- (i) As at the date hereof and as at the Closing Date, the Company has positive working capital and no long-term debt.

4.2 Financial and Tax Representations

- (a) The Company has, and the Company will have at the Closing Date, positive working capital and sufficient funds on hand to satisfy obligations as they become due.
- (b) Except as set out in Schedule 1, on the date hereof and as of the Closing Date, there is no single current liability of the Company in excess of \$10,000. On the date hereof, and as of the Closing Date, there will be no more than \$10,000 in current liabilities excluding salaries, all of which were incurred in the ordinary course of business. Except as set out in Schedule 1, on the date hereof and as of the Closing Date, there is no long term liabilities of the Company. There are no liabilities, contingent or otherwise, of the Company except those incurred in the ordinary course of business and

the Company has not guaranteed, or agreed to guarantee, any debt, liability, or other obligation of any person, firm, or corporation. There are no liabilities of any other party capable of creating a lien, claim, encumbrance, or charge on any of the assets of the Company.

- (c) The Company is not indebted to the Vendor or any Affiliate, director, officer, or employee of the Company.
- (d) Neither the Vendor nor any Affiliate, officer, director, or employee of the Company is now indebted or under obligation to the Company on any account.
- (e) Except as disclosed to Phyto with respect to dividends paid to Lim as compensation for his position as Medical Director of the Company, since inception, no dividend or other distribution on any shares in the capital of the Company has been made, declared, or authorized and the Company has neither purchased nor redeemed nor agreed to purchase or redeem any of the Shares.
- (f) Except for consulting payments to Lim under a consulting agreement between the Company and Lim, no payment of any kind has been made or authorized by the Company since inception to or on behalf of the Vendor or to or on behalf of officers, directors, or shareholders of the Company. Since inception, the Company has not paid or agreed to pay any compensation, pension, bonus, share of profits, or other benefit to, or for the benefit of, any employee, director, or officer of the Company except in the ordinary course of business and has not increased or agreed to increase the compensation of any director, officer, or management employee.
- (g) Since inception:
 - (i) there has not been any material adverse change in the affairs, business, prospects, operations, or condition of the Company, financial or otherwise, or any damage, loss, or other material adverse change in circumstances affecting the affairs, business, prospects, operations, or condition of the Company, the Business or assets or its right or capacity to carry on business;
 - (ii) the Company has not waived or surrendered any right of material value;
 - (iii) the Company has not discharged or satisfied or paid any lien, claim, charge, encumbrance, or obligation or liability except in the ordinary course of business;
 - (iv) the Business has been carried on in the ordinary course; and
 - (v) no capital expenditures in excess of \$10,000.00 have been authorized or made.
- (h) The Company is the owner with good and marketable title, free and clear of all liens, claims, charges, encumbrances, and any other rights of others, of all assets, except only such assets of the Company as have been disposed of in the usual and ordinary course of business since inception and of all assets acquired by the Company since inception.
- (i) All material transactions of the Company have been promptly and properly recorded or filed in or with its respective books and records. The minute books of the Company

contain records of all the meetings and proceedings of shareholders and directors of the Company.

- (j) All tax returns and reports of the Company required by law to be filed before the date of this Agreement have been filed and are true, complete, and correct. All taxes and other government charges have been paid or accrued and there will be no unpaid taxes or government charges in respect of the period ending August 31, 2020.
- (k) The Company has been assessed for federal and provincial taxes for all years to and including the fiscal year ending August 31, 2020 and has been assessed with respect to the applicable tax return for the year ended August 31, 2020.
- (l) Adequate provision has been made for taxes payable for each current period for which tax returns are not yet required to be filed, and there are no waivers or other arrangements providing for an extension of time for the filing of any tax return, or payment of any tax, government charge, or deficiency, by the Company.
- (m) The Company has made all elections required to be made under the *Income Tax Act* of Canada in connection with any distributions by the Company and all such elections were true and correct.
- (n) The Vendor is not a non-resident of Canada (as defined in the *Income Tax Act* of Canada).
- (o) Under the *Income Tax Act* of Canada, the Company has been since its incorporation and is now a Canadian-controlled private corporation.
- (p) The Company has not before the date of this Agreement:
 - (i) acquired any asset from a person with whom it was not dealing at arm's length except as set out in Schedule 5; or
 - (ii) disposed of anything to a person with whom the Company was not dealing at arm's length for proceeds less than the fair market value.

4.3 Property Representations

- (a) Except for the Leases described in Schedule 7 and the licences and permits described in Schedule 10, the Company has good and marketable title to all its assets and in particular the assets described in Schedule 6, subject to no mortgage, pledge, deed of trust, lien, claim, encumbrance, or charge and all of such assets are in good order and repair.
- (b) Except for the Leases, the Company is not a party to any lease or agreement in the nature of a lease for real property, whether as lessor or lessee.
- (c) All equipment listed in Schedule 6, including machinery and trucks, was purchased new, since purchase has been maintained in a manner recommended by the manufacturers and installers, and is in good operating condition and in a state of good maintenance and repair.

- (d) The Company has good leasehold title to the land and equipment held by it under the Leases, subject to no mortgage, pledge, deed of trust, lien, claim, encumbrance, or charge, has not made any default in the performance of the terms of the Leases that would entitle any of the lessors to terminate any of the Leases or would render the Company liable in damages, and has not assigned or encumbered any such Leases.
- (e) The Vendor does not own any assets which are used by the Company or are necessary or useful in the conduct of the Business.

4.4 Contractual Representations

- (a) The Contracts and the Licences and Permits are all in good standing and in full force and effect and the Vendor is not aware of any default by the Company or the other party to any of the Contracts or Licences and Permits.
- (b) The Company does not have any pension plan, profit sharing plan, bonus plan, group insurance, or similar plan, or material contract, agreement, undertaking, or arrangement, whether oral, written, or implied, with employees, lessees, licensees, managers, accountants, suppliers, agents, distributors, officers, directors, lawyers, or others, except as set out in Schedules 6, 7, 8, and 10.
- (c) The Company is not a party to any collective agreement with any labour union or other association of employees and no attempt has been made to organize or certify the employees of the Company as a bargaining unit.
- (d) The employees of the Company and their current remuneration and terms of employment are described in Schedule 8.
- (e) The directors and officers of the Company are set out in Schedule 9.

4.5 General Vendor Representations

- (a) There is no basis for and there is no action, suit, judgment, investigation, or proceeding outstanding or pending or, to the knowledge of the Vendor, threatened against, or affecting the Company.
- (b) The Company has kept the records required to be kept by the *Business Corporations Act*, and any other applicable corporate legislation, and such records, including a transparency register of significant individuals, are complete and accurate, and contain all minutes of all meetings and resolutions of directors and shareholders of the Company.
- (c) The Company is not in breach of any law, ordinance, statute, regulation, bylaw, order, decree, covenant, restriction, plan, or permit to which it is subject or which applies to it and the uses to which the assets of the Company have been put are not in breach of any law, ordinance, statute, regulation, bylaw, order, decree, covenant, restriction, plan, or permit, including those regulating the discharge of material into the environment and the storage, treatment, and disposal of waste or otherwise relating to the protection of the environment and the health and safety of persons. For greater certainty, the assets of

the Company have not been used in a manner which does or will give rise to any obligation of restoration or removal or any liability for the costs of restoration or removal or for the payment of damages to any third party. Except as disclosed in Schedule 6, there are no underground storage tanks on any of the lands or leasehold properties which form part of the assets of the Company, nor is there located on them any toxic chemical, hazardous material, waste, or any noxious or dangerous substance which is designated a toxic or hazardous substance in applicable federal, provincial, or municipal law, bylaw, regulation, or ordinance relating to environmental matters, including asbestos, polychlorinated biphenyls (PCBs), urea formaldehyde, radon gas, or radioactive decay products of radon, whether or not they are so designated.

- (d) The Company carries on business only in British Columbia and does not carry on business in any other province or territory of Canada nor in any other country.
- (e) The Company has not experienced nor is it or the Vendor aware of any occurrence or event which has had, or might reasonably be expected to have, a materially adverse effect on the Business or the results of its operations.
- (f) None of the making of this Agreement, the completion of the transactions contemplated by it, or the performance of or compliance with its terms will violate the Notice of Articles or Articles of the Company or any agreement to which the Vendor or the Company is a party, give any person or company any right to terminate or cancel any agreement or any right enjoyed by the Company, or result in the creation or imposition of any lien, claim, encumbrance, charge, or restriction of any nature in favour of a third party upon or against the assets of the Company or the Shares or the violation of any law or regulation of Canada or of any province or territory of Canada, any municipal bylaw, regulation, or ordinance or any order or decree of any court or tribunal to which the Vendor or the Company is subject which could materially affect the Business or the Company or prevent the due and valid transfer of the Shares as provided in this Agreement.
- (g) The Company maintains such insurance against loss or damage to its assets and with respect to public liability as is reasonably prudent for a company such as the Company.
- (h) The Company does not own, directly or indirectly, any shares or interests in any other company or firm.
- (i) Schedule 10 contains all licences and permits (including operating authorities) required for carrying on the Business in the manner in which it has heretofore been carried on.

