

AMALGAMATION AGREEMENT

THIS AGREEMENT is made effective as of the 14th day of February, 2022.

AMONG:

MOUNT DAKOTA ENERGY CORP., a company incorporated under the laws of British Columbia and having an office at 363 West 6th Avenue, Vancouver, British Columbia, V5Y 1L1

(the “**Issuer**”)

AND:

MMO MERGER HOLDINGS INC., a company incorporated under the laws of British Columbia and having a registered and records office at 400 – 725 Granville St., Vancouver, British Columbia, V7Y 1G5

(“**Subco**”)

AND:

1306562 B.C. LTD., a company incorporated under the laws of British Columbia and having a registered and records at 6th Floor, 905 West Pender Street, Vancouver, BC V6C 1L6

(“**Numberco**”)

WHEREAS:

- A. The Issuer is a company the common shares of which are listed on the TSX Venture Exchange;
- B. Subco is a wholly owned subsidiary of the Issuer;
- C. The Issuer, through Subco, wishes to acquire all of the outstanding securities of Numberco in exchange for securities of the Issuer by way of a three-cornered amalgamation under the BCBCA (as defined herein), upon the terms and conditions set forth herein such that, upon completion of the Amalgamation (as defined herein), the amalgamated company will be a wholly-owned subsidiary of the Issuer; and
- D. The parties wishes to enter into this Agreement to set out the terms and conditions of the Amalgamation and matters related thereto.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the parties hereto do covenant and agree each with the other as follows:

1. **INTERPRETATION**

1.1 **Defined Terms.** The following terms have the following meanings in this Agreement, including the recitals and any schedules hereto, unless otherwise stated or unless there is something in the subject matter or context inconsistent therewith:

- (a) “**Affiliate**” with respect to any specified Person at any time, means each Person that, directly or indirectly, alone or through one or more intermediaries, controls, is controlled by, or is under direct or indirect common control with, such specified Person at such time;
- (b) “**Agreement**” means this agreement and includes any agreement amending this agreement or any agreement or instrument which is supplemental or ancillary thereof, and the expressions “above”, “below”, “herein”, “hereto”, “hereof” and similar expressions refer to this agreement;
- (c) “**Amalco**” means the corporation that will result from the Amalgamation and which will be a wholly-owned subsidiary of the Issuer after giving effect to the Amalgamation;
- (d) “**Amalco Shares**” means the common shares in the capital of Amalco;
- (e) “**Amalgamation**” means the amalgamation of Numberco and Subco pursuant to the provisions of the BCBCA and the terms hereof;
- (f) “**Amalgamation Application**” means the amalgamation application of Numberco and Subco (including the form of Notice of Articles of Amalco attached thereto) in respect of the Amalgamation, in the form attached hereto as Schedule C, to be filed with the Registrar under the BCBCA;
- (g) “**Amalgamation Resolution**” means the resolution of the shareholders of Numberco approving the Amalgamation and, if required, any of the transactions contemplated by this Agreement (a copy of which is attached hereto as Schedule B);
- (h) “**Applicable Law**” means, with respect to any Person, all applicable rules, policies, notices, orders and legislation of any kind whatsoever of any Governmental Authority, regulatory body or stock exchange;
- (i) “**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended;
- (j) “**Business**” means the business presently carried on by the Issuer or Numberco, as the case may be, as a going concern and the intangible goodwill associated therewith and any and all interests of whatsoever kind and nature related thereto;
- (k) “**Certificate of Amalgamation**” means the certificate of amalgamation to be issued by the Registrar under section 281(a) of the BCBCA giving effect to the Amalgamation;
- (l) “**Closing**” means the completion of the Transaction on the Closing Date pursuant to the terms and conditions contained in this Agreement;
- (m) “**Closing Date**” means the effective date of the Amalgamation shown on the Certificate of Amalgamation;
- (n) “**CSE**” means the Canadian Securities Exchange;
- (o) “**Dissent Rights**” means the right to dissent provided by Section 238 of the BCBCA;
- (p) “**Documents**” means all contracts, agreements, documents, permits, licenses, certificates, plans, drawings, specifications, reports, compilations, analysis, studies, financial statements, budgets, market surveys, minute books, corporate records, corporate seals and any other documents or information of whatsoever nature relating to the Issuer or Numberco, as the case may be, and any all rights in relation thereto;

- (q) “**Effective Time**” means 12:01 a.m. (Vancouver time) on the Closing Date;
- (r) “**Encumbrance**” means, whether or not registered or registrable or recorded or recordable, and regardless of how created or arising:
 - (i) a mortgage, assignment of rent, lien, encumbrance, adverse claim, charge, restriction, title defect, security interest, hypothec or pledge, whether fixed or floating, against assets or property (whether real, personal, mixed, tangible or intangible), hire purchase agreement, conditional sales contract, title retention agreement, equipment trust or financing lease, and a subordination to any right or claim of others in respect thereof;
 - (ii) a claim, interest, or estate against or in assets or property (whether real, personal, mixed, tangible or intangible), including, without limitation, an easement, right-of-way, servitude or other similar right in property granted to or reserved or taken by any Person;
 - (iii) an option or other right to acquire any interest in, any assets or property (whether real, personal, mixed, tangible or intangible);
 - (iv) a lien or charge for taxes, assessments, duties, fees, premiums, imposts, levies and other charges imposed by any lawful authority;
 - (v) any other encumbrance of whatsoever nature and kind against assets or property (whether real, personal, mixed, tangible or intangible); or
 - (vi) any agreement to create, or right capable of becoming, any of the foregoing;
- (s) “**generally accepted accounting principles**” means the generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada, or any successor institute, applicable as at the date on which date such calculation is made or required to be made in accordance with generally accepted accounting principles applied on a basis consistent with preceding years;
- (t) “**Governmental Authority**” means any government or governmental, administrative, regulatory or judicial body, department, commission, authority, tribunal, agency or entity;
- (u) “**HYTN**” means HYTN Beverage Corp.;
- (v) “**HYTN Agreement**” means the securities exchange agreement between the Issuer, HYTN and the securityholders of HYTN;
- (w) “**IFRS**” means generally accepted accounting principles set out in the CPA Canada Handbook for an entity that prepares its financial statements in accordance with International Financial Reporting Standards;
- (x) “**Interim Period**” means the period from and including the date hereof though to and including the time of Closing;
- (y) “**Issuer**” means Mount Dakota Energy Corp.;
- (z) “**Issuer Annual Statements**” means the audited financial statements of the Issuer for the year ended January 31, 2021, as filed on SEDAR with the applicable Canadian securities regulators;

- (aa) **“Issuer Interim Statements”** means the unaudited financial statements of the Issuer for the six months ended July 31, 2021, as filed on SEDAR with the applicable Canadian securities regulators;
- (bb) **“Issuer Consideration Shares”** means the 38,968,920 Issuer Shares (or such greater number of Issuer Shares issued on a 1:1 basis) to be issued by the Issuer to the Numberco Shareholders in exchange for the Numberco Shares at the Closing pursuant to the terms and conditions of this Agreement;
- (cc) **“Issuer Consideration Warrants”** means the 24,984 Issuer Warrants (or such greater number of Issuer Shares issued on a 1:1 basis) to be issued by the Issuer to the Numberco Shareholders in exchange for the Numberco Warrants at the Closing pursuant to the terms and conditions of this Agreement;
- (dd) **“Issuer Disclosure Record”** means the Issuer’s financial statements, management information circulars, material change reports, press releases and all documents filed publicly by the Issuer on SEDAR;
- (ee) **“Issuer Material Contracts”** has the meaning ascribed thereto in Section 8.1(x);
- (ff) **“Issuer Shares”** means the common shares in the capital of the Issuer;
- (gg) **“Issuer Warrants”** means the common share purchase warrants of the Issuer;
- (hh) **“Listing Date”** means the date on which the Issuer Shares are listed on the Canadian Securities Exchange;
- (ii) **“Material Adverse Change”** means any change (or any condition, event or development involving a prospective change) in the business, operations, results of operations, assets, capitalization, financial condition, licences, permits, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of the party referred to which is, or would reasonably be expected to be, materially adverse to the business of such party other than a change: (i) which has prior to the date hereof been publicly disclosed or otherwise disclosed in writing to the other party; or (ii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere;
- (jj) **“Name Change”** has the meaning ascribed thereto in Section 3.3;
- (kk) **“Numberco Dissent Shares”** has the meaning ascribed thereto in Section 12.1;
- (ll) **“Numberco Financial Statements”** means the unaudited financial statements of Numberco for the period from incorporation to July 31, 2021;
- (mm) **“Numberco Material Contracts”** has the meaning ascribed thereto in Section 8.2(j);
- (nn) **“Numberco Meeting”** has the meaning ascribed thereto in Section 2.1(a)(i);
- (oo) **“Numberco Shares”** means the common shares in the capital of Numberco;
- (pp) **“Numberco Shareholders”** means the Persons who will, at Closing, beneficially and legally own the Numberco Shares, as set forth and described in Schedule A to this Agreement, as may be supplemented and/or amended before Closing for transfers or issuances of Numberco Shares;

- (qq) “**Numberco Warrants**” means the common share purchase warrants of Numberco;
- (rr) “**Outside Date**” means March 30, 2022;
- (ss) “**Permits**” means all licenses, permits and similar rights and privileges that are required and necessary under applicable legislation, regulations, rules and orders for the Issuer or Numberco, as the case may be, to own and operate their assets and Business or for the status and qualification of the Issuer or Numberco, as the case may be, to own and operate their assets and to carry on their Business;
- (tt) “**Person**” means an individual, company, corporation, body corporate, partnership, joint venture, society, association, trust or unincorporated organization, or any trustee, executor, administrator, or other legal representative;
- (uu) “**Regulatory Approval**” means any required TSXV and/or CSE approval of the Transaction and any required approvals (or exemptive relief) under applicable Securities Laws in order to complete the Transaction;
- (vv) “**Representatives**” means the officers, directors, employees, advisers and agents of a Person and each Affiliate thereof, and “**Representative**” means any one of them;
- (ww) “**Resulting Issuer**” means the Issuer upon completion of the Transaction, having Amalco as a wholly-owned subsidiary thereof;
- (xx) “**Resulting Issuer Shares**” means the common shares in the capital of the Resulting Issuer;
- (yy) “**Securities Laws**” means the *Securities Act* (or its equivalent) in each of the provinces and territories of Canada and the respective regulations under such legislation together with applicable published rules, regulations, policy statements, national instruments and memoranda of understanding of the securities regulatory authorities of such provinces and territories;
- (zz) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval developed by the Canadian Securities Administrators;
- (aaa) “**Subco**” means MMO Merger Holdings Inc., a company incorporated under the BCBCA and a wholly-owned subsidiary of the Issuer;
- (bbb) “**Subco Shares**” means the common shares in the capital of Subco;
- (ccc) “**Tax Act**” means the *Income Tax Act* (Canada), as amended and restated from time to time;
- (ddd) “**Termination Date**” has the meaning ascribed thereto in Section 11.1;
- (eee) “**Transaction**” means, collectively, the Amalgamation and all transactions contemplated by this Agreement; and
- (fff) “**TSXV**” means the TSX Venture Exchange.

1.2 **Schedules.** The following schedules attached hereto constitute a part of this Agreement:

Schedule A – Numberco Shareholders

Schedule B – Amalgamation Resolution

Schedule C – Amalgamation Application

Schedule D – Articles of Amalco

1.3 **Schedule References.** Wherever any provision of any schedule to this Agreement conflicts with any provision in the body of this Agreement, the provisions of the body of this Agreement shall prevail. References herein to a schedule shall mean a reference to a schedule to this Agreement. References in any schedule to this Agreement shall mean a reference to this Agreement. References to any schedule to another schedule shall mean a reference to a schedule to this Agreement.

1.4 **Headings.** The headings in this Agreement are for reference only and do not constitute terms of this Agreement.

1.5 **Interpretation.** Whenever the singular or masculine is used in this Agreement the same shall be deemed to include the plural or the feminine or the body corporate as the context may require. As used in this Agreement, “or” is not exclusive and “including” is not limiting, whether or not non-limiting language (such as “without limitation”) is used with reference to it.

1.6 **Currency.** Unless otherwise stated, all references to money in this Agreement shall be deemed to be references to the currency of Canada.

1.7 **Knowledge.** Where a representation or warranty is made in this Agreement on the basis of the knowledge or the awareness of the party, such knowledge or awareness consists only of the actual knowledge or awareness, as of the date of this Agreement, of that party, if an individual or of the directors and senior executive officers of that party if it is a corporation or a similar entity, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed third party knowledge.

2. AMALGAMATION

2.1 Implementation Steps.

- (a) Numberco covenants that it shall:
 - (i) call a special meeting of the Numberco Shareholders to approve the Amalgamation Resolution (the “**Numberco Meeting**”), as soon as reasonably practicable;
 - (ii) prepare an information circular in the form and in compliance with, and containing the information required by, all Applicable Laws including any applicable Securities Laws; and
 - (iii) make commercially reasonable efforts to solicit proxies in favour of the Amalgamation Resolution.
- (b) The Issuer covenants in favour of Numberco that it shall, in its capacity as the sole shareholder of Subco, approve and execute a written consent resolution approving the Amalgamation as soon as reasonably practicable.
- (c) Each of the Issuer, Subco and Numberco covenants to each other to use their commercially reasonable efforts to perform their respective obligations under this Agreement.

2.2 Securities Compliance. The Issuer and Numberco shall use commercially reasonable efforts to obtain all orders required from applicable Governmental Authorities, the TSXV and the CSE to permit (subject to any escrow or resale conditions imposed by the CSE) the issuance in a jurisdiction of Canada to residents of Canada of the Issuer Consideration Shares and Issuer Consideration Warrants issuable pursuant to the Amalgamation without qualification with, or approval of, or the filing of any prospectus or similar document, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from, any Governmental Authority under any applicable Securities Laws, or the fulfillment of any other legal requirement in any such jurisdiction other than for any required filings under National Instrument 51-102 *Continuous Disclosure Obligations* or National Instrument 45-106 *Prospectus Exemptions* and any filings required by the CSE.

2.3 Preparation of Filings.

- (a) The Issuer and Numberco shall co-operate in:
 - (i) the preparation of any application for any orders or documents reasonably deemed by the Issuer and Numberco to be necessary to discharge their respective obligations under Applicable Laws in connection with this Agreement and the Transaction, including any filings required by the TSXV or CSE;
 - (ii) the taking of all such action as may be required under Applicable Laws in connection with the issuance of the Issuer Consideration Shares and Issuer Consideration Warrants; and
 - (iii) the taking of all such action as may be required under the BCBCA in connection with the Transaction.
- (b) Each of the Issuer and Numberco will, and will direct its Representatives and Affiliates and their respective Representatives, as applicable, to promptly furnish to the other party all information (including any information concerning its securityholders) as may be required in connection with Sections 2.1 and 2.2 and the provisions of Section 2.3(a). Each of the Issuer and Numberco covenants that no information furnished by it (to its knowledge in the case of information concerning its shareholders) to the other party in connection with the consummation of the Amalgamation and the Transaction will contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished.

2.4 Filing of Amalgamation Application - Subject to the rights of termination contained in Section 11 hereof, upon satisfaction and/or waiver of all conditions precedent, Subco and Numberco shall jointly file with the Registrar the Amalgamation Application and such other documents as are required to be filed under the BCBCA to give effect to the Amalgamation, pursuant to provisions of the BCBCA.

2.5 Effect of the Amalgamation. At the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

- (a) Subco and Numberco shall amalgamate to form Amalco and shall continue as one company under the BCBCA in the manner set out in Section 2.6 hereof and with the effect set out in Section 270 of the BCBCA;
- (b) immediately upon the amalgamation of Subco and Numberco to form Amalco as set forth in Section 2.5(a):

- (i) each one (1) Numberco Share issued and outstanding immediately before the Effective Time shall be exchanged for one (1) Issuer Consideration Share;
 - (ii) each one (1) Numberco Warrant issued and outstanding immediately before the Effective Time shall be exchanged for one (1) Issuer Consideration Warrant; and
 - (iii) each one (1) Subco Share outstanding immediately before the Effective Time shall be exchanged for one (1) Amalco Share and the Subco Shares shall be deemed to have been cancelled as of the Closing Date;
- (c) with respect to each Numberco Share exchanged in accordance with Section 2.5(b):
- (i) the Numberco Shareholders shall cease to be the holders of such Numberco Shares and the name of such Numberco Shareholder shall be removed from the applicable register of holders of such Numberco Shares, as the case may be;
 - (ii) the Numberco Shares shall be deemed to have been cancelled as of the Closing Date, and any and all rights the Numberco Shareholders may have in or to any securities of Numberco shall automatically (without any further action) be absolutely terminated and cancelled; and
 - (iii) the Numberco Shareholders thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange or transfer such securities in accordance with Section 2.5(c);

provided that none of the foregoing shall occur or shall be deemed to occur unless all of the foregoing occurs.

2.6 Amalgamated Company. Unless and until otherwise determined in the manner required by law, by Amalco or by its directors or the holder or holders of the Amalco Shares, the following provisions shall apply:

- (a) *Name.* The name of Amalco shall be “1306562 B.C. Ltd.” or such other name as determined by the Issuer and Numberco;
- (b) *Registered Office.* The municipality where the registered office of Amalco shall be located is Vancouver. The registered office of Amalco shall be c/o Miller Thomson LLP, 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5;
- (c) *Business and Powers.* There shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise;
- (d) *Authorized Share Capital.* Amalco shall be authorized to issue an unlimited number of Amalco Shares;
- (e) *Share Restrictions.* Securities of Amalco may not be transferred without the prior written consent of the directors of Amalco;
- (f) *Initial Directors.* The initial director of Amalco and the prescribed address for the initial director shall be as follows:

<u>Name</u>	<u>Address</u>
Paul More	Miller Thomson LLP, 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5

or such other person as the Issuer and Numberco may mutually agree, to hold office until the first annual meeting of the shareholders of Amalco or until their successor is duly appointed or elected;

- (g) *Initial Officers.* The initial officer of Amalco and the position for the initial officer shall be as follows:

<u>Name</u>	<u>Position</u>
Paul More	President and Secretary

or such other persons as the Issuer and Numberco may mutually agree;

- (h) *Articles.* The articles of Amalco shall be as set forth in Schedule D hereto, with such amendments thereto as Numberco and the Issuer may agree, acting reasonably;
- (i) *Fiscal Year.* The fiscal year end of Amalco shall be January 31 in each year, until changed by resolution of the board of directors of Amalco; and
- (j) *Auditors.* The auditors of Amalco, until the first annual general meeting of shareholders of Amalco, shall be [Davidson & Company LLP], unless and until such auditors resign or are removed in accordance with the provisions of the BCBCA.

2.7 **Stated Capital.** The amount added to the stated capital of the Issuer in respect of the Issuer Consideration Shares issuable pursuant to Section 2.5 shall be equal to the paid-up capital (within the meaning of the Tax Act), determined immediately before the Effective Time, of the Numberco Shares converted into Issuer Consideration Shares pursuant to Section 2.5.

2.8 **Issuer Consideration Shares and Issuer Consideration Warrants.** At the Effective Time and in accordance with the terms of the Amalgamation, the Issuer Consideration Shares and Issuer Consideration Warrants shall be issued as set forth and described in Schedule A and certificates or DRS advice for such Issuer Consideration Shares and Issuer Consideration Warrants shall be delivered to the addresses set forth in Schedule A, or as otherwise directed by the Numberco Shareholder in writing.

2.9 **Restriction on Resale.** Numberco will cause each of the Numberco Shareholders if required by the CSE, to enter into an escrow agreement in respect of their Issuer Consideration Shares in the prescribed form or accept their Issuer Consideration Shares with such resale restrictions as may be required by the CSE. If any Numberco Shareholder is required by the CSE to enter into an escrow agreement in respect of any Issuer Consideration Shares, the certificates for such Issuer Consideration Shares shall not be delivered in accordance with Section 2.8 and shall be held for delivery subject to the execution of and in accordance with the terms of any such escrow agreement.

2.10 **Contractual Restrictions on Resale.** In addition to any resale restrictions required by the CSE or under Securities Laws, the following Issuer Consideration Shares issued pursuant to Section 2.5(b) shall be subject to resale restrictions expiring as follows:

Listing Date; and 25% will be released on the date that is 18 months following the Listing Date;

- (i) In respect of the 1,475,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: (i) 25% will be released on the Listing Date; (ii) 25% will be released on the date that is 6 months following the Listing Date; (iii) 25% will be released on the date that is 12 months following the Listing Date; and 25% will be released on the date that is 18 months following the Listing Date;
- (j) In respect of the 1,000,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: (i) 25% will be released on the Listing Date; (ii) 25% will be released on the date that is 6 months following the Listing Date; (iii) 25% will be released on the date that is 12 months following the Listing Date; and 25% will be released on the date that is 18 months following the Listing Date;
- (k) In respect of the 2,850,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: (i) 25% will be released on the Listing Date; (ii) 25% will be released on the date that is 6 months following the Listing Date; (iii) 25% will be released on the date that is 12 months following the Listing Date; and 25% will be released on the date that is 18 months following the Listing Date;
- (l) In respect of the 1,250,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: (i) 25% will be released on the Listing Date; (ii) 25% will be released on the date that is 6 months following the Listing Date; (iii) 25% will be released on the date that is 12 months following the Listing Date; and 25% will be released on the date that is 18 months following the Listing Date;
- (m) In respect of the 1,000,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: (i) 25% will be released on the Listing Date; (ii) 25% will be released on the date that is 6 months following the Listing Date; (iii) 25% will be released on the date that is 12 months following the Listing Date; and 25% will be released on the date that is 18 months following the Listing Date;
- (n) In respect of the 400,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: (i) 25% will be released on the Listing Date; (ii) 25% will be released on the date that is 6 months following the Listing Date; (iii) 25% will be released on the date that is 12 months following the Listing Date; and 25% will be released on the date that is 18 months following the Listing Date;
- (o) In respect of the 500,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: (i) 25% will be released on the Listing Date; (ii) 25% will be released on the date that is 6 months following the Listing Date; (iii) 25% will be released on the date that is 12 months following the Listing Date; and 25% will be released on the date that is 18 months following the Listing Date;

- (p) In respect of the 725,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: 100% will be released on the date that is 4 months following the Listing Date;
- (q) In respect of the 400,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: 100% will be released on the date that is 4 months following the Listing Date;
- (r) In respect of the 100,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: 100% will be released on the date that is 4 months following the Listing Date;
- (s) In respect of the 25,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: 100% will be released on the date that is 4 months following the Listing Date;
- (t) In respect of the 500,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: 100% will be released on the date that is 4 months following the Listing Date;
- (u) In respect of the 750,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: 100% will be released on the date that is 4 months following the Listing Date; and
- (v) In respect of the 2,500,000 NumberCo Shares held by [Redacted – Private Information], such shares will be subject to the following hold periods: 100% will be released on the date that is 12 months following the Listing Date.