5. Purchaser's and Phyto's Representations and Warranties

5.1 The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a company duly incorporated, organized, and subsisting under the law of British Columbia, is not a reporting issuer, and is in good standing with respect to the filing of annual reports with the Office of the Registrar of Companies of British Columbia;

- (b) none of the making of this Agreement, the completion of the transactions contemplated by it, or the performance of or compliance with its terms will violate the Notice of Articles or Articles of the Purchaser or any agreement to which the Purchaser is a party, or result in the violation of any law or regulation of Canada or of any province or territory of Canada, any municipal bylaw, regulation, or ordinance or any order or decree of any court or tribunal to which the Purchaser is subject which could prevent the due and valid transfer of the Shares as provided in this Agreement;
- (c) the Purchaser is not a non-Canadian as that term is defined in the *Investment Canada Act*; and
- (d) the Purchaser has due and sufficient right, power, and authority to enter into this Agreement on the terms and conditions set forth in this Agreement and to perform its obligations under this Agreement.

5.2 Phyto represents and warrants to the Vendor that:

- (a) Phyto is a company duly incorporated, organized, and subsisting under the law of British Columbia, and is in good standing with respect to the filing of annual reports with the Office of the Registrar of Companies of British Columbia;
- (b) none of the making of this Agreement, the completion of the transactions contemplated by it, or the performance of or compliance with its terms will violate the Notice of Articles or Articles of Phyto or any agreement to which Phyto is a party,
- (c) Phyto has due and sufficient right, power, and authority to enter into this Agreement on the terms and conditions set forth in this Agreement and to perform its obligations under this Agreement;
- (d) the Share Consideration will, upon issuance thereof in accordance with the terms of this Agreement, be duly and validly issued, as fully paid and non-assessable shares in the capital of Phyto; and
- (e) Phyto is a “reporting issuer” in each of the Provinces of British Columbia, Alberta, and Ontario within the meaning of Applicable Securities Laws in such provinces and is not in default of any material requirement of Applicable Securities Laws.

6. Vendor’s Covenants

The Vendor covenants and agrees with the Purchaser as follows:

6.1 Consents

Both before and after the Closing Date, the Vendor will use all reasonable efforts to assist the Purchaser in obtaining from all appropriate federal, provincial, state, municipal, and other governmental or administrative bodies and all other persons all such approvals and consents in form and terms satisfactory to counsel for the Purchaser as are necessary or required in order to permit the sale, transfer, and assignment of all of the right, title, and interest of the Vendor in and to the Shares to the Purchaser.

6.2 Possession

At or before the Closing Date, the Vendor will deliver to the Purchaser possession of all books, records, book accounts, lists of suppliers, and customers of the Company, and all other documents, files, records, and other data, financial or otherwise, relating to the Business and the assets of the Company.

6.3 Books and Records

At any time up to the Closing Date, the Vendor will permit the Purchaser, and its auditors, solicitors, and other authorized persons, to make such investigation of the assets of the Company and of its financial and legal condition as the Purchaser deems necessary or advisable to familiarize itself with such assets and other matters and to have full access to the Business premises and to all records, documents, and other information related to the Business and the Company, including all working papers (internal and external) and details of accounts and inventories prepared, obtained, or used in connection with the preparation of any financial statements or records of the Company.

6.4 Interim Management—Positive Covenants

From the date of this Agreement to the Closing Date, the Vendor will cause the Company to:

- (a) carry on the Business in the ordinary course, in a prudent, businesslike, and efficient manner and substantially in accordance with past practices;
- (b) maintain insurance on the assets of the Company as they are insured on the date of this Agreement;
- (c) use all reasonable efforts to preserve and maintain the goodwill of the Business; and
- (d) do all necessary repairs and maintenance to the assets of the Company and take reasonable care to protect and safeguard those assets.

6.5 Interim Management—Negative Covenants

From the date of this Agreement to the Closing Date, the Vendor will not permit the Company, without the prior consent in writing of the Purchaser, to:

- (a) purchase or sell, consume, or otherwise dispose of any of its assets except in the ordinary course of business;
- (b) enter into any contract or assume or incur any liability except in the ordinary course of business and which is not material;
- (c) settle any account receivable of a material nature at less than face value net of the reserve for that account;
- (d) waive or surrender any material right;

- (e) discharge, satisfy or pay any mortgage, pledge, deed of trust, lien, claim, encumbrance, charge, obligation, or liability except in the ordinary course of business;
- (f) make any capital expenditure or commitment for any capital expenditure;
- (g) declare dividends or repay any shareholder loans;
- (h) increase the wages or remuneration payable to any person, other than in the ordinary course of business; or
- (i) declare any bonuses payable to any person, other than in the ordinary course of business.

6.6 Non-Competition; Non-Solicitation

- (a) For a period of 3 years commencing on the Closing Date (the “**Restricted Period**”), Lim shall not, and shall not permit any of its affiliates, directly or indirectly, without the prior written consent of the Purchasers to: (i) engage in or assist others in engaging in the Business within British Columbia (the “**Restricted Jurisdiction**”); (ii) have an interest in any person whose business is competitive, directly or indirectly, with the Business, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; (iii) acquire any person who engages in, or intends to engage in, the Business, or (iv) intentionally interfere in any material respect with the business relationships (whether formed before or after the date of this Agreement) between the Company and customers or suppliers of the Company. Notwithstanding the foregoing, Lim may own, directly or indirectly, solely as an investment, securities of any person traded on any stock exchange if Lim is not a controlling person of, or a member of a group which controls, such person and does not, directly or indirectly, own 1% or more of any class of securities of such person; and in connection with the limited exception set out in Schedule 11, Lim may engage in or assist others in engaging in the Business within the Restricted Jurisdiction.
- (b) During the Restricted Period, Lim shall not, and shall not permit any of its affiliates to, directly or indirectly, hire or solicit any employee of the Company or any of the Purchasers, or an independent contractor engaged by the Purchasers or its affiliates, or encourage any employee of the Company or any of the Purchasers, or independent contractor engaged by the Purchasers or its affiliates to leave his or her employment or position, or hire or engage, as applicable, any employee of the Company or any of the Purchasers, or independent contractor engaged by the Purchasers or its affiliates who has left such employment or position, except pursuant to a general solicitation that is not directed specifically to any such individual; *provided that* nothing in this section shall prevent Lim or any of his affiliates from soliciting, hiring or engaging, as applicable: (i) any employee of the Company or any of the Purchasers, or independent contractor engaged by the Purchasers or its affiliates whose employment or engagement has been terminated by the Company or the Purchasers; or (ii) after 365 days from the date of termination of employment or engagement, any employee of the Company or any of the Purchasers, or independent contractor engaged by the Purchasers or its affiliates whose employment or engagement has been terminated by the employee of the Company or any of the Purchasers, or independent contractor engaged by the Purchasers or its affiliates, as applicable.

- (c) During the Restricted Period and within the Restricted Jurisdiction, Lim shall not, and shall not permit any of his affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients, or customers of the Company, the Purchasers or their respective affiliates or potential clients or customers of the Company, the Purchasers or its respective affiliates for purposes of diverting their business or services from the Company, the Purchasers or its respective affiliates.
- (d) Lim acknowledges that a breach or threatened breach of this section would give rise to irreparable harm to the Purchasers, for which monetary damages would not be an adequate remedy, and hereby agrees that, in the event of a breach or a threatened breach by Lim of any such obligations, the Purchasers shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to seek equitable relief, including a temporary restraining order, an interim or permanent injunction, specific performance and any other relief that may be available from a court of competent equitable jurisdiction (without any requirement to post a bond or other security).
- (e) Lim acknowledges that the restrictions contained in this section are reasonable and necessary to protect the legitimate interests of the Purchasers and constitute a material inducement to the Purchasers entering into this Agreement and consummating the transactions contemplated by this Agreement. The covenants contained in this section and each provision hereof is severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.
- (f) The parties hereto intend that the conditions set forth in section 56.4(7) of the Income Tax Act have been satisfied such that section 56.4(5) of the Income Tax Act applies to any “restrictive covenants” (as defined in section 56.4(1) of the Income Tax Act) granted by Lim under this Agreement with respect to the Business carried on by the Company (collectively, the “**Restrictive Covenants**”). Accordingly, the parties hereto acknowledge and agree that: (i) no proceeds shall be received or receivable by the Vendor for granting the Restrictive Covenants for purposes of section 56.4(7)(d) of the Income Tax Act; and (ii) the Restrictive Covenants are integral to this Agreement and have been granted to maintain or preserve the fair market value of the Share Consideration. In furtherance of the foregoing, the Purchasers agree to co-operate with the Vendor and to execute the requisite tax election should the Vendor elect to take advantage of and prepare and file such an election.

7. Purchaser's Covenant

- 7.1 The Purchaser will maintain in safekeeping for six years following the Closing Date all financial records of the Company which are in the possession of the Company on the Closing Date and which relate to the Business before the Closing Date and will allow the Vendor access thereto if the Purchaser makes any claim against the Vendor relating to section 4.2 of this Agreement, if the Vendor is investigated or audited by a taxation or other authority, or for any other bona fide business purpose which is not adverse to the interests of the Company, as determined by the Purchaser acting reasonably.