2.11 Tax Election

- (a) The Issuer will jointly elect with any NumberCo Shareholder, if such NumberCo Shareholder is eligible to make such an election, and request the Issuer to make such an election, in accordance with the provisions of this Section 2.11 (the “**Electing Shareholder**”), to have the provisions of subsection 85(1) of the Tax Act apply to the transfer of the NumberCo Shares by the Electing Shareholder to the Issuer in consideration for the issuance of the respective Issuer Consideration Shares contemplated by this Agreement. In order to make an election under subsection 85(1) of the Tax Act, the Electing Shareholder must provide to the Issuer two signed copies of Canada Revenue Agency Form T2057 duly completed with the details of the respective number of NumberCo Shares transferred by the Electing Shareholder and the applicable elected amount(s) for the purposes of the election. The elected amount specified in the election form must be an amount that is not less than the cost amount to the Electing Shareholder at the Closing Date of the NumberCo Shares transferred by the Electing Shareholder, and not greater than the fair market value at the Closing Date of the NumberCo Shares transferred by the Electing Shareholder.
- (b) The Electing Shareholder shall send the completed and signed election forms to the Issuer and notify the Issuer whether it wishes to file the election form or whether it appoints the Issuer to file the election form on its behalf. Subject to Section 2.11(c), upon receipt of the signed election forms from an Electing Shareholder, the Issuer shall:
 - (i) if the Electing Shareholder has notified the Issuer that it wishes to file the election form, sign the election form and shall deliver one copy back to the Electing Shareholder by mail within 10 days, upon receipt of which the Electing

Shareholder shall file the completed and signed election form within the time period designated for doing so pursuant to the Tax Act and thereafter promptly deliver a copy of the filed election form to the Issuer; or

- (ii) if the Electing Shareholder has notified the Issuer that it appoints the Issuer to file the election form on its behalf, sign the election form and file the completed and signed election form within the time period designated for doing so pursuant to the Tax Act.
- (c) If the Issuer receives an election form that the Issuer determines is not completed, is incorrectly completed, or if the NumberCo Shareholders are not eligible to make an election under subsection 85(1) of the Tax Act, the Issuer will not sign the election form and shall deliver the unsigned form back to the NumberCo Shareholder by mail within 10 days with an explanation. If applicable, the NumberCo Shareholder will have the option of resubmitting the corrected election form for signature and delivery by the Issuer based on the terms above. Despite the Issuer's right to refuse to sign an election form in the foregoing circumstances, it shall be the sole responsibility of the NumberCo Shareholder to determine his/her/its respective eligibility to make the election under subsection 85(1) of the Tax Act, to complete the election form other than the signature of the Issuer, and, if the Electing Shareholder has notified the Issuer that it wishes to file the election form, to file the completed and signed election form within the time period designated for doing so pursuant to the Tax Act, and the Issuer shall not be responsible for determining eligibility of the NumberCo Shareholders to make the election, for the preparation of any election form, for verifying the accuracy of the information contained in any election form, or for filing any election form other than in circumstances where the Electing Shareholder has notified the Issuer that it appoints the Issuer to file the election form on its behalf. If an Electing Shareholder who has completed and filed an election under subsection 85(1) of the Tax Act subsequently wishes to amend the election, the Issuer covenants and agrees to complete an amended election form for that purpose based on the terms above.

3. DIRECTORS AND OFFICERS OF RESULTING ISSUER; NAME CHANGE

3.1 **Resignations.** At the time of Closing and subject to delivery of mutual releases acceptable to the Issuer, Numberco and the individuals as hereinafter described, the Issuer shall deliver the resignations of the following directors and/or officers of the Issuer:

<u>Name</u>	<u>Position</u>
S. John Kim	Chief Executive Officer and Director
Peter Jens Kohl	Chief Financial Officer, Corporate Secretary and Director
Rick Brar	Director
David Melillo	Director

3.2 **New directors and officers.** Effective as of the Closing and subject to prior CSE approval, the directors and officers of the Resulting Issuer will consist of:

<u>Name</u>	<u>Position</u>
Elliot McKerr	Director and Chief Executive Officer
Eli Dusenbury	Director

Vic Neufeld	Director
Jason Broome	Director and Chief Operating Officer
Paul More	Chief Financial Officer and Corporate Secretary

or such other persons as the Issuer and Numberco may mutually agree.

3.3 **Name Change of the Issuer.** At or before the time of Closing, the Issuer will (i) effect a change of its name to “HYTN Innovations Inc.” or such other name as may be mutually agreed upon by the Issuer and Numberco and acceptable to the CSE and the Registrar of Companies pursuant to the *Business Corporations Act* (British Columbia) and (ii) obtain conditional approval of the CSE for the use of the trading symbol “HYTN” or such other trading symbol as may be mutually agreed upon by the parties and acceptable to the CSE, (collectively, the “**Name Change**”).

4. COVENANTS AND AGREEMENTS

4.1 **Covenants of Numberco.** Numberco covenants and agrees with the Issuer that it will:

- (a) permit Representatives of the Issuer, at their own cost, reasonable access during normal business hours to Numberco’s Documents including, without limitation, all of the assets, contracts, financial records and minute books of Numberco, so as to permit the Issuer to make such investigation of Numberco as the Issuer deems reasonably necessary;
- (b) assist in the completion of any steps required in any other jurisdictions where Numberco holds assets, which the Issuer may deem reasonably necessary to complete the Transaction;
- (c) provide to the Issuer all such further documents, instruments and materials and do all such acts and things as may be reasonably required by the Issuer to seek the Regulatory Approval, including, without limiting the foregoing, all relevant information concerning it and its business, assets, operations and financial statements for inclusion in any public disclosure document to be prepared by the Issuer in connection with the Transaction;
- (d) during the Interim Period, preserve and protect the goodwill, assets and undertaking of Numberco, carry on the Business of Numberco in the ordinary course in a reasonable and prudent manner consistent with past practice;
- (e) use its commercially reasonable efforts to obtain all required third party consents, Permits, approvals, authorizations, filings, assignments or waivers and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfil its obligations hereunder and to carry out the transactions contemplated by this Agreement, including obtaining any shareholder approvals, consents or agreements as may be required under applicable corporate laws, securities laws, the rules and policies of the CSE and the constating documents of Numberco to be able to fulfill its obligations hereunder and in connection with the delivery of all of the Numberco Securities on Closing;
- (f) promptly advise the Issuer of any material communication (written or oral) from or claims brought by (or threatened to be brought by) any Numberco Shareholders exercising their Dissent Rights in opposition to the Amalgamation;
- (g) co-operate with the Issuer, in the Issuer’s efforts and at the Issuer’s expense, to obtain the Regulatory Approval with respect to:
 - (i) the Transaction; and

- (ii) such other documents as the Issuer may reasonably request in order to obtain the Regulatory Approval;
- (h) comply with the terms hereof and faithfully and expeditiously seek to satisfy the conditions precedent set out Sections 7.1 and 7.2 so as to close the Transaction and all related transactions by the Closing Date;
- (i) during the Interim Period, except as set out in this Agreement, not issue any securities of Numberco or enter into any agreement or understanding with any other party to issue any securities of Numberco, without the prior written consent of the Issuer, such consent not to be unreasonably withheld;
- (j) during the Interim Period, not directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, entertain or enter into negotiations with, any Person (other than the Issuer), with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of Numberco;
- (k) during the Interim Period, not:
 - (i) enter into any material contract; or
 - (ii) incur or commit to incur any indebtedness for borrowed money,
 without the prior written consent of the Issuer, such consent not to be unreasonably withheld;
- (l) make other necessary filings and applications under applicable, foreign, federal and provincial laws and regulations required on the part of it in connection with the transactions contemplated herein;
- (m) use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of it contained herein shall be true and correct in all material respects on and as of the Closing Date as if made on the Closing Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;
- (n) notify the Issuer immediately upon becoming aware that any of the representations or warranties of it contained herein are no longer true and correct in any material respect; and
- (o) during the Interim Period, ensure that it complies in all material respects with the foregoing covenants of this Agreement.

4.2 Given by the Issuer. The Issuer covenants and agrees with Numberco that the Issuer will:

- (a) permit Representatives of Numberco reasonable access during normal business hours to the Issuer's Documents including, without limitation, all of the assets, contracts, financial records and minute books of the Issuer, so as to permit such investigation of the Issuer as Numberco deem reasonably necessary;
- (b) take all corporate action necessary to approve and to permit the issuance of the Issuer Consideration Shares and Issuer Consideration Warrants on Closing;

- (c) during the Interim Period, except as contemplated by the HYTN Agreement, carry on the Business of the Issuer in the ordinary course in a reasonable and prudent manner consistent with past practice;
- (d) use its commercially reasonable efforts to obtain, in a timely manner, the Regulatory Approval for the transactions contemplated hereunder;
- (e) use its commercially reasonable efforts to effect the delisting of the Issuer Shares from the TSXV on or before the Closing;
- (f) use its commercially reasonable efforts to obtain CSE conditional approval of the Transaction and the listing of the Resulting Issuer Shares on the Exchange;
- (g) during the Interim Period, except as contemplated by the HYTN Agreement, not issue any securities and not enter into any agreement or understanding with any third party to issue any securities, without the prior written consent of Numberco, such consent not to be unreasonably withheld;
- (h) during the Interim Period, except as contemplated by the HYTN Agreement, not directly or indirectly, solicit, initiate, assist, facilitate, promote or knowingly encourage the initiation of proposals or offers from, entertain or enter into negotiations with, any Person (other than HYTN, the securityholders of HYTN, Numberco and the Numberco Shareholders), with respect to any amalgamation, merger, consolidation, arrangement, restructuring, sale of any material assets or part thereof of it;
- (i) comply with the terms hereof and faithfully and expeditiously seek to satisfy the conditions precedent set out in Sections 7.1 and 7.3 and to close the Transaction and related transactions by the Closing Date;
- (j) use its commercially reasonable efforts to conduct its affairs so that the representations and warranties of the Issuer contained herein shall be true and correct in all material respects on and as of the Closing Date as if made on the Closing Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;
- (k) during the Interim Period, ensure that the Issuer remains in good standing under Applicable Law;
- (l) obtain all consents, approvals, Permits, authorizations or filings as may be required under applicable corporate laws, securities laws, the rules and policies of the TSXV and the CSE and the constating documents of the Issuer for the performance by the Issuer of its obligations under this Agreement prior to the Closing;
- (m) notify Numberco immediately upon becoming aware that any of the representations or warranties of it contained herein are no longer true and correct in any material respect; and
- (n) during the Interim Period, ensure that the Issuer complies in all material respects with the foregoing covenants of this Agreement.

5. **FINDER'S FEE**

Numberco covenants and agrees with the Issuer that Numberco will not issue securities of Numberco as finders fees without the prior consent of the Issuer, such consent not to be unreasonably withheld.

6. TRANSACTION EXPENSES

Each of the parties to this Agreement will bear all costs and expenses incurred by such party in negotiating and preparing this Agreement and in Closing and carrying out the transactions contemplated by this Agreement. However, the Issuer will be responsible for paying all TSXV, CSE, filing, listing and other fees in respect of the Transaction.

7. CONDITIONS PRECEDENT

7.1 **In Favour of all Parties.** The obligations of all parties under this Agreement are subject to the fulfillment of the following conditions prior to the time of Closing or such other time as herein provided:

- (a) the Amalgamation Resolution, this Agreement and the Transactions contemplated herein shall have been approved by the Numberco Shareholders in accordance with this Agreement and Applicable Laws;
- (b) Dissent Rights shall not have been exercised with respect to the Amalgamation by Numberco Shareholders which in the aggregate represent 10% or more of the issued and outstanding Numberco Shares on the execution date of the Amalgamation Resolution or the record date of the Numberco Meeting;
- (c) the completion of all transactions contemplated by the HYTN Agreement;
- (d) there being no prohibition at law against closing of the Transaction;
- (e) all consents, orders and approvals required for the completion of the Transaction and transactions ancillary thereto shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to all of the parties hereto, acting reasonably, including without limitation conditional approval for the listing of the Resulting Issuer Shares on the CSE;
- (f) no act, action, suit or proceeding will have been threatened or taken before or by any domestic or foreign court, tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, and no law, regulation or policy will have been proposed, enacted, promulgated or applied, which has the effect to cease trade, enjoin, prohibit or impose material limitations or conditions on any of the parties, or which, if the Transaction were completed, would materially and adversely affect the Issuer and Numberco; and
- (g) this Agreement shall have not been terminated in accordance with Section 11 of this Agreement.

The conditions precedent set forth above are for the benefit of all parties and may only be waived in writing by the Issuer and Numberco, in whole or in part on or before the time of Closing.

7.2 **In Favour of the Issuer.** The Issuer's obligations under this Agreement are subject to the fulfillment of the following conditions prior to time of Closing or such other time as herein provided:

- (a) the board of directors of Numberco shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Numberco to permit the consummation of the Amalgamation and the transactions contemplated herein;

- (b) the representations and warranties of Numberco contained in this Agreement shall be true and correct in all material respects as if such representations and warranties had been made by Numberco as of the time of Closing;
- (c) the Issuer will have determined in its sole judgment, acting reasonably, that no Material Adverse Change in the condition of Numberco, during the time between the date hereof and the time of Closing, has occurred; and
- (d) all corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto and other documents in connection with the Transaction (including documents to be delivered pursuant to Section 9.2) will be completed and satisfactory in form and substance to the Issuer and the Issuer's counsel, each acting reasonably, and the Issuer will have received all executed counterpart original and certified or other copies of such documents as such counsel may reasonably request.

The conditions precedent set forth above are for the exclusive benefit of the Issuer and may be waived by it in whole or in part on or before the time of Closing.

7.3 In Favour of Numberco. The obligations of Numberco under this Agreement are subject to the fulfilment of the following conditions:

- (a) the board of directors of each of the Issuer and Subco shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by the Issuer to permit the consummation of the Amalgamation and the transactions contemplated herein;
- (b) the representations and warranties of the Issuer contained in this Agreement shall be true and correct in all material respects as if such representations and warranties had been made by the Issuer as of the time of Closing;
- (c) Numberco will have determined in its sole judgment, acting reasonably, that no Material Adverse Change in the condition of the Issuer during the time between the date hereof and the time of Closing has occurred;
- (d) all documents and steps necessary, in the view of Numberco and counsel to Numberco, acting reasonably, to complete the issuance of the Issuer Consideration Shares and Issuer Consideration Warrants to the Numberco Shareholders in accordance with this Agreement and the Transaction shall have been delivered and completed at Closing; and
- (e) all corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto and other documents in connection with the Transaction (including documents to be delivered pursuant to Section 9.3), will be completed and satisfactory in form and substance to Numberco and Numberco's counsel, each acting reasonably, and they will have received all executed counterpart original and certified or other copies of such documents as such counsel may reasonably request.

The conditions precedent set forth above are for the exclusive benefit of Numberco and may be waived by Numberco, in whole or in part on or before the time of Closing.

8. REPRESENTATIONS AND WARRANTIES

8.1 Concerning the Issuer. In order to induce Numberco to enter into this Agreement and complete their respective obligations hereunder, the Issuer represents and warrants to Numberco that:

- (a) each of the Issuer and Subco is a valid and subsisting company incorporated under the laws of British Columbia;
- (b) the Issuer's only subsidiary is Subco and all of the issued and outstanding shares of Subco are owned by the Issuer;
- (c) the Issuer is a "reporting issuer" in British Columbia and Alberta, as that term is defined in the applicable Securities Laws of such jurisdictions, is not in material default of any requirement of the applicable Securities Laws or any material Applicable Law of such jurisdictions and is not noted as being a "defaulting reporting issuer" (or any analogous terms) in any such jurisdiction;
- (d) the Issuer has full corporate power and authority to carry on its Business as now carried on by it, to enter into this Agreement and will have at the time of Closing, full power and authority to complete the Transaction and related transactions and to carry out its obligations hereunder. This Agreement has been, and the Transaction will be at the time of Closing, duly authorized by all necessary shareholder (if applicable) and corporate action on the part of the Issuer, and this Agreement constitutes a valid and binding obligation of the Issuer in accordance with its terms, subject, however, to limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;
- (e) as of the date hereof, the authorized capital of the Issuer consists of an unlimited number of common shares, of which 2,666,255 Issuer Shares are issued and outstanding as fully paid and non-assessable. Except as contemplated by the HYTN Agreement, no Person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any unissued shares in the capital of the Issuer or any other security convertible into or exchangeable for any such shares, or to require the Issuer to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital;
- (f) the Issuer Disclosure Record does not contain any misrepresentations (as such term is defined in the Securities Act) and does not omit to state a material fact (as such term is defined in the Securities Act) which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (g) all securities of the Issuer have been issued in compliance with all Applicable Laws, including applicable Securities Laws. There are no securities of the Issuer outstanding, other than the Issuer Shares, which have the right to vote generally, or are convertible into or exchangeable for securities having the right to vote generally (as applicable), with the holders of Issuer Shares on any matter. There are no outstanding contractual or other obligations of the Issuer to repurchase, redeem or otherwise acquire any of the Issuer's securities. There are no outstanding bonds, debentures or other evidences of indebtedness of the Issuer having the right to vote with the holders of the outstanding Issuer Shares on any matters;
- (h) all financial statements filed in the Issuer Disclosure Record, including the Issuer Annual Statements and Issuer Interim Statements, have been prepared in accordance IFRS and/or generally accepted accounting principles, present fairly, in all material respects, the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of the Issuer, as of the date thereof, and except as contemplated by the HYTN Agreement there has been no Material Adverse Change in the financial position of the Issuer since the

date of the Issuer Annual Statements and the business of the Issuer has been carried on in the usual and ordinary course consistent with past practice since the date thereof;

- (i) the auditors of the Issuer, Davidson & Company LLP, Chartered Professional Accountants, who have audited the Issuer Annual Statements and provided their audit report thereon, are independent chartered professional accountants as required under Applicable Law;
- (j) the Issuer has complied fully in all material respects with the requirements of all Applicable Law and administrative policies and directions, including, without limitation, applicable Securities Law, in relation to the issue of its securities;
- (k) the Issuer is not a party to any actions, suits or proceedings which could materially affect its Business or financial condition, and to the best of the Issuer's knowledge, no such actions, suits or proceedings are contemplated or, have been threatened;
- (l) there are no judgments against the Issuer which are unsatisfied, nor are there any consent decrees or injunctions to which the Issuer is subject;
- (m) other than the trading halt in connection with the Transaction, no order ceasing, halting or suspending trading in securities of the Issuer nor prohibiting the sale of such securities has been issued to and is outstanding against the Issuer; and no investigations or proceedings for such purposes are pending or threatened;
- (n) the Issuer has filed all federal and provincial tax returns which are required to be filed, or has requested extensions thereof, and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, or any amounts due and payable to any Governmental Authority, to the extent that any of the foregoing is due and payable;
- (o) there are no liens for taxes on the assets of the Issuer, except for taxes not yet due, and there are no audits of any of the tax returns of the Issuer, and there are no claims which have been or may be asserted relating to any such tax returns;
- (p) other than as disclosed to Numberco in writing, the Issuer does not have any loans or other indebtedness outstanding other than trade payables incurred in the ordinary course of business set out in the Issuer Interim Statements;
- (q) there are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim, or the period for the collection or assessment or reassessment of taxes due from the Issuer for any taxable period and no request for any such waiver or extension is currently pending;
- (r) the Issuer does not have any material outstanding indebtedness or liabilities and is not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person that are material to the Issuer, other than those specifically identified in the Issuer Interim Statements or incurred in the ordinary course of business since the date of the Issuer Interim Statements;
- (s) the Issuer has and will have by Closing, or as soon as practicable thereafter, filed all documents that are required to be filed under the continuous disclosure provisions of applicable Securities Law, including annual and interim financial information, press releases disclosing material changes and material change reports;

- (t) the execution and delivery of this Agreement by the Issuer and the performance of its obligations under this Agreement will not:
- (i) conflict with, or result in the breach or the acceleration of any indebtedness under, or constitute default under the constating documents of the Issuer, or any indenture, mortgage, agreement, lease, licence, contract, permit or other instrument of any kind whatsoever to which the Issuer is a party or by which it is bound, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which the Issuer is bound;
 - (ii) result in the violation of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever by the Issuer; or
 - (iii) violate the constating documents of the Issuer, or any resolutions of the directors or shareholders of the Issuer;
- (u) the financial books, records and accounts of the Issuer have in all material respects, been maintained in accordance with Applicable Law, in accordance with applicable accounting standards and, in each case, are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of the Issuer and accurately and fairly reflect the basis for all financial statements filed in the Issuer Disclosure Record, including the Issuer Annual Statements and Issuer Interim Statements;
- (v) all of the material transactions of the Issuer have been recorded or filed in, or with, the books or records of the Issuer and the minute books of the Issuer contain all records of the material meetings and proceedings of shareholders and directors of the Issuer actually held since its incorporation, as well as the current constating documents of the Issuer, and no modifications or alterations to such constating documents have been proposed or approved by its shareholders or directors;
- (w) except as disclosed in the Issuer Disclosure Record, there are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of the Issuer, threatened affecting the Issuer or affecting its property or assets at law or in equity before or by any Governmental Authority;
- (x) the Issuer has made available to Numberco for inspection true and complete copies of all material contracts to which the Issuer is a party and that are currently in force (the “**Issuer Material Contracts**”). The Issuer Material Contracts are in full force and effect, and the Issuer is entitled to all rights and benefits thereunder in accordance with the terms thereof. All the Issuer Material Contracts are valid and binding obligations, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors’ rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. The Issuer has complied in all material respects with all terms of the Issuer Material Contracts, has paid all amounts due thereunder if, as and when due, has not waived any rights thereunder and no material default or breach exists in respect thereof on the part of the Issuer or, to the knowledge of the Issuer, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, could constitute such a default or breach or trigger a right of termination of any of the Issuer Material Contracts;
- (y) to the knowledge of the Issuer, the Issuer has in all material respects complied with and is not in violation of any Applicable Laws;

- (z) to the best of the Issuer's knowledge, the Issuer does not have any employees;
- (aa) upon their issuance, the Issuer Consideration Shares and Issuer Consideration Warrants will be validly issued and outstanding as fully paid and non-assessable securities of the Issuer registered in accordance with the instructions provided in Schedule A, free and clear of all liens, charges or Encumbrances of any kind whatsoever other than those imposed by applicable Securities Law or the CSE, or as otherwise contemplated in this Agreement; and
- (bb) since July 31, 2021, except as contemplated by the HYTN Agreement there has not been any Material Adverse Change of any kind whatsoever to the financial position or condition of the Issuer or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the Business, assets or listing of the Issuer or the right or capacity of the Issuer to carry on its Business.