8. Purchaser's Conditions of Closing

- 8.1 The obligations of the Purchaser under this Agreement are subject to the following conditions for the exclusive benefit of the Purchaser being fulfilled at the Closing Date, waived by the Purchaser at or before the Closing Date, or agreed by the Vendor and the Purchaser to be indemnified for by the Vendor:
- (a) the representations and warranties of the Vendor contained in this Agreement will be true and correct on and as of the Closing Date;
 - (b) the Vendor will have complied with all terms, covenants, and agreements in this Agreement agreed to be performed or caused to be performed by it on or before the Closing Date;
 - (c) no material loss or destruction of or damage to any of the assets of the Company will have occurred between the date of this Agreement and the Closing Date;
 - (d) no action or proceeding against the Company or the Vendor will be pending or threatened by any person, company, firm, governmental authority, regulatory body, or agency to enjoin or prohibit:
 - (i) the purchase and sale of the Shares contemplated by this Agreement or the right of the Purchaser to own the Shares; or
 - (ii) the right of the Company to conduct its operations and carry on the Business in the ordinary course as the Business and its operations have been carried on in the past;
 - (e) the Vendor will tender to the Purchaser a Vendor's Closing Certificate substantially in the form of Schedule 3 signed by the Vendor certifying the truth and correctness at the closing of the representations and warranties of the Vendor contained in Article 4, the performance of all covenants and agreements of the Vendor, and that the condition described in subsection 8.1(d) does not exist as at the Closing Date;
 - (f) all directors and officers of the Company specified by the Purchaser will resign;
 - (g) the Vendor and all directors, officers, and other shareholders of the Company will have executed releases by the Company, in a form satisfactory to the Purchaser, from any and all possible claims against the Company arising from any act, matter, or thing arising at or before the Closing Date;

- (h) Phyto and the Purchaser shall have completed their due diligence review of the Company, the Business, the Company's assets and all other materials in the possession and control of the Company which are germane to the decision of Phyto and the Purchaser to proceed with the transactions contemplated hereunder and the results thereof shall be satisfactory to Phyto and the Purchaser, and their advisors, acting reasonably; and
 - (i) all necessary steps and proceedings will have been taken to permit the Shares to be duly and regularly transferred to and registered in the name of the Purchaser.
- 8.2 If any of the conditions in section 8.1 are not fulfilled or waived or indemnified for as contemplated in section 8.1, the Purchaser on the Closing Date may rescind this Agreement by notice in writing to the Vendor. In such event, the Purchaser shall be released from all obligations under this Agreement, and the Vendor will also be released unless the Vendor was reasonably capable of causing such condition or conditions to be fulfilled or the Vendor has breached any of its representations, warranties, covenants, or agreements in this Agreement.
- 8.3 The conditions in section 8.1 may be waived in whole or in part by the Purchaser without prejudice to any right of rescission or any other right in the event of the non-fulfillment of any other condition or conditions. A waiver will be binding only if it is in writing.
- 8.4 The Vendor will deliver to the Purchaser at the Closing Date an opinion of the Vendor's counsel, addressed to the Purchaser, in form satisfactory to Purchaser's counsel, that:
- (a) the Company is duly incorporated, organized, and validly existing under the law of the province of British Columbia and is in good standing with respect to the filing of annual reports with the Office of the Registrar of Companies of British Columbia;
 - (b) the number of authorized and issued shares in the capital of the Company is as warranted by the Vendor and the Shares are duly authorized, validly issued, and outstanding as fully paid and non-assessable; and
 - (c) all necessary steps and corporate proceedings have been taken to permit the Shares to be duly and validly transferred to and registered in the name of the Purchaser.

9. Vendor's Conditions of Closing

- 9.1 The obligations of the Vendor under this Agreement are subject to the following conditions for the exclusive benefit of the Vendor being fulfilled at the Closing Date, waived by the Vendor at or before the Closing Date, or agreed by the Purchaser and the Vendor to be indemnified for by the Purchaser:
- (a) the representations and warranties of the Purchaser contained in Section 5.1 of the Agreement will be true and correct on and as of the Closing Date and the representations and warranties of Phyto contained in Section 5.2 of the Agreement will be true and correct on and as of the Closing Date;

- (b) the Purchaser will have complied with all terms, covenants, and agreements in this Agreement agreed to be performed or caused to be performed by it on or before the Closing Date;
- (c) the Company will have entered into an consulting agreement with Lim (the “Lim Consulting Agreement”), as ‘Medical Director’ of the Company, for a term of 2 years commencing on the Closing Date for a fee of \$10,000.00 per month in the form substantially set out and attached as Schedule 12;
- (d) no action or proceeding against the Purchaser will be pending or threatened by any person, company, firm, governmental authority, regulatory body, or agency to enjoin or prohibit:
 - (i) the purchase and sale of the Shares contemplated by this Agreement or the right of the Purchaser to own the Shares; or
 - (ii) the right of the Company to conduct its operations and carry on the Business in the ordinary course as the Business and its operations have been carried on in the past;
- (e) the Purchaser will tender to the Vendor a Purchaser’s Closing Certificate substantially in the form of Schedule 2(a) signed by an officer of the Purchaser certifying the truth and correctness at the Closing Date of the representations and warranties of the Purchaser contained in Section 5.1, the performance of all covenants and agreements of the Purchaser, and that the condition described in subsection 9.1(d) does not exist as at the Closing Date; and
- (f) Phyto will tender to the Vendor Phyto’s Closing Certificate substantially in the form of Schedule 2(b) signed by an officer of Phyto certifying the truth and correctness at the Closing Date of the representations and warranties of Phyto contained in Section 5.2.

9.2 If any of the conditions in section 9.1 are not fulfilled or waived or indemnified for as contemplated in section 9.1, the Vendor on the Closing Date may rescind this Agreement by notice in writing to the Purchaser. In such event, the Vendor shall be released from all obligations under this Agreement, and the Purchaser will also be released unless the Purchaser was reasonably capable of causing such condition or conditions to be fulfilled or the Purchaser has breached any of its representations, warranties, covenants, or agreements in this Agreement.

9.3 The conditions in section 9.1 may be waived in whole or in part by the Vendor without prejudice to any right of rescission or any other right in the event of non-fulfillment of any other condition or conditions. A waiver will be binding only if it is in writing.

10. Closing

10.1 Closing Location

Unless otherwise agreed to by the parties in writing, the closing of the purchase and sale and the other transactions contemplated by this Agreement (the “Closing”) will take place by way of exchange of documents on the Closing Date, or such earlier or later date as the parties may agree to in writing. All documents may be delivered electronically, other than payments, share

certificates, powers of attorney, and other similar documentation, and, all documents deliverable at closing in accordance with this Agreement shall be tabled and held in escrow until all deliveries are completed, and until all parties have agreed to release the documents and terminate the escrow.

10.2 Vendor's Closing Documents

At the Closing, the Vendor will tender to the Purchaser:

- (a) resignations in writing of all directors and officers of the Company specified by the Purchaser;
- (b) releases from each director, officer, and shareholder of the Company, releasing the Company from any and all possible claims against the Company arising from any act, matter or thing arising at or before the Closing Date;
- (c) certified copies of resolutions of the directors of the Company in form satisfactory to the Purchaser, acting reasonably, authorizing the transfer of the Shares to and registration of the Shares in the name of the Purchaser and issue of new share certificates representing the Shares in the name of the Purchaser;
- (d) share certificates in the name of the Vendor representing the Shares duly endorsed for transfer and duly executed share certificates representing the Shares in the name of the Purchaser;
- (e) the central securities register of the Company recording that the Purchaser is the holder of all issued and outstanding shares of the Company;
- (f) an opinion in the form described in section 8.4;
- (g) all corporate records and books of account of the Company including minute books, the central securities register, and annual reports, and a certificate of good standing; and
- (h) every common seal of the Company.

10.3 Purchaser's Closing Documents

At the Closing, the Purchaser will tender to the Vendor share certificates, or other confirmations acceptable by the Vendor, on account of the issuance of the Share Consideration by Phyto on behalf of the Purchaser.

10.4 Notice of Disclosure of Personal Information

Immediately following Closing, the Purchaser shall notify the employees, customers, directors, officers, and shareholders whose Personal Information was disclosed by the Vendor to the Purchaser in contemplation of the transactions referred to in this Agreement that the transactions have taken place and that Personal Information about them has been disclosed to the Purchaser.

11. General

11.1 Reliance

The Vendor acknowledges and agrees that the Purchaser and Phyto have entered into this Agreement relying on the representations, warranties, covenants, and agreements, and other terms and conditions of this Agreement, and that no information which is now known, which may become known, or which could upon investigation have become known to the Purchaser, Phyto or any of their respective present or future officers, directors, or professional advisors in any way limits or extinguishes any rights the Purchaser or Phyto may have against the Vendor, including without limitation, any right to indemnity under section 11.3 of this Agreement.