8.2 **Concerning Numberco.** In order to induce the Issuer to enter into this Agreement and complete its obligations hereunder Numberco represents and warrants to the Issuer that:

- (a) Numberco is a valid and subsisting company duly incorporated and validly existing under the laws of British Columbia. There are no subsidiaries of Numberco;
- (b) Numberco is duly registered and licenced to carry on business in the jurisdictions in which it carries on business or owns property where so required by the laws of that jurisdiction and is not otherwise precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document;
- (c) Numberco has full corporate power and authority to carry on its Business as now carried on by it, to enter into this Agreement and will have at the time of Closing, full power and authority to complete the Transaction and related transactions and to carry out its obligations hereunder. This Agreement has been, and the Transaction will be at the time of Closing, duly authorized by all necessary shareholder and corporate action on the part of Numberco, and this Agreement constitutes a valid and binding obligation of Numberco in accordance with its terms, subject, however, to limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;
- (d) Numberco is in material compliance with all Applicable Laws in the jurisdictions in which it carries on business and which may materially affect Numberco, has not received a notice of non-compliance, nor does Numberco know of any facts that could give rise to a notice of such non-compliance with any such laws, regulations and statutes, and Numberco is not aware of any pending change or contemplated change to any Applicable Law or governmental position that would materially affect the Business of Numberco or the Business or legal environment under which Numberco operates;
- (e) as of the date hereof, the authorized capital of Numberco consists of an unlimited number of common shares, of which 38,968,919 Numberco Shares, registered in the names of the Numberco Shareholders as set forth on Schedule A, are issued and outstanding as fully paid and non-assessable, and, to the knowledge of Numberco, such shares are free and clear of all trading restrictions (except pursuant to Applicable Laws, or as provided for herein and in the articles or notice of articles of Numberco), liens, charges or Encumbrances of any kind whatsoever. Except for the 24,984 Numberco Warrants, no Person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any unissued shares in the capital of Numberco or any other security convertible into or exchangeable

for any such shares, or to require Numberco to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital;

- (f) all securities of Numberco have been issued in compliance with all Applicable Law, including applicable Securities Law. There are no “securities” (as that term is defined in the *Securities Act* (British Columbia)) of Numberco issued and outstanding, other than the Numberco Shares, which have the right to vote generally, or are convertible into or exchangeable for securities having the right to vote generally, with the holders of Numberco Shares on any matter. There are no outstanding contractual or other obligations of Numberco to repurchase, redeem or otherwise acquire any of Numberco’s securities. There are no outstanding bonds, debentures or other evidences of indebtedness of Numberco having the right to vote with the holders of the outstanding Numberco Shares on any matters;
- (g) all financial, marketing, sales and operational information provided to the Issuer is true and correct, does not contain any misrepresentations (as such term is defined in applicable Securities Laws) and does not omit to state a material fact (as such term is defined in applicable Securities Laws) which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
- (h) all financial statements of Numberco, including the Numberco Financial Statements, have been or will be prepared in accordance with IFRS and/or generally accepted accounting principles, present fairly, in all material respects, the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of Numberco, as of the date thereof, there has been no Material Adverse Change in the financial position of Numberco since the date of the Numberco Financial Statements and the Business of Numberco has been carried on in the usual and ordinary course consistent with past practice since the date thereof;
- (i) Numberco has complied fully in all material respects with the requirements of all Applicable Laws and administrative policies and directions, including, without limitation, applicable Securities Law, in relation to the issue of its securities;
- (j) Numberco has made available to the Issuer for inspection true and complete copies of all material contracts to which Numberco is a party and that are currently in force (the “**Numberco Material Contracts**”). The Numberco Material Contracts are
 - (i) are in full force and effect, and Numberco is entitled to all rights and benefits thereunder in accordance with the terms thereof; and
 - (ii) are valid and binding obligations, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors’ rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;
- (k) Numberco has complied in all material respects with all terms of the Numberco Material Contracts, has paid all amounts due thereunder if, as and when due, has not waived any rights thereunder and no material default or breach exists in respect thereof on the part of Numberco or, to the knowledge of Numberco, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, could constitute such a default or breach or trigger a right of termination of any of the Numberco Material Contracts. No consent is required nor is any notice required to be given under any Numberco Material Contract from any party thereto or any other person in connection

with the completion of the Transaction herein contemplated in order to maintain all rights of Numberco under such contract;

- (l) except as disclosed to the Issuer in writing, there are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of Numberco, threatened affecting Numberco or affecting its property or assets at law or in equity before or by any Governmental Authority. Neither Numberco nor its assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree;
- (m) Numberco has obtained and is in compliance with all Permits required by Applicable Laws necessary to conduct the Business of Numberco as now being conducted. To the knowledge of Numberco there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with the Permits as are necessary to conduct the Business of Numberco;
- (n) Numberco is not a party to any actions, suits or proceedings which could materially affect its business or financial condition, and to the best of Numberco's knowledge no such actions, suits or proceedings are contemplated or have been threatened;
- (o) there are no judgments against Numberco which are unsatisfied, nor are there any consent decrees or injunctions to which Numberco is subject;
- (p) the Numberco Shares are validly issued and outstanding as fully paid and non-assessable securities of Numberco, free and clear of all liens, charges or Encumbrances of any kind whatsoever, other than restrictions on transfer imposed under Numberco's articles;
- (q) Numberco is not subject to any regulatory decision or order prohibiting or restricting transfer of its securities;
- (r) to the best of Numberco's knowledge, there are no material liabilities of Numberco, whether direct, indirect, absolute, contingent or otherwise, except as disclosed in the Numberco Financial Statements, and disclosed in Numberco's business records provided to the Issuer and related to the ordinary course of business;
- (s) Numberco has filed all federal, provincial, local and foreign tax returns which are required to be filed, or has requested extensions thereof, and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, or any amounts due and payable to any Governmental Authority, to the extent that any of the foregoing is due and payable;
- (t) there are no liens for taxes on the assets of Numberco, except for taxes not yet due, and there are no audits of any of the tax returns of Numberco, and there are no claims which have been or may be asserted relating to any such tax returns;
- (u) other than accrued legal/accounting fees and normal trade payables incurred in the ordinary course of business, Numberco does not have any loans or other indebtedness outstanding;
- (v) there are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim, or the period for the collection or assessment or reassessment of taxes due from Numberco for any taxable period and no request for any such waiver or extension is currently pending;

- (w) to the best of Numberco's knowledge, Numberco is not aware of any material contingent tax liabilities of Numberco of any kind whatsoever or any grounds which would prompt a reassessment of Numberco;
- (x) Numberco is not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person that are material to Numberco, other than those specifically disclosed to the Issuer in writing prior to the date hereof, or incurred in the ordinary course of business;
- (y) the financial books, records and accounts of Numberco have in all material respects, been maintained in accordance with Applicable Law, in accordance with applicable accounting standards and, in each case, are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Numberco and accurately and fairly reflect the basis for all financial statements of Numberco, including the Numberco Financial Statements;
- (z) to the best of Numberco's knowledge, it has the exclusive right to occupy and use any leased premises and each of the leases pursuant to which Numberco occupies leased premises is in good standing and in full force and effect;
- (aa) the execution and delivery of this Agreement and the performance of Numberco's obligations under this Agreement will not:
 - (i) conflict with, or result in the breach or the acceleration of, any indebtedness under, or constitute default under, the charter or constating documents of Numberco, or any indenture, mortgage, agreement, lease, licence or other instrument of any kind whatsoever to which Numberco is a party, or by which each one of them is bound, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which each one of them is bound;
 - (ii) result in the violation of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever by Numberco; or
 - (iii) violate the constating documents of Numberco, or any resolutions of the directors or shareholders of Numberco;
- (bb) to the knowledge of Numberco, Numberco has in all material respects complied with and is not in violation of any Applicable Laws;
- (cc) the Numberco Shares are, and at Closing the Numberco Shares shall be, validly issued, fully paid and non-assessable, and, to the knowledge of Numberco, such Numberco Shares are, and at Closing shall be, be free and clear of all trading restrictions (except pursuant to Applicable Laws, or as provided for herein and in the articles or notice of articles of Numberco), liens, charges or Encumbrances of any kind whatsoever;
- (dd) all of the material transactions of Numberco have been recorded or filed in, or with, the books or records of Numberco and the minute books of Numberco contain all records of the material meetings and proceedings of shareholders and directors of Numberco actually held since its incorporation, as well as the current constating documents of Numberco, and no modifications or alterations to such constating documents have been proposed or approved by its shareholders or directors; and

- (ee) since the date of the Numberco Financial Statements there has not been any Material Adverse Change of any kind whatsoever to the financial position or condition of Numberco or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business, assets of Numberco or the right or capacity of Numberco to carry on its business.

8.3 **Survival.** The representations and warranties made by the parties under this Section 8 are true and correct as of the date hereof and shall be true and correct at the time of Closing as though they were made at that time. The representations in Sections 8.1 and 8.2 shall survive the time of Closing for a period of 12 months. After the expiration of such period, as applicable, no party shall have any further liability with respect to any breach of any representation or warranty contained herein, except for those alleged breaches for which notice has been given prior to the end of such period, as applicable.

8.4 **Limitations on Representations and Warranties.** The parties shall not be deemed to have made any representation or warranty other than as expressly made in Sections 8.1 and 8.2 hereof. Notwithstanding anything to the contrary contained herein, no party hereto shall be liable for any losses resulting from or relating to any inaccuracy in or breach of any representation or warranty in this Agreement if the party seeking indemnification for such losses had actual or constructive knowledge of such breach or inaccuracy before Closing.

9. CLOSING

9.1 **Closing Date.** The Closing shall take place at the time of Closing at the offices of Miller Thomson LLP, 400-725 Granville Street, Vancouver, British Columbia, or at such other time, date or place upon which Numberco and the Issuer may mutually agree.

9.2 **Deliveries by Numberco** - At the time of Closing, upon the fulfillment or waiver of all of the conditions set out in Section 7, Numberco shall deliver to the Issuer the following documents:

- (a) a certified true copy of the resolutions of the directors of Numberco evidencing that Numberco has approved this Agreement and all of the transactions of Numberco contemplated hereunder;
- (b) a certified true copy of the Amalgamation Resolution evidencing that the Numberco Shareholders have approved the Amalgamation Resolution;
- (c) such other materials that are, in the opinion of the Issuer acting reasonably, required to be delivered by Numberco in order for it to meet its obligations under this Agreement; and
- (d) evidence satisfactory to the Issuer and its legal counsel, acting reasonably, of the completion of all corporate proceedings of Numberco and all other matters which, in the reasonable opinion of counsel for the Issuer, are necessary in connection with the transactions contemplated by this Agreement.

9.3 **Deliveries by the Issuer** - At the time of Closing on the Closing Date, upon the fulfilment or waiver of all of the conditions set out in Section 7, the Issuer shall deliver to Numberco:

- (a) evidence of Regulatory Approval of the Transaction, which shall include, without limitation, conditional approval, subject to compliance with the usual requirements of the CSE, for the listing of the Issuer Shares on the CSE;
- (b) releases and resignations of the directors and officers of the Issuer identified in Section 3.1;

- (c) evidence satisfactory to Numberco of the appointment of the directors and officers identified in Section 3.2;
- (d) evidence satisfactory to Numberco of the completion of the Name Change;
- (e) such other materials that are, in the opinion of Numberco acting reasonably, required to be delivered by the Issuer in order for Numberco to meet its obligations under this Agreement; and
- (f) evidence satisfactory to Numberco and its legal counsel, acting reasonably, of the completion of all corporate proceedings of the Issuer and all other matters which, in the reasonable opinion of counsel for Numberco, are necessary in connection with the transactions contemplated by this Agreement.

10. **ORDINARY COURSE**

Until the time of Closing, except as contemplated by the HYTN Agreement, neither Numberco nor the Issuer shall, without the prior written consent of the other or as expressly contemplated herein, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and each of Numberco and the Issuer shall continue to carry on its Business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing, the Transaction, and, without limitation, but subject to the above exceptions, shall maintain payables and other liabilities at levels consistent with past practice, shall not engage in any extraordinary material transactions and shall make no distributions, dividends or special bonuses, shall not repay any shareholders' loans, or enter into or renegotiate any employment or consulting agreement with any senior officer, in each case without the prior written consent of the other.

11. **TERMINATION**

11.1 **Termination.** This Agreement may be terminated and the Amalgamation abandoned at any time prior to the Effective Time:

- (a) by the mutual written consent of the Issuer and Numberco;
- (b) by either the Issuer or Numberco, if there shall be any Applicable Law that makes consummation of the Amalgamation illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent Governmental Authority enjoining the Issuer or Numberco from consummating the Amalgamation shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;
- (c) by either the Issuer or Numberco, if the Closing Date does not occur on or prior to the Outside Date provided, however, that the right to terminate this Agreement under this Section 11.1(c) shall not be available to any party whose failure or whose affiliate's failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date;
- (d) by the Issuer if any condition set out in Section 7.1 or 7.2 has not been satisfied (or is incapable of being satisfied) or has not been waived on or before the Outside Date provided, however, that the right to terminate this Agreement under this Section 11.1(d) shall not be available to any party whose failure or whose affiliate's failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date;

- (e) by Numberco if any condition set out in Section 7.1 or 7.3 has not been satisfied (or is incapable of being satisfied) or has not been waived on or before the Outside Date provided, however, that the right to terminate this Agreement under this Section 11.1(e) shall not be available to any party whose failure or whose affiliate's failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date;
- (f) by the Issuer if there is a material breach by Numberco of any of its representations, warranties, covenants or agreements contained in this Agreement that could reasonably be expected to cause a condition set forth in Section 7.1 or 7.2 which has not been waived to be incapable of being satisfied on or before the Outside Date;
- (g) by the Issuer or Numberco if the Numberco Shareholders fail to approve the Amalgamation in the manner required by Law; or
- (h) by Numberco if there is a material breach by the Issuer or Subco of any representation, warranty, covenant or agreement contained in this Agreement that could reasonably be expected to cause a condition set forth in Section 7.1 or 7.3 which has not been waived to be incapable of being satisfied on or before the Outside Date.

11.2 **Effect of Termination.** If this Agreement is terminated in accordance with the provisions of Section 11.1, no party shall have any further liability to perform its obligations hereunder except for the provisions of this Section 11.2, Sections 6 or 14; provided that neither the termination of this Agreement nor anything contained in this Section 11.2 shall relieve any party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants and agreements made herein.

12. DISSENTING SHAREHOLDERS

12.1 **Right of Dissent.** The Numberco Shareholders may exercise Dissent Rights in respect of the Amalgamation pursuant to, in the manner set forth in, and in strict compliance with Section 242 of the BCBCA. The Numberco Shareholders who duly exercise their Dissent Rights with respect to their Numberco Shares (the "**Numberco Dissent Shares**"), will:

- (a) if they are ultimately entitled to be and are paid fair value for their Numberco Dissent Shares, be deemed to have transferred their Numberco Dissent Shares to Numberco immediately prior to the Effective Time for cancellation and the certificates representing same shall cease to represent any right or claim of any nature or kind; or
- (b) if they are not ultimately entitled, for any reason, to be paid fair value for their Numberco Dissent Shares, be deemed to have participated in the Amalgamation on the same basis as a Numberco Shareholder who did not exercise the Dissent Rights, and shall receive Issuer Consideration Shares in exchange for their Numberco Shares on the same basis as every other Numberco Shareholder in accordance with Section 2.5(b)(i), always provided that in no case will the Issuer or Amalco be required to recognize such persons as holding Numberco Shares at or after the Effective Time.

12.2 **Notice of Dissent.** Numberco shall provide prompt notice to the Issuer of any Numberco Shareholder's exercise or purported exercise of Dissent Rights.

12.3 **Conditions to Dissent.** In no circumstances shall Numberco, the Issuer or any other Person be required to recognize a Person exercising Dissent Rights unless such person is a registered holder of those Numberco Shares in respect of which such rights are sought to be exercised. For greater certainty, in no case shall Numberco, the Issuer or any other person be required to recognize Dissenting Shareholders as

holders of Numberco Shares after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the register of Numberco Shareholders as of the Effective Time. In addition to any other restrictions under Section 185 of the BCBCA and, for greater certainty, Numberco Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Numberco Amalgamation Resolution shall not be entitled to exercise Dissent Rights.

13. STANDSTILL AGREEMENT

From the date of the acceptance of this Agreement until the earlier of: (i) completion of the transactions contemplated herein, (ii) the earlier termination hereof, or (iii) the Outside Date, Numberco agrees that it will not, directly or indirectly, take any direct or indirect action to: (a) solicit, initiate, encourage, engage in or respond to any inquiries, submissions, proposals or offers regarding any merger, amalgamation, arrangement, share exchange, business combination, take-over bid, exchange offer, sale or other disposition of material assets, recapitalization, reorganization or liquidation, other than with the Issuer's prior written consent (each, an "**Acquisition Proposal**"); (b) encourage, facilitate or participate in any discussions or negotiations regarding any Acquisition Proposal; (c) agree to, approve or recommend an Acquisition Proposal; or (d) enter into any agreement related to an Acquisition Proposal.

14. PUBLIC DISCLOSURE

14.1 **Restrictions on Disclosure.** No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by the Issuer or Numberco without the prior written agreement of the other as to timing, content and method, provided that the obligations herein will not prevent the Issuer or Numberco from making, after consultation with the other, such disclosure as its counsel advises is required by Applicable Law, including the rules and policies of the Exchange or as is required to carry out the transactions contemplated in this Agreement or the obligations of the Issuer or Numberco.

14.2 **Confidentiality.** Except with the prior written consent of the other, each of the Issuer and Numberco and their respective Representatives and Affiliates will hold all information received from the Issuer or Numberco, as applicable concerning any of the Issuer, the Issuer Securityholders, Numberco and the Numberco Shareholders in strictest confidence and shall not be disclosed or used by the recipients thereof, except such information and documents available to the public or as are required to be disclosed by Applicable Law, including the rules and policies of the CSE or TSXV. All such information in written or electronic form and documents will be promptly returned to the party originally delivering them in the event that the transactions provided for in this Agreement are not completed.

15. GENERAL

15.1 **Time.** Time and each of the terms and conditions of this Agreement shall be of the essence of this Agreement and any waiver by the parties of this paragraph or any failure by them to exercise any of their rights under this Agreement shall be limited to the particular instance and shall not extend to any other instance or matter in this Agreement or otherwise affect any of their rights or remedies under this Agreement.

15.2 **Entire Agreement.** This Agreement constitutes the entire Agreement between the parties hereto in respect of the matters referred to herein and there are no representations, warranties, covenants or agreements, expressed or implied, collateral hereto other than as expressly set forth or referred to herein.

15.3 **Legal Advice.** Each of the parties to this Agreement acknowledges and agrees that Miller Thomson LLP ("**MT**") has acted as legal counsel to the Issuer and Subco only, and Segev LLP ("**Segev**") has acted as legal counsel to Numberco only, and not to any other party to this Agreement, and that neither MT nor Segev has been engaged to protect the rights and interests of any of the Numberco Shareholders.

15.4 **Further Assurances.** The parties hereto shall execute and deliver all such further documents and instruments and do all such acts and things as any party may, either before or after the Closing, reasonably require of the others in order that the full intent and meaning of this Agreement is carried out. The provisions contained in this Agreement which, by their terms, require performance by a party to this Agreement subsequent to the Closing, shall survive the Closing.

15.5 **Amendments.** No alteration, amendment, modification or interpretation of this Agreement or any provision of this Agreement shall be valid or binding upon the parties hereto unless such alteration, amendment, modification or interpretation is in writing, executed by Numberco and the Issuer.