11.2 Survival of Vendor's Representations

The representations, warranties, covenants, and agreements of the Vendor contained in this Agreement and in any document or certificate given under this Agreement will survive the closing of the transactions contemplated by this Agreement and remain in full force and effect for a period of 1 year from the Closing Date for all matters except:

- (a) the representations, warranties, covenants, and agreements of the Vendor with respect to income tax liability or other tax matters set out under subsections 4.2(j), 4.2(k), 4.2(l), 4.2(m), 4.2(n), 4.2(o), and 4.2(p), which will survive the Closing Date and remain in full force and effect for 3 years from the later of the date of mailing of a notice of original assessment by the Minister of National Revenue and the date of mailing of a notification from the Minister of National Revenue that no tax is payable by the Company for the fiscal year of the Company ending on the Closing Date;
- (b) the representations, warranties, covenants, and agreements of the Vendor with respect to due issue of the Shares and title to the Shares and the absence of any encumbrance affecting such title set out under subsections 4.1(c), 4.1(d), 4.1(e), 4.1(f), and 4.1(g), which will survive the Closing Date and continue in full force and effect indefinitely; and
- (c) a claim for breach of any of the representations and warranties by the Vendor in or pursuant to this Agreement involving fraud or fraudulent misrepresentation on the part of the Vendor, which may be made against the Vendor at any time following the Closing Date, subject only to applicable limitation periods imposed by law.

11.3 Indemnification by the Vendor

The Vendor covenants and agrees to indemnify and save harmless the Purchaser and Phyto from any loss, damage, liability, cost, and expense (including without limitation any tax liability) suffered by the Purchaser or Phyto directly or indirectly as a result of or arising out of any breach of representation, warranty, covenant, or agreement of the Vendor contained in this Agreement, the Vendor's Closing Certificate, or any document or certificate delivered under this Agreement.

11.4 Survival of Purchaser's Representations

The representations, warranties, covenants, and agreements of the Purchaser contained in this Agreement and in any document or certificate given under this Agreement survive the closing of the transactions contemplated by this Agreement and remain in full force and effect

notwithstanding any waiver by the Vendor unless such waiver was made after notice in writing by the Purchaser to the Vendor setting forth the breach.

11.5 Indemnification by the Purchaser

The Purchaser covenants and agrees to indemnify and save harmless the Vendor from any loss, damage, liability, cost, and expense (including without limitation any tax liability) suffered by the Vendor directly or indirectly as a result of or arising out of any breach of representation, warranty, covenant, or agreement of the Purchaser contained in this Agreement, the Purchaser's Closing Certificate, or any document or certificate delivered under this Agreement.

11.6 Survival of Phyto's Representations

The representations, warranties, covenants, and agreements of Phyto contained in this Agreement and in any document or certificate given under this Agreement survive the closing of the transactions contemplated by this Agreement and remain in full force and effect notwithstanding any waiver by the Vendor unless such waiver was made after notice in writing by Phyto to the Vendor setting forth the breach.

11.7 Indemnification by the Phyto

Phyto covenants and agrees to indemnify and save harmless the Vendor from any loss, damage, liability, cost, and expense (including without limitation any tax liability) suffered by the Vendor directly or indirectly as a result of or arising out of any breach of representation, warranty, covenant, or agreement of Phyto contained in this Agreement, Phyto's Closing Certificate, or any document or certificate delivered under this Agreement.

11.8 Public Announcements

No public announcement, disclosure, or press release concerning this Agreement or the transactions contemplated herein may be made by a party without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed, unless otherwise required by law.

11.9 Commissions, Legal Fees

Each of the parties will bear the fees and disbursements of the respective lawyers, accountants, and consultants engaged by them respectively in connection with this Agreement and will not cause or permit any such fees or disbursements to be charged to the Company before the Closing Date.

11.10 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, (by registered mail) or by electronic means of communication addressed to the recipient as follows:

To the Vendor: *[redacted]*

Fax: *[redacted]*

Email: [redacted]

Attention: Paul G. Morgan

To the Purchaser and Phyto: 5451 – 275 Street, Langley, BC V4W 3X8

[redacted]

Attention: Chief Operating Officer

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice, or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, (if given by registered mail, on the 10th business day following the deposit thereof in the mail and), if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day. (If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by electronic communication.)

11.11 Time of Essence

Time is of the essence of this Agreement.

11.12 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof, and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

11.13 Further Assurances

Each of the parties will execute and deliver such further documents and instruments and do such acts and things as may, before or after the Closing Date, be reasonably required by another party to carry out the intent and meaning of this Agreement.

11.14 Proper Law

This Agreement will be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of British Columbia.

11.15 Entire Agreement

This Agreement contains the whole agreement between the Vendor, Phyto and Purchaser pertaining to the subject matter hereof and supersedes all prior agreements, understandings,

negotiations, and discussions between the parties and there are no representations, warranties, covenants, conditions, or other terms other than expressly contained in this Agreement.

11.16 Assignment

This Agreement may not be assigned by any party without the prior written consent of the other party, which consent may be arbitrarily withheld.

11.17 Benefit and Binding Nature of the Agreement

This Agreement enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

11.18 Amendments and Waiver

No modification of or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties and no waiver of any breach of any term or provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same, and unless otherwise provided, will be limited to the specific breach waived.

11.19 Counterparts and Delivery

This Agreement may be signed in counterparts, and this Agreement or a counterpart may be delivered by email. Each such counterpart, if any, will constitute an original document, and such counterparts, taken together, will constitute one and the same instrument.

[Signature page follows]

AS EVIDENCE OF THEIR AGREEMENT the parties have executed this Agreement as of the date and year first above written.

ADASTRA LABS INC.
by its authorized signatory:

“signed”
Name:

PHYTO EXTRACTIONS INC.
by its authorized signatory:

“signed”
Name

MDC FORBES INC.
by its authorized signatory:

“signed”
[redacted]

SIGNED by **Jean Paul Lim**)
in the presence of:)

“signed”)
Witness)

“signed”)
JEAN PAUL LIM)

Schedule 1—Financial Matters

Nil.

Schedule 2(a) —Purchaser’s Closing Certificate

PURCHASER’S CLOSING CERTIFICATE

TO: Jean Paul Lim and MDC Forbes Inc. (collectively, the “Vendor”)

Adastra Labs Inc. (the “Purchaser”) hereby certifies that:

- (1) the representations and warranties set forth in Section 5.1 of the Share Purchase Agreement (the “Agreement”) made as of ___ day of August, 2021 between the Purchaser, Phyto Extractions Inc. and the Vendor are true and correct as of the Closing Date (as such term is defined in the Agreement) with the same force and effect as if made at and as of the Closing Date;
- (2) all of the terms, covenants, and conditions of the Agreement to be performed or complied with by the Purchaser at or prior to the Closing Date have been performed and complied with as of the date hereof; and
- (3) the condition described in subsection 9.1(d) of the Agreement does not exist at the Closing Date.

Dated the ___ day of _____, 2021.

ADASTRA LABS INC.
by its authorized signatory:

Name:

Schedule 2(b) —Phyto’s Closing Certificate

PHYTO’S CLOSING CERTIFICATE

TO: Jean Paul Lim and MDC Forbes Inc. (collectively, the “Vendor”)

Phyto Extractions Inc. (“Phyto”) hereby certifies that the representations and warranties set forth in Section 5.2 of the Share Purchase Agreement (the “Agreement”) made as of ___ day of August, 2021 between Adastra Labs Inc., Phyto and the Vendor are true and correct as of the Closing Date (as such term is defined in the Agreement) with the same force and effect as if made at and as of the Closing Date.

Dated the ___ day of _____, 2021.

PHYTO EXTRactions INC.

by its authorized signatory:

Name:

Schedule 3—Vendor’s Closing Certificate

VENDOR’S CLOSING CERTIFICATE

TO: Aadastra Labs Inc. (the “Purchaser”)

Jean Paul Lim and MDC Forbes Inc. (collectively, the “Vendor”) hereby certifies that:

- (1) the representations and warranties set forth in Article 4 of the share purchase agreement (the “Agreement”) made as of the ___ day of August between the Purchaser and the Vendor are true and correct as of the Closing Date (as such term is defined in the Agreement) with the same force and effect as if made at and as of the Closing Date;
- (2) all of the terms, covenants, and conditions of the Agreement to be performed or complied with by the Vendor at or prior to the Closing Date have been performed and complied with; and
- (3) the condition described in subsection 8.1(d) of the Agreement does not exist at the Closing Date.

Dated the ___ day of _____, 2021.

MDC FORBES INC.
by its authorized signatory:

[redacted]

SIGNED by **Jean Paul Lim**)
in the presence of:)
)
)
)
)
)
)

Witness

JEAN PAUL LIM

Schedule 4—Notice of Articles and Articles of the Company

(48 pages to follow)



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 Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: April 7, 2021 12:01 AM Pacific Time

Incorporation Number: **BC1225140**

Recognition Date and Time: *Incorporated on September 30, 2019 11:08 AM Pacific Time*

NOTICE OF ARTICLES

Name of Company:

1225140 B.C. LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:

100-388 HARBOUR ROAD
VICTORIA BC V9A 3S1
CANADA

Delivery Address:

100-388 HARBOUR ROAD
VICTORIA BC V9A 3S1
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

100-388 HARBOUR ROAD
VICTORIA BC V9A 3S1
CANADA

Delivery Address:

100-388 HARBOUR ROAD
VICTORIA BC V9A 3S1
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

FORBES, MICHAEL DOUGLAS CHANDLER

Mailing Address:

100 - 388 HARBOUR ROAD
VICTORIA BC V9A 3S1
CANADA

Delivery Address:

100 - 388 HARBOUR ROAD
VICTORIA BC V9A 3S1
CANADA

Last Name, First Name, Middle Name:

Lim, Jean Paul

Mailing Address:

1941 WEST 61ST AVENUE
VANCOUVER BC V6P 2C6
CANADA

Delivery Address:

1941 WEST 61ST AVENUE
VANCOUVER BC V6P 2C6
CANADA

AUTHORIZED SHARE STRUCTURE

1.	10,000	Class A common Shares	Without Par Value
			With Special Rights or Restrictions attached

2.	10,000	Class B common Shares	Without Par Value
			With Special Rights or Restrictions attached

3.	10,000	Class C common non-voting Shares	Without Par Value
			With Special Rights or Restrictions attached

4.	10,000	Class P preferred Shares	With a Par Value of 0.10 Canadian Dollar(s) each
			With Special Rights or Restrictions attached

1225140 B.C. LTD.

(the "Company")

Incorporation No. BC1225140

ARTICLES

<i>Full name and signature of each Incorporator "signed" [redacted]</i>	Date
	September 26, 2019

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1225140 B.C. LTD.

(the "Company")

Incorporation No BC1225140

ARTICLES

The Company has as its articles the following articles:

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (a) **"appropriate person"** has the meaning assigned in the *Securities Transfer Act*;
- (b) **"board of directors"**, **"directors"** and **"board"** mean the directors or sole director of the Company for the time being;
- (c) **"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;
- (d) **"Interpretation Act"** means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (e) **"legal personal representative"** means the personal or other legal representative of a shareholder;
- (f) **"protected purchaser"** has the meaning assigned in the *Securities Transfer Act*;
- (g) **"registered address"** of a shareholder means the shareholder's address as recorded in the central securities register;
- (h) **"seal"** means the seal of the Company, if any;
- (i) **"securities legislation"** means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; **"Canadian securities legislation"** means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and **"U.S. securities legislation"** means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934;
- (j) **"Securities Transfer Act"** means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

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

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

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

2.2 Form of Share Certificate

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

2.3 Shareholder Entitled to Certificate or Acknowledgment

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

2.4 Delivery by Mail

Any share certificate or 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, Destroyed or Wrongfully Taken Certificate

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

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

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.7 Recovery of New Share Certificate

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

2.8 Splitting Share Certificates

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

2.9 Certificate Fee

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

2.10 Recognition of Trusts

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

3. ISSUE OF SHARES

3.1 Directors Authorized

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

3.2 Commissions and Discounts

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

3.3 Brokerage

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

3.4 Conditions of Issue

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

- (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 a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the

agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

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

5. SHARE TRANSFERS

5.1 Registering Transfers

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

- (a) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (b) in the case of a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (c) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
- (d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

5.2 Form of Instrument of Transfer

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

5.3 Transferor Remains Shareholder

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

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the 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 the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

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

7. ACQUISITION OF SHARES

7.1 Company Authorized to Purchase or Otherwise Acquire Shares

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

7.2 No Purchase, Redemption or Other Acquisition When Insolvent

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

- (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, Redeemed or Otherwise Acquired Shares

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

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

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*;

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

9.2 Special Rights or 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;

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

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

9.4 Other Alterations

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

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

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

10.2 Resolution Instead of Annual General Meeting

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

10.3 Calling of Meetings of Shareholders

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

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

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

10.5 Notice of Resolution to Which Shareholders May Dissent

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

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

10.6 Record Date for Notice

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

- (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.

10.7 Record Date for Voting

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

10.8 Failure to Give Notice and Waiver of Notice

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

10.9 Notice of Special Business at Meetings of Shareholders

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

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

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 general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

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

11.4 One Shareholder May Constitute Quorum

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

- (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 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the

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

11.6 Requirement of Quorum

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

11.7 Lack of Quorum

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

- (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 of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

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

11.14 Declaration of Result

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

11.15 Motion Need Not be Seconded

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

11.16 Casting Vote

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

11.17 Manner of Taking Poll

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

- (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 No Demand for Poll on Election of Chair

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

11.22 Demand for Poll Not to Prevent Continuance of Meeting

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

11.23 Retention of Ballots and Proxies

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

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 of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

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

- (a) for that purpose, the instrument appointing a representative must be received:
 - (i) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
 - (ii) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;
- (b) if a representative is appointed under this 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 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;
- (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; or
- (d) the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

12.7 When Proxy Provisions Do Not Apply to the Company

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

12.8 Appointment of Proxy Holders

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

12.9 Alternate Proxy Holders

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

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

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

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

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 or any adjourned meeting at which the proxy is to be used; or
- (b) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

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:

<p><i>[NAME OF COMPANY]</i> (the "Company")</p> <p>The undersigned, being a shareholder of the Company, hereby appoints <i>[name]</i> or, failing that person, <i>[name]</i>, 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 <i>[month, day, year]</i> and at any adjournment of that meeting.</p> <p>Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):</p> <p style="text-align: right;">Signed <i>[month, day, year]</i></p> <p style="text-align: right;">_____ <i>[Signature of shareholder]</i></p> <p style="text-align: right;">_____ <i>[Name of shareholder—printed]</i></p>
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12.13 Revocation of Proxy

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

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

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 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Part 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at such meeting and any such determination made in good faith shall be final, conclusive and binding upon such meeting.

12.16 Production of Evidence of Authority to Vote

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

13. DIRECTORS

13.1 First Directors; Number of Directors

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

- (a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the 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, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

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

13.4 Qualifications of Directors

- (a) 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 Articles; and

- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

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;
- (c) then each director then in office continues to hold office until the earlier of:
 - (d) when his or her successor is elected or appointed; and
 - (e) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

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

14.5 Directors May Fill Casual Vacancies

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

14.6 Remaining Directors' Power to Act

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

14.7 Shareholders May Fill Vacancies

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

14.8 Additional Directors

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

- (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 member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

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

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

15.4 Consent Resolutions

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

15.5 Alternate Director Not an Agent

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

15.6 Revocation of Appointment of Alternate Director

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

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (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. INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

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

17.2 Restrictions on Voting by Reason of Interest

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

17.3 Interested Director Counted in Quorum

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

17.4 Disclosure of Conflict of Interest or Property

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

17.5 Director Holding Other Office in the Company

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

17.6 No Disqualification

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

17.7 Professional Services by Director or Officer

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

17.8 Director or Officer in Other Corporations

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

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

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

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does 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:
 - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

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:

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

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner

contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

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

18.6 Notice of Meetings

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

18.7 When Notice Not Required

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

- (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 or, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

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

18.11 Validity of Acts Where Appointment Defective

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

18.12 Consent Resolutions in Writing

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

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

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

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

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

- (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 (a) any of the directors' powers, except:
 - (i) the power to fill vacancies in the board of directors;

- (ii) the power to remove a director;
 - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph (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 members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

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

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) delegate to the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (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 a managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

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

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (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:
 - (i) is or may be joined as a party; or
 - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(c) “expenses” has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors

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

21.3 Permitted Indemnification

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

21.4 Non-Compliance with *Business Corporations Act*

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

21.5 Company May Purchase Insurance

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

- (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 director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

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

22.2 Declaration of Dividends

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

22.3 No Notice Required

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

22.4 Record Date

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

22.5 Manner of Paying Dividend

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

22.6 Settlement of Difficulties

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

- (a) set the value for distribution of specific assets;
- (b) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

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

22.8 Dividends to be Paid in Accordance with Number of Shares

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

22.9 Receipt by Joint Shareholders

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

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

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

22.12 Payment of Dividends

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

22.13 Capitalization of Retained Earnings or Surplus

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

23. ACCOUNTING RECORDS AND AUDITOR

23.1 Recording of Financial Affairs

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

23.2 23.2 Inspection of Accounting Records

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

23.3 Remuneration of Auditor

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

24. NOTICES

24.1 Method of Giving Notice

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

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address;

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

24.2 Deemed Receipt

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

- (a) 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;
- (b) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (c) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

24.3 Certificate of Sending

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

24.4 Notice to Joint Shareholders

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

24.5 Notice to Legal Personal Representatives and Trustees

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

- (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 (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.

24.6 Undelivered Notices

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

25. SEAL

25.1 Who May Attest Seal

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

- (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 or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the

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

26. PROHIBITIONS

26.1 Definitions

In this Part 26:

- (a) **"security"** has the meaning assigned in the *Securities Act* (British Columbia);
- (b) **"transfer restricted security"** means:
 - (i) a share of the Company;
 - (ii) a security of the Company convertible into shares of the Company;
 - (iii) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the "private issuer" exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the "private issuer" exemption.