15.6 **Notices.** Any notice, request, demand, election and other communication of any kind whatsoever to be given under this Agreement shall be in writing and shall be delivered by hand, e-mail or mail to the Issuer or Numberco (on its own behalf and on behalf of the Numberco Shareholders) at their following respective addresses:

- (a) To the Issuer or Subco:

Mount Dakota Energy Corp.
363 West 6th Avenue,
Vancouver, BC V5Y 1L1

Attention: John Kim
Email: [Redacted – Personal information]

With a copy to:

Miller Thomson LLP
Suite 400 – 725 Granville Street
Vancouver, BC V7Y 1G5

Attention: Brian Fast
Email: [Redacted – Personal information]

- (b) To Numberco:

1306562 B.C. Ltd.
The King George Building 6th Floor,
905 W Pender Street,
Vancouver, BC V6C 1L6

Attention: Paul More
Email: [Redacted – Personal information]

With a copy to:

Segev LLP
The King George Building 6th Floor,
905 W Pender Street,
Vancouver, BC V6C 1L6

Attention: Aadam Tejpar
Email: [Redacted – Personal information]

or to such other addresses as may be given in writing by the Issuer or Numberco, in the manner provided for in this paragraph, and the party sending such notice should request acknowledgment of delivery and the party receiving such notice should provide such acknowledgment. Notwithstanding whether or not a request for acknowledgment has been made or replied to, whether or not delivery has occurred will be a question of fact. If a party can prove that delivery was made as provided for above, then it will constitute delivery for the purposes of this Agreement whether or not the receiving party acknowledged receipt.

15.7 **Assignment** - This Agreement may not be assigned by any party hereto without the prior written consent of all of the parties hereto.

15.8 **Governing Law** - This Agreement shall be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties hereby irrevocably and unconditionally attorn to the jurisdiction of the Courts of British Columbia.

15.9 **Counterparts** - This Agreement may be signed by fax, e-mail (scan) or other means of electronic transmission and in counterpart, and each copy so signed shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

15.10 **Severability** - If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

15.11 **Number and Gender** - Unless the context of this Agreement otherwise requires, to the extent necessary so that each clause will be given the most reasonable interpretation, the singular number will include the plural and vice versa, the verb will be construed as agreeing with the word so substituted, words importing the masculine gender will include the feminine and neuter genders, words importing persons will include firms and corporations and words importing firms and corporations will include individuals.

15.12 **Enurement**. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors, permitted assigns, trustees, representatives, heirs and executors.

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

MOUNT DAKOTA ENERGY CORP.

Per: "S. John Kim"
Authorized Signatory

MMO MERGER HOLDINGS INC.

Per: "S. John Kim"
Authorized Signatory

1306562 B.C. LTD.

Per: "Paul More"
Authorized Signatory

SCHEDULE A
NUMBERCO SECURITYHOLDERS AS OF THE DATE OF THIS AGREEMENT, AND AS
MAY BE SUPPLEMENTED AND/OR AMENDED BEFORE CLOSING

Name and Address of NumberCo Securityholder	Number of NumberCo Shares	Number of NumberCo Warrants
[Redacted – Private Information]	100	n/a
[Redacted – Private Information]	2,200,000	n/a
[Redacted – Private Information]	25,000	n/a
[Redacted – Private Information]	2,833,333	n/a
[Redacted – Private Information]	400,000	n/a
[Redacted – Private Information]	1,000,000	n/a
[Redacted – Private Information]	333,334	n/a
[Redacted – Private Information]	2,833,333	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	200,000	n/a
[Redacted – Private Information]	3,600,000	n/a
[Redacted – Private Information]	500,000	n/a
[Redacted – Private Information]	2,525,000	n/a
[Redacted – Private Information]	1,000,000	n/a
[Redacted – Private Information]	150,000	n/a
[Redacted – Private Information]	150,000	n/a
[Redacted – Private Information]	3,500,000	n/a
[Redacted – Private Information]	500,000	n/a
[Redacted – Private Information]	1,250,000	n/a
[Redacted – Private Information]	1,000,000	n/a
[Redacted – Private Information]	400,000	n/a

Name and Address of NumberCo Securityholder	Number of NumberCo Shares	Number of NumberCo Warrants
[Redacted – Private Information]	500,000	n/a
[Redacted – Private Information]	150,000	n/a
[Redacted – Private Information]	142,857	n/a
[Redacted – Private Information]	28,500	n/a
[Redacted – Private Information]	57,000	n/a
[Redacted – Private Information]	142,857	n/a
[Redacted – Private Information]	30,000	n/a
[Redacted – Private Information]	200,000	n/a
[Redacted – Private Information]	71,428	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	385,714	n/a
[Redacted – Private Information]	300,000	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	143,000	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	142,857	n/a
[Redacted – Private Information]	300,000	n/a
[Redacted – Private Information]	1,148,580	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	14,286	n/a
[Redacted – Private Information]	28,572	n/a
[Redacted – Private Information]	50,000	n/a
[Redacted – Private Information]	200,000	n/a
[Redacted – Private Information]	142,858	n/a
[Redacted – Private Information]	60,000	n/a

Name and Address of NumberCo Securityholder	Number of NumberCo Shares	Number of NumberCo Warrants
[Redacted – Private Information]	142,858	n/a
[Redacted – Private Information]	22,858	n/a
[Redacted – Private Information]	10,000	n/a
[Redacted – Private Information]	200,000	n/a
[Redacted – Private Information]	8,572	n/a
[Redacted – Private Information]	300,000	n/a
[Redacted – Private Information]	5,715	n/a
[Redacted – Private Information]	5,715	n/a
[Redacted – Private Information]	72,000	n/a
[Redacted – Private Information]	72,000	n/a
[Redacted – Private Information]	5,715	n/a
[Redacted – Private Information]	314,286	n/a
[Redacted – Private Information]	75,000	n/a
[Redacted – Private Information]	8,572	n/a
[Redacted – Private Information]	142,858	n/a
[Redacted – Private Information]	285,715	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	85,700	n/a
[Redacted – Private Information]	57,143	n/a
[Redacted – Private Information]	1,248,872	n/a
[Redacted – Private Information]	10,000	n/a
[Redacted – Private Information]	142,858	n/a
[Redacted – Private Information]	50,000	n/a
[Redacted – Private Information]	1,000,000	n/a
[Redacted – Private Information]	14,286	n/a

Name and Address of NumberCo Securityholder	Number of NumberCo Shares	Number of NumberCo Warrants
[Redacted – Private Information]	285,715	n/a
[Redacted – Private Information]	714,286	n/a
[Redacted – Private Information]	60,000	n/a
[Redacted – Private Information]	30,000	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	50,000	n/a
[Redacted – Private Information]	10,286	n/a
[Redacted – Private Information]	14,286	n/a
[Redacted – Private Information]	5,725	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	285,715	n/a
[Redacted – Private Information]	28,571	n/a
[Redacted – Private Information]	50,000	n/a
[Redacted – Private Information]	142,858	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	2,428,572	n/a
[Redacted – Private Information]	200,000	n/a
[Redacted – Private Information]	571,429	n/a
[Redacted – Private Information]	15,000	n/a
[Redacted – Private Information]	142,858	n/a
[Redacted – Private Information]	100,000	n/a
[Redacted – Private Information]	14,286	n/a
[Redacted – Private Information]		18,999
[Redacted – Private Information]		5,985
TOTAL	38,968,919	24,984

**SCHEDULE B
AMALGAMATION RESOLUTION**

WHEREAS the directors of 1306562 B.C. Ltd..(the “**Company**”) have deemed it expedient and in the best interests of the Company to enter into a business combination transaction with Mount Dakota Energy Corp. (“**MMO**”) structured as a three corner amalgamation (the “**Amalgamation**”) pursuant to an amalgamation agreement entered into among the Company, MMO and MMO Merger Holdings Inc. (“**Subco**”) dated as of February 14, 2022 (the “**Amalgamation Agreement**”), whereby the Company will amalgamate with Subco, a wholly-owned subsidiary of MMO, to form an amalgamated subsidiary of MMO (“**Amalco**”);

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The Amalgamation, as more particularly described and set forth in the information statement of the Company dated February 4, 2022 (the “**Information Statement**”), be and is hereby, authorized, approved and adopted.
2. The amalgamation agreement to be entered into among the Company, Mount Dakota Energy Corp. (“**MMO**”) and HYTN Beverage Corp. (“**HYTN**”), in or substantially in the form appended to the Information Statement as Schedule “B” (the “**Amalgamation Agreement**”), and all the transactions contemplated therein, and any amendments thereto, be, and are hereby, authorized and approved.
3. Any one director of the Company is hereby authorized, for and on behalf of the Company to execute and deliver all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments, including the Amalgamation Agreement, and to do or cause to be done all such other acts and things as in the opinion of such director may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Amalgamation Agreement and the completion of the Amalgamation in accordance with the terms of the Amalgamation Agreement, including:
 - a. all actions required to be taken by or on behalf of the Company and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - b. the signing of the certificates, consents and other documents or declarations required under the Amalgamation Agreement or otherwise to be entered into by the Company.
4. Notwithstanding that this resolution has been passed by the shareholders of the Company, the director of the Corporation be, and is hereby, authorized and empowered, without further notice to, or approval of, the shareholders of the Company, to:
 - c. once the Amalgamation Agreement has been executed, amend the Amalgamation Agreement or terms of the Amalgamation contemplated thereunder; and
 - d. subject to the terms of the Amalgamation Agreement, not proceed with the Amalgamation.

**SCHEDULE C
AMALGAMATION APPLICATION**

[See attached]



Telephone: 1 877 526-1526 www.bcregistryservices.gov.bc.ca

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

Freedom of Information and Protection of Privacy Act (FOIPPA) Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the Business Corporations Act for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A. AMALGAMATION TYPE – Please indicate if this application is for a Vertical or Horizontal Amalgamation

[] This is a vertical short form amalgamation under section 273 of the Business Corporations Act. The amalgamated company will adopt as its notice of articles, the notice of articles of the amalgamating holding corporation that is a company.

The name and incorporation number of the amalgamating holding corporation is:

Name: _____

Incorporation number: _____

OR

[x] This is a horizontal short form amalgamation under section 274 of the Business Corporations Act. The amalgamated company will adopt as its notice of articles, the notice of articles of the amalgamating company the shares of which are not to be cancelled.

The name and incorporation number of the amalgamating company the shares of which are not to be cancelled is:

Name: 1306562 B.C. Ltd.

Incorporation number: BC1306562

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

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

OR

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

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

[x] The amalgamation is to take effect at the time that this application is filed with the registrar.

[] The amalgamation is to take effect at 12:01 a.m. Pacific Time on _____ being a date that is not more than ten days after the date of the filing of this application.

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

D. AMALGAMATING CORPORATIONS

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If this is a vertical amalgamation and an amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number.

	NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1.	MMO Merger Holdings Inc.	BC1323787	
2.	1306562 B.C. Ltd.	BC1306562	

E. FORMALITIES TO AMALGAMATION

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

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

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

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

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
1. S. John Kim	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
2. Prabhjot Paul More	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
4.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED (YYYY / MM / DD)
5.	X	

**SCHEDULE D
ARTICLES OF AMALCO**

Incorporation Number: BC

**ARTICLES
OF
1306562 B.C. LTD.**

(the “Company”)

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1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) "**board of directors**", "**directors**" and "**board**" mean the directors or sole director of the Company for the time being;
- (2) "**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;
- (3) "**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;
- (4) "**legal personal representative**" means the personal or other legal representative of the shareholder;
- (5) "**Public Company**" means a company that:
 - (a) is a reporting issuer;
 - (b) is a reporting issuer equivalent;
 - (c) has registered its securities under the United States *Securities Exchange Act* of 1934;
 - (d) has any of its securities, within the meaning of the *Securities Act*, traded on or through the facilities of a securities exchange; or
 - (e) has any of its securities, within the meaning of the *Securities Act*, reported through the facilities of a quotation and trade reporting system
- (6) "**reporting issuer**" has the same meaning as in the *Securities Act*;
- (7) "**reporting issuer equivalent**" means a corporation that, under the laws of any Canadian jurisdiction other than British Columbia, is a reporting issuer or an equivalent of a reporting issuer;
- (8) "**registered address**" of a shareholder means the shareholder's address as recorded in the central securities register of the Company;
- (9) "**seal**" means the seal of the Company, if any;
- (10) "**Securities Act**" means the *Securities Act* (British Columbia); and
- (11) "**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.