26.2 Application

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

26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities

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

27. SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO SHARES

The Company shall be allowed to issue the following common shares: 10,000 Class A common voting shares ("Class A Voting Shares"), 10,000 Class B common voting shares ("Class B Voting Shares") and 10,000 Class C common non-voting shares ("Class C Non-Voting Shares").

The Company shall be allowed to issue the following preferred shares: 10,000 Class P preferred non-voting, redeemable and retractable shares ("Preferred Shares").

A summary of the rights and restrictions attached to the shares are as follows:

Class	Kind	Dividend Entitlement	Voting Rights	Redeemable	Retractable	Redemption Amount
Class A Voting	Without par value	Yes	Yes	No	No	N/A
Class B Voting	Without par value	Yes	Yes	No	No	N/A
Class C Non-Voting	Without par value	Yes	No	No	No	N/A
Class P Preferred	Par value of \$0.10 per share	Yes	No	Yes	Yes	To be set by director at time of issue

The rights and restrictions attached to the Class A Voting Shares, the Class B Voting Shares, the Class C Non-Voting Shares and the Preferred Shares of the Company are as follows:

27.1 Voting Rights

- (a) The holders of Class A Voting and Class B Voting Shares will be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and are entitled to one vote for each Class A Voting and Class B Voting Share held.
- (b) The holders of the Class C Non-Voting Shares, and the Preferred Shares are not entitled to receive notice of, to attend at, nor to vote at any general meeting of the Company, subject to any provisions of the *British Columbia Corporations Act* to the contrary.

27.2 Dividends

The rights of the holders of the shares of the Company to receive dividends shall be as follows:

- (a) Subject to the rights of the Preferred Shares to receive all declared but unpaid dividends thereon, in each year at the discretion of the directors, dividends may be paid out on the Class A Voting Shares, the Class B Voting Shares and the Class C Non-Voting Shares entitled to receive dividends out of monies lawfully available for dividends.
- (b) The holders of the Preferred Shares shall, in any year, in the discretion of the directors, and the Company will pay thereon a fixed preferential non-cumulative dividend at the rate equal to the prescribed rate (as determined by reference to the relevant Income Tax Regulations in force at the time of issuance on the Redemption Price (as defined below), if and when declared by the directors out of the monies of the Company properly applicable to the payment of dividends.

- (c) No class of shares will have a cumulative dividend entitlement.
- (d) Dividends may be paid on one class of shares entitled to dividends to the exclusion of any other class of shares entitled to dividends.
- (e) Notwithstanding anything herein contained, no dividends shall be declared or paid on any class of participating shares of the Company if the declaration or payment of such dividends would preclude the redemption of the Preferred Shares and the payment of any dividends that may be due to the holders of such Preferred Shares. For the purposes of this Article, the Board of Directors may rely on the opinion of the Company's auditors, or if the Company has no auditors, the independent accountants acting for the Company and the opinion of such auditors or accountants shall be final and binding upon the Company and the shareholders of the Company and the Board of Directors in declaring such a dividend may rely on such opinion.

27.3 Rights of Redemption by the Company

The shares of the Company have the following special rights and restrictions with respect to redemption:

- (a) The Class A Voting Shares, the Class B Voting Shares and the Class C Non-Voting Shares are not redeemable.
- (b) The Company may redeem the whole or any number of the issued Preferred Shares, subject to the provisions of the *Business Corporations Act*, upon paying to the holders of the Class of Preferred Shares to be redeemed the Redemption Amount and all dividends declared and unpaid thereon, provided however that not less than 30 days notice is given to the holders of the shares to be redeemed of the intention to redeem shares unless the holders of the shares to be redeemed waive any notice required to be given under this paragraph which waiver, whether given before or after the redemption, will cure any default in giving such notice. If notice as required to any redemption is given by the Company and the holders of any Class of Preferred Shares fail to present and surrender the Share Certificates representing the shares called for redemption by the Company, at the time and place specified in the notice, the Company may deposit an amount sufficient to redeem the shares with any trust company or chartered bank of Canada as specified in any notice given, on or before the date fixed for redemption, and the holders thereof will thereafter have no rights against the Company in respect of such shares except upon the surrender of certificates for such shares to receive payment for them out of the monies so deposited. The Company may redeem the whole or any number of the issued Preferred Shares on payment for each share to be redeemed of the redemption amount thereof and no more, provided however that not less than twenty-one (21) days notice in writing of such redemption must be given by mailing such notice to the registered holders of the shares to be redeemed specifying a date and place or places of redemption unless the holders of the share to be redeemed waive any notice required to be given under this paragraph which waiver, whether given before or after the redemption, will cure any default in giving such notice and if notice as required of any redemption is given by the Company and an amount sufficient to redeem the shares is deposited with any trust company or chartered bank of Canada as specified in any notice given, on or before the date fixed for redemption, the holders thereof will thereafter have no rights against the Company in respect of such shares except that upon the surrender of certificates for such shares duly endorsed for transfer the holders thereof shall be entitled to receive payment for them out of the monies so deposited.

- (c) For greater certainty the Company may redeem any class or classes of redeemable shares without redeeming any other class or classes of redeemable shares and notwithstanding anything in these Articles to the contrary, if not all of the outstanding shares of any class are to be redeemed, the shares to be redeemed may be selected in such manner as the directors determine and need not be selected either in proportion to the number of shares registered in the name of each shareholder or from every or any particular holder of shares of that class.
- (d) If part only of the shares represented by a certificate are redeemed, a certificate for the balance of the shares which are not redeemed will be issued at the expense of the Company.
- (e) No shares of any particular class may be redeemed if to do so would reduce the value of the net assets of the Company to less than the aggregate of the redemption amount of all issued shares of all other classes which have rights on liquidation in priority to the rights of the class of the shares to be redeemed (as that priority is set out in paragraph 27.7).

27.4 Redemption Amount

- (a) The redemption amount of the Preferred Shares shall be an amount equal to the fair market value of the consideration received in exchange for the issuance of such Preferred Shares (the "Transferred Asset"), less any non-share consideration given by the Company, such Redemption Amount to be determined by the directors of the Company at the time of issuance of such share.

27.5 Adjustment of Redemption Price

- (a) If the Minister of National Revenue, Canada Revenue Agency, the Minister of Finance for the Province of British Columbia, their authorized representatives, or any other competent authority (the "Authority") proposes to issue or issues any assessment or reassessment that would impose or imposes any liability for tax on the holders of the Preferred Shares of the Company or on any other person, on the basis of a determination or assumption made in respect of the fair market value or values of property acquired by the Company in respect of which the Preferred Shares were issued, and if it is determined as provided under this Part 27 hereof that the fair market value is a greater or lesser amount (the "Stipulated Amount") than the respective Redemption Amount Per Preferred Share, then the respective Redemption Amount Per Preferred Share of the Preferred shares shall be re-determined with reference to the Stipulated Amount, to the exclusion of the Redemption Amount Per Preferred Share, in accordance with these Articles.
- (b) If the Authority proposes to issue or issues any assessment or reassessment that would impose or imposes any liability for tax on the holders of such Preferred Shares of the Company or on any other person, on the basis of a determination or assumption made in respect of the adjusted cost base of the property acquired by the Company in respect of which the Preferred Shares were issued, and if it is determined as provided by Part 27 hereof that the adjusted cost base is a greater or lesser amount (the "New Amount") than the agreed amount (the "Agreed Amount") of the Income Tax Act of Canada then the Agreed Amount shall be re-determined with reference to the New Amount, in accordance with Part 27 hereof, and the Redemption Amount Per Preferred Share shall be adjusted accordingly.
- (c) The Stipulated Amount or New Amount, as the case may be, shall be determined as follows:
 - (i) by agreement between the Company and the holders of the Preferred Shares;

- (ii) failing such agreement, within a reasonable time of the assessment being proposed or issued, the Company shall instruct the accountants acting for the Company to make a determination of such amount and to make a recommendation as to the required increase or decrease, if any, in the Redemption Amount Per Preferred Share of the Preferred shares, and the amount so determined and the required increase or decrease in the Redemption Amount Per Preferred Share shall be deemed to be the amount agreed upon; or
 - (iii) by a competent tribunal after all appeals which the Company or the holders of the Preferred Shares, upon the advice of counsel, or the Authority, may pursue, and the time in which any further appeal may be filed has expired.
- (d) Thereafter the Redemption Amount Per Preferred Share of the Preferred Shares shall accordingly be adjusted retroactively and nunc pro tunc as of the date of the allotment and applicable to the first and every subsequent redemption of such shares; provided that if at the time of such adjustment in the Redemption Amount Per Preferred Share any such shares have been redeemed then if the circumstances require the Company shall forthwith pay any increase in the Redemption Amount Per Preferred Share for such shares already redeemed to the person who held such shares at the time of redemption or failing him, his personal representative or estate on account of the adjustment in the Redemption Amount Per Preferred Share and if the circumstances require, such person or his personal representative shall forthwith repay to the Company the amount of any decrease in the Redemption Amount Per Preferred Share so adjusted.

27.6 Rights of Retraction by the Shareholder

The shares of the Company have the following special rights and restrictions with respect to retraction:

- (a) The Class A Voting Shares, the Class B Voting Shares and the Class C Non-Voting Shares are not retractable.
- (b) Any holder of a Class of Preferred Shares shall be entitled to require the Company to redeem all or part of such shares held by such holder by giving notice in writing by delivery or by prepaid post addressed to the Company at its registered office, specifying the number of such preferred shares to be redeemed, accompanied by the certificates representing those shares. Upon receipt of such notice from any holder of a Class of Preferred Shares, the Company shall, subject to the provisions of the *Business Corporations Act*, pay to such holder within 30 days thereafter the Redemption Amount in respect of each of the shares specified in the notice and tendered for redemption.
- (c) Payment by the Company may be made by cheque payable to the registered holder of the Class of Preferred Shares tendered for redemption and sent to such holder by prepaid post at the holder's address as it appears on the books of the Company. The Company may waive any notice required to be given hereunder and such waiver, whether given before or after the redemption, shall cure any default in giving such notice.

27.7 Liquidation, Dissolution, or Winding Up

In the event of any liquidation, dissolution, bankruptcy or winding-up of the Company or other distribution of the assets among the shareholders for the purpose of winding-up its affairs, all the property and assets of the Company available for distribution will be paid or distributed as follows:

Class of Shares	Priority	Entitlement
Class P	1st	Redemption amount and declared and unpaid dividends only
Class A, B and C	2nd	All remaining profits and assets of the Company

Schedule 5—Non-arm's Length Property

Nil.

Schedule 6—Material Assets, Contracts, and Agreements

(74 pages to follow)

[redacted]

Schedule 7—Leases

(11 pages to follow)

[redacted]

Schedule 8—Employees

(1 page to follow)

[redacted]

Schedule 9—Directors and Officers of the Company

(1 page to follow)

Schedule 9—Directors and Officers of the Company

Directors:

JEAN PAUL LIM

MICHAEL DOUGLAS CHANDLER FORBES

Officers:

N/A

Schedule 10—Licences and Permits

(1 page to follow)

[redacted]

Schedule 11—Non-Competition Exception

In connection with his role as Chief Medical Officer of Majik Minds Medical Inc., Lim may from time to time engage in or assist others in engaging in the Business within the Restricted Jurisdiction.

Schedule 12—Lim Consulting Agreement

(8 pages to follow)

CONSULTING AGREEMENT

THIS AGREEMENT (“**Agreement**”) dated for reference the ___ day of August, 2021

AMONG:

JEAN PAUL LIM, an individual with an address c/o
1941 West 61st Avenue, Vancouver, BC V6P 2C6

(the “Consultant”)

AND:

1225140 B.C. LTD., a company incorporated under the
laws of British Columbia, with a registered office at
#100 – 388 Harbour Road, Victoria, BC V9A 3S1

(the “Company”)

AND:

PHYTO EXTRACTIONS INC., a company incorporated
under the laws of British Columbia, with a registered office at
#800 – 885 West Georgia Street, Vancouver, BC V6C 3H1

(“Phyto”)

WHEREAS:

- A. The Consultant is a medical doctor and former shareholder of the Company who disposed of his shares therein pursuant to a certain Share Purchase Agreement between the Consultant and MDC Forbes Inc, as vendor, and Adastra Labs Inc. (“Adastra”), as purchaser dated the ___ day of August, 2021 (the “Share Purchase Agreement”);
- B. Adastra is a wholly-owned subsidiary of Phyto, a public company listed on the Canadian Securities Exchange (“CSE”);
- C. The Company does business as PerceiveMD and provides therapeutic services including, but not limited to, those involving cannabis and psychedelics (the “Business”);
- D. The Company desires to engage the services of the Consultant as an independent contractor to perform consulting services for the Company as the Medical Director of the Business, as more particularly described below, and the Consultant agrees to the provision of such services on the terms and subject to the conditions set out in this Agreement.

NOW THEREFORE in consideration of the premises and of the mutual covenants and agreements herein set forth and contained, the parties agree each with the other as follows:

1. Interpretation

- 1.1 In this Agreement, the following terms have the meanings set out after each:

- (a) “Confidential Information” has the meaning set out in section 6.1; and
- (b) “Personal Information” means information about an identifiable individual as more particularly described in applicable privacy laws, including, without limitation, the *Personal Information Protection Act* (British Columbia) and the *Personal Information Protection and Electronic Documents Act* (Canada);

These pieces of legislation apply in the private sector context only. There are some minor differences in the definitions of “personal information” in the provincial and federal privacy laws. Broadly, the *Personal Information Protection Act* (British Columbia) applies to the collection, use and disclosure of personal information within the province and the *Personal Information Protection and Electronic Documents Act* (Canada) applies to any inter-provincial or international collection, use or disclosure of personal information.

1.2 For purposes of this Agreement, except as otherwise expressly provided:

- (a) Schedules and Ancillary Documents—“this Agreement” means this Agreement, including the Schedules hereto, if any, as it may from time to time be supplemented or amended;
- (b) Section—all references in this Agreement to a designated “section” or other subdivision or to a Schedule is to the designated section or other subdivision of, or Schedule to, this Agreement;
- (c) Whole Agreement—the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section or other subdivision or Schedule;
- (d) Headings—any headings have been inserted for convenience only and do not form a part of this Agreement and are not intended to interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof;
- (e) Non-Limiting—the singular of any term includes the plural, and vice versa; the use of any term referable to a particular gender is equally applicable to any gender and, where applicable, a body corporate; the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language, such as “without limitation” or “but not limited to” or words of similar import is used with reference thereto).

2. Retainer of Consultant and Consulting Period

- 2.1 The Company hereby retains the Consultant as an independent contractor to provide the services described herein on the terms and subject to the conditions set out in this Agreement for the period commencing on the Closing Date (as defined in the Share Purchase Agreement) and continuing for a term of two (2) years thereafter unless otherwise terminated in accordance with section 7 (the “Term”).

3. Consulting Services

- 3.1 The Consultant shall provide to the Company during the Term such assistance, information, supervision, management, direction, and sharing of technical know-how and expertise

(collectively, the “Services”) as the Company may reasonably require of the Consultant in his role as Medical Director in order for the Company to reasonably continue operating the Business.

- 3.2 The Consultant shall report directly to the President of the Company or to such other person(s) as otherwise designated in writing by the board of directors of the Company.
- 3.3 While the Consultant shall not be obligated to provide services to the Company on an exclusive basis and shall be at liberty to provide services to others, the Consultant agrees that during the Term, the Consultant shall provide to the Company the Services on a timely basis with the objective of enabling the Company to continue operating the Business.
- 3.4 The Consultant shall provide the services to be provided by the Consultant hereunder and the Consultant shall not enter into a sub-contract with any third party to have such services provided by such third party.
- 3.5 Notwithstanding anything contained in this Agreement, if the Company fails to pay for the Services in accordance with subsection 4.1(a), within 10 business days after the due date for such payment, the Consultant shall have the right, at its sole discretion, to:
 - (a) charge interest at the rate of twelve percent (12%) per annum on the overdue payment, calculated and compounded monthly from the due date on the outstanding daily amount; and
 - (b) suspend the provision of services by the Consultant under this Agreement until such overdue payment is received by the Consultant provided that, in such event, the deadlines specified in section 4.1 for the performance of services shall be extended by that number of days which is equal to the number of days between the due date for such payment and the date on which such overdue payment, including interest, is received.

4. Compensation

- 4.1 The Consultant shall receive from the Company for the performance of the Services rendered to the Company under the terms of this Agreement, compensation in the amount of \$10,000.00 per month, payable on the first day of each month, during the Term.
- 4.2 Each payment for Services shall be made to the Consultant by way of cheque, bank draft or electronic funds transfer, made payable to the Consultant. The amounts to be paid by the Company to the Consultant are exclusive of any sales and value-added taxes, and the Company shall pay all such taxes if applicable.
- 4.3 The Company shall reimburse the Consultant for reasonable out-of-pocket expenses approved by the Company, in advance, including airfare, car rental, hotel, and meal expenses, as incurred by the Consultant under the terms of this Agreement in connection with providing the Services. The Consultant shall submit to the Company itemized statements of expenses and accompanying valid receipts for expenses incurred during any particular month by the fifth day of the next succeeding month. The amount to be reimbursed shall be paid by the Company to the Consultant by the 15th day of the latter month.

- 4.4 Subject to compliance with the policies of the CSE, all applicable laws, regulations and rules of any governmental authority, quotation system or stock exchange, the Consultant shall be eligible to receive stock options (“Stock Options”) to purchase common shares in the capital of Phyto (“Phyto Shares”), as may be determined from time to time by the board of directors (“Phyto Board”) of Phyto in its sole discretion. The terms and conditions of any Stock Options granted shall be determined by the Phyto Board and will be subject to the terms of Phyto’s stock option plan (“Phyto Plan”), as the same may be amended from time to time, and the stock option agreement (“Phyto Option Agreement”). In the event of any inconsistency among this Agreement, the Phyto Plan and the Phyto Option Agreement, the terms of the Phyto Plan will govern with respect to the grant of any Stock Options.

5. Independent Contractor

- 5.1 The Consultant shall be an independent contractor in performing its services hereunder. As such it shall have full and complete discretion in determining the manner, times, and places for the performance of such services, subject to Article 3. As an independent contractor, the Consultant shall be responsible for the payment of all taxes and other statutorily required remittances attributable to any payments made under this Agreement during the Term, including, without limitation, income taxes, employment insurance contributions, pension plan contributions, GST remittances, workers’ compensation insurance payments, and similar or other taxes, amounts, or expenses. The Consultant agrees to indemnify and save harmless the Company from and against any and all manner of actions, claims, and demands which may be made against it in respect of any fees, assessments, levies, rates, taxes, or other charges made, demanded, assessed, or otherwise claimed by any provincial or federal government or other body of competent jurisdiction in respect of any monies paid to the Consultant under this Agreement.

6. Confidentiality

- 6.1 The Consultant acknowledges that in the performance of its responsibilities hereunder, the Consultant may prepare, use, or come into contact with information about certain matters and things which are confidential to the Company, including: financial statements, financial books and records of the Company, including reports and estimates and other related information; information concerning products, pricing, sales and marketing policies, techniques, and concepts related to the business of the Company; lists of present and prospective clients of the Company and related information, including names and addresses, purchasing habits, and preferences of present and prospective clients of the Company; purchasing information, including the names and addresses of present and prospective suppliers of the Company and prices charged by such suppliers; computer systems, computer programs, data, software, system documentation, designs, manuals, and databases used or employed by the Company; trade secrets of the Company; and any other materials or information related to the personnel, business operations, financing, or activities of the Company, which are not generally known to others engaged in similar businesses or activities (collectively, “Confidential Information”).
- 6.2 During and after the term of this Agreement, the Consultant shall not, directly or indirectly, disclose Confidential Information to any person or use any Confidential Information, except:
- (a) as required in the course of performing the consulting services under this Agreement;

(b) with the prior written consent of the Company; or

(c) as required by law,

and all Confidential Information which the Consultant shall prepare or use or come in contact with shall be and remain the Company's sole property and shall not be removed from the Company's premises without its prior written consent, except as required in the normal course of performing the consulting services under this Agreement. From time to time the Company may enter into confidentiality agreements with its business partners whereby information provided by those business partners to the Company is the confidential and proprietary information of such business partners and must be treated in the same manner as the Consultant is bound to treat the confidential and proprietary information of the Company and the Consultant shall agree to be bound by any such confidentiality agreement.

- 6.3 If the Consultant is required by law to disclose Confidential Information, the Consultant shall give notice to the Company, to the extent reasonably practicable, before making any such disclosure in order to permit the Company to contest such disclosure and, in making such disclosure, the Consultant shall disclose only that portion of Confidential Information required to be disclosed.
- 6.4 The Consultant agrees that any techniques, manufacturing processes, documentation, or products developed by the Consultant or a team of which it is a member is the property of the Company, and any patent rights, copyrights, ownership rights, or any other rights to such techniques, processes, documentation, or products remain solely with the Company, or with any third party with which the Company has contractual obligations regarding the above rights.
- 6.5 The Consultant shall protect Confidential Information in its possession or control by making reasonable security arrangements against such risks as unauthorized access, collection, use, disclosure, modification, or disposal, and shall take all steps as may be reasonably necessary to prevent any Confidential Information from being revealed to any person or entity except as expressly permitted in this Agreement.
- 6.6 In dealing with Personal Information that is collected or created by the Consultant in connection with the services hereunder, the Consultant shall comply with all applicable laws, including, but not limited to the *Personal Information Protection Act* (British Columbia) and the *Personal Information Protection and Electronic Documents Act* (Canada), as such laws may be amended, replaced, or superseded from time to time, and the Consultant shall comply with all privacy policies as may be adopted by the Company from time to time.
- 6.7 The Consultant agrees to return to the Company all the Confidential Information and any copies of such material in its possession forthwith upon demand.
- 6.8 The Consultant agrees that it will cause each Designated Representative, before commencing the Designated Representative's duties:

- (a) to sign a written agreement with the Company to be bound by the provisions of this Article 6 and the Consultant shall be liable to the Company for any breach of any such agreement by a Designated Representative; and
- (b) to waive all moral rights under the *Copyright Act* (Canada) or any rights to similar effect in any country or at common law that the Designated Representative may have with respect to the Confidential Information or any techniques, manufacturing processes, documentation, or products developed by the Designated Representative, or a team of which the Designated Representative is a member, in the course of providing services to the Company.

6.9 The Consultant agrees that all restrictions in this Article 6 are reasonable, fair, and valid in all the circumstances and, to the fullest extent permitted by law, hereby waives all defences to the strict enforcement thereof by the Company.

7. Termination

7.1 The Agreement may be terminated prior to the expiry of the Term by:

(a) the Company:

- (i) immediately and without any notice, if the Consultant shall fail to comply with any of the material terms, covenants and agreements on the part of the Consultant to be observed and performed as herein set out; or
- (ii) at any time by giving to the Consultant notice in writing of such termination and paying the Consultant an amount equal to the minimum fees that would otherwise have been payable under section 4.1 for the remainder of the Term, in cash or Phyto Shares at the discretion of the Phyto Board, and any Phyto Shares issued will be subject to hold periods in accordance with the policies of the CSE and applicable securities laws;

(b) the Consultant:

- (i) immediately and without any notice, if the Company shall fail to make any payment due to the Consultant under this Agreement when such payment is due; or
- (ii) at any time by giving the Company at least 30 days' notice in writing of such termination.

Upon any such termination, the Company shall have no further liability or obligation hereunder.

7.2 Notwithstanding the termination or expiration of this Agreement, the Consultant acknowledges that it will remain subject to section 6.6 Non-Competition; Non Solicitation in the Share Purchase Agreement.

8. Arbitration

- 8.1 All disputes, controversies, and differences which may arise under this Agreement between the Consultant and the Company that cannot be resolved between them shall be settled by arbitration pursuant to the *Arbitration Act* (British Columbia). Any party desiring arbitration shall make a written demand for the same and within 30 days after the other party has received such written demand, the Consultant and the Company shall agree upon and appoint a single arbitrator. In the event the parties shall fail to agree upon and appoint a single arbitrator within the time period set forth herein, then within 30 days thereafter the Consultant shall designate an arbitrator and the Company shall designate an arbitrator and both arbitrators shall within 30 days after their designation jointly designate a third arbitrator satisfactory to them who shall be chair of the arbitration panel. If the Consultant or the Company fails to appoint an arbitrator or the arbitrators designated by these two parties are unable to agree upon the selection of the third arbitrator within the time periods set forth above, such arbitrator shall be appointed by a judge of the Supreme Court of British Columbia. The expenses of the arbitrators shall be paid as the arbitrators shall decide in the award. All arbitration proceedings shall be in Vancouver, British Columbia, Canada. The decision of the arbitrators shall be final and binding on the parties, and judgment upon any award rendered may be entered in any court of competent jurisdiction, except that either party may apply to a court of competent jurisdiction for an interim measure of protection or for any order for equitable relief which the arbitrator does not have the jurisdiction to provide.

9. General

- 9.1 Severability—If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such determination shall not impair or affect the validity, legality, or enforceability of the remaining provisions of the Agreement.
- 9.2 Relationship—The relationship constituted under this Agreement is that of independent contractors only. This Agreement shall not be interpreted or construed to create a joint venture, partnership, or employment relationship between the parties or to impose any liability attributable to such a relationship upon either party.
- 9.3 Entire Agreement—This Agreement constitutes and expresses the whole agreement of the parties with reference to the engagement of the Consultant by the Company.
- 9.4 Governing Law and Attornment— This Agreement shall be governed by and construed in accordance with the law of British Columbia and the law of Canada applicable therein. Subject to section 8 hereof, the parties hereby attorn to the exclusive jurisdiction of the courts of British Columbia.
- 9.5 Notices—Any notice to be given under this Agreement shall be duly and properly given if in writing and if delivered in person to the addresses of the parties as first set out herein or at any other address that any party may from time to time designate by notice in writing to the other party.
- 9.6 Further Assurances—The parties shall execute such further agreements or instructions and shall do such further things as may be required to give effect to this Agreement.

- 9.7 Binding Effect—This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the parties.
- 9.8 Assignment—This Agreement may not be assigned by any party without the consent of the other party.
- 9.9 Time of the Essence—Time shall be of the essence of this Agreement.
- 9.10 Counterparts—This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same agreement. A counterpart may be delivered by facsimile or any other form of electronic transmission.

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first above written.

1225140 B.C. LTD.
by its authorized signatory:

Name:

PHYTO EXTRACTIONS INC.
by its authorized signatory:

Name:

SIGNED by **Jean Paul Lim**)
in the presence of:)

Witness)

JEAN PAUL LIM