Business Corporations Act and Interpretation Act Definitions Applicable

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

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

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

2.2 Form of Share Certificate

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

2.3 Shareholder Entitled to Certificate or Acknowledgment or Written Notice

Unless the shares of which a 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 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. Within a reasonable time after the issue or transfer of a share that is an uncertificated share, the Company must send to the shareholder a written notice containing the information required by the *Business Corporations Act*.

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:

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

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgement

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

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

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

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

3. ISSUE OF SHARES

3.1 Directors Authorized

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

3.2 Commissions and Discounts

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

3.3 Brokerage

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

3.4 Conditions of Issue

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

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property; or
 - (c) money;
- (2) and 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, Options and Rights

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

4. SHARE REGISTERS

4.1 Central Securities Register

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

4.2 Closing Register

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

5. SHARE TRANSFERS

5.1 Registering Transfers

- (1) The Company must register a transfer of a share of the Company if either:
 - (a) the Company or the transfer agent or registrar for the class or series of share to be transferred has received;
 - (b) in the case where the Company has issued a share certificate 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;
 - (c) in the case of a share that is not represented by a share certificate (including an uncertificated share within the meaning of the *Business Corporations Act* and including the case where the Company has issued a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer 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; or
- (2) all the preconditions for a transfer of a share under the *Securities Transfer Act* have been met and the Company is required under the *Securities Transfer Act* to register the transfer.

5.2 Form of Instrument of Transfer

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

5.3 Transferor Remains Shareholder

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

5.4 Signing of Instrument of Transfer

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

(1) in the name of the person named as transferee in that instrument of transfer; or

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

5.5 Enquiry as to Title Not Required

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to the shares registered in the shareholder's name and the name of another person in joint tenancy.

7. PURCHASE, REDEEM OR OTHERWISE ACQUIRE SHARES

7.1 Company Authorized to Purchase, Redeem or Otherwise Acquire Shares

Subject to Article 7.2, the special rights or restrictions attached to the shares of any class or series, the *Business Corporations Act*, and securities laws and regulations of general application, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

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

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

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

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

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

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

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

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to the *Business Corporations Act*, the Company may, by directors' resolution, subdivide or consolidate all or any of its unissued, or fully paid issued, shares and if applicable, alter its Notice of Articles and, if applicable, Articles, accordingly; and subject to Article 9.2 and the *Business Corporations Act*, the Company may, by ordinary resolution:

- (1) 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;
- (2) 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;
- (3) if the Company is authorized to issue shares of a class of share with par value:
 - (a) decrease the par value of those shares; or
 - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (4) 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;
- (5) alter the identifying name of any of its shares; or
- (6) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act* where it does not specify by a special resolution;

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* and in particular those provisions of the Act relating to the rights of holders of outstanding shares to vote if their rights are prejudiced or interfered with, the Company may, by ordinary resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of

shares, whether or not any or all of those shares have been issued and alter its Notice of Articles and Articles accordingly.

9.3 Change of Name

The Company may, by directors' resolution, authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may, by ordinary 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 in writing by unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

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

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (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 amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to

attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

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

10.5 Notice of Resolution to Which Shareholders May Dissent

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

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

10.6 Record Date for Notice

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

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

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

10.7 Record Date for Voting

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

10.8 Failure to Give Notice and Waiver of Notice

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

of such meeting. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 Notice of Special Business at Meetings of Shareholders

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

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

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

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

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;
 - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
 - (i) any other business which, under these Articles or the *Business Corporations Act*, may

be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is 2/3 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, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or represent by proxy, shareholders who in the aggregate hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

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

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

11.5 Other Persons May Attend

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 and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

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

11.7 Lack of Quorum

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

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

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

11.9 Chair

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

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

11.10 Election 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 or the lawyer for the Company 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 or lawyer for the Company 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 at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

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

11.15 Motion Need Not be Seconded

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

11.16 Casting Vote

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

11.17 Manner of Taking Poll

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

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

11.18 Demand for Poll on Adjournment

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

11.19 Chair Must Resolve Dispute

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

11.20 Casting of Votes

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

11.21 Demand for Poll

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

11.22 Demand for Poll Not to Prevent Continuance of Meeting

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

11.23 Retention of Ballots and Proxies

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

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

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

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

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

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

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

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

- (1) for that purpose, the instrument appointing a representative must:
 - (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 for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
 - (b) be provided, at the meeting or any adjourned meeting, to the chair of the meeting or any adjourned meeting to a person designated by the chair of the meeting or adjourned meeting;

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

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

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a Public Company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

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

12.8 Alternate Proxy Holders

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

12.9 When Proxy Holder Need Not Be Shareholder

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

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (3) or the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a Public Company.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

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

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

12.11 Validity of Proxy Vote

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

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

12.12 Form of Proxy

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

[name of company]

(the "Company")

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

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

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder printed]

12.13 Revocation of Proxy

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

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

12.14 Revocation of Proxy Must Be Signed

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

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

12.15 Production of Evidence of Authority to Vote

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

13. DIRECTORS

13.1 First Directors, Number of Directors

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

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

13.2 Change in Number of Directors

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

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

13.3 Directors' Acts Valid Despite Vacancy

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

13.4 Qualifications of Directors

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

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 dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

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

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

14.2 Consent to be a Director

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

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

14.3 Failure to Elect or Appoint Directors

If:

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

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

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

14.4 Places of Retiring Directors Not Filled

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

14.5 Directors May Fill Casual Vacancies

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

14.6 Remaining Directors Power to Act

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

14.7 Shareholders May Fill Vacancies

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

14.8 Additional Directors

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

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

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

14.9 Ceasing to be a Director

A director ceases to be a director when:

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

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by ordinary 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.

14.12 Nomination of Directors

- (1) Subject to the *Business Corporations Act*, if and for so long as the Company is a Public Company, only persons who are nominated in accordance with the procedures set out in this Article 14.12 shall be eligible for election as directors to the board of directors. Nominations of persons for

election to the board at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, may be made:

- (a) by or at the direction of the board, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a “proposal” made in accordance with Division 7 of the *Business Corporations Act* or a requisition of shareholders made in accordance with the provisions of the *Business Corporations Act*; or
 - (c) by any person entitled to vote at such a meeting (a “**Nominating Shareholder**”) (A) who is, at the close of business on the date of giving notice provided for below in this Article 14.12, and on the record date for notice of the meeting, either entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at the meeting or who beneficially owns shares that are entitled to be voted at the meeting; and (B) who complies with the notice procedures set forth below in this Article 14.12.
- (2) In addition to any other applicable requirement, for a nomination to be validly made by a Nominating Shareholder, the Nominating Shareholder must deliver notice (“**Notice**”) thereof that is both timely (in accordance with subparagraph (3) below) and in proper written form (in accordance with subparagraph (4) below) to the corporate secretary of the Company at the principal executive offices of the Company in accordance with subparagraph (6) below.
- (3) To be timely under this Article 14.12, the Nominating Shareholder’s Notice to the corporate secretary of the Company must be made:
- (a) in the case of an annual meeting of shareholders (including an annual and special meeting), not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting is made by the Company.
- (4) To be in proper written form, the Notice must set forth:
- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: the name, age, business, and residential address of the person; the principal occupation, business or employment for the preceding five years of the person; the class or series and number of shares of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of the Notice; (v) confirmation that the person meets the qualifications of directors set out in the *Business Corporations Act*; and (vi) any other information relating to the person that would be required to be disclosed in a dissident’s

proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and

- (b) as to the Nominating Shareholder giving the Notice, (i) the class or series and number of shares of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting of shareholders (if such date has been made publicly available and shall have occurred) and as of the date of such Notice; (ii) full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company; and (iii) any other information relating to the Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).
- (5) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of the proposed nominee.
 - (6) Notwithstanding any other provision of these Articles, any notice, or other document or information required to be given to the corporate secretary pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the corporate secretary for purposes of this Article 14.12), and shall be deemed to have been received and made only at the time it is served by personal delivery to the corporate secretary at the address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of the transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
 - (7) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12: provided, however, that nothing herein shall be deemed to preclude discussions by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
 - (8) For purposes of this Article 14.12:
 - (a) **"public announcement"** means disclosure in a press release disseminated by the Company through a national news service in Canada, or in a document filed by the Company for public access under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

- (b) **“Applicable Securities Laws”** means the Securities Act and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the provinces and territories of Canada.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

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

15.2 Notice of Meetings

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

15.3 Alternate for More than One Director Attending Meetings

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

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

15.4 Consent Resolutions

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

15.5 Alternate Director an Agent

Every alternate director is deemed to be the agent of his or her appointor.

15.6 Revocation or Amendment of Appointment of Alternate Director

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

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

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

16.3 Setting Remuneration of Auditor

The directors may set the remuneration of the Company's auditor from time to time without shareholder approval.

17. DISCLOSURE OF INTEREST 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 has a second or casting vote.

18.3 Chair of Meetings

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

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or

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

18.4 Meetings by Telephone or Other Communications Medium

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

18.5 Calling of Meetings

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

18.6 Notice of Meetings

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

18.7 When Notice Not Required

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

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

18.8 Meeting Valid Despite Failure to Give Notice

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

18.9 Waiver of Notice of Meetings

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

18.11 Validity of Acts Where Appointment Defective

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

18.12 Consent Resolutions in Writing

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

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

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. 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 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. COMMITTEES

19.1 Appointment and Powers of Executive Committee

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

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

19.2 Appointment and Powers of Other Committee

The directors may, by resolution:

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

19.3 Obligations of Committees

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

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

19.4 Powers of Board

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

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

19.5 Committee Meetings

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

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

20. OFFICERS

20.1 Directors May Appoint Officers

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

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

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

20.3 Qualifications

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

20.4 Remuneration and Terms of Appointment

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

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (1) “eligible party”, in relation to a company, means an individual who:
 - (a) is or was a director, alternate director or officer of the Company;
 - (b) is or was a director, alternate director or officer of another corporation
 - (i) at a time when the corporation is or was an affiliate of the Company, or
 - (ii) at the request of the Company; or
 - (c) at the request of the Company, is or was, or 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;

and includes, except in the definition of “eligible proceeding”, and s. 163(1)(c) and (d) and s. 165 of the *Business Corporations Act*, the heirs and personal or other legal representatives of that individual;

- (2) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (3) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which 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 or officer of, or holding or having held a position equivalent to that of a director, alternative director or officer of, the Company or an affiliate of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

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

21.2 Mandatory Indemnification of Eligible Parties

Subject to the *Business Corporations Act*, the Company must indemnify each eligible party 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 eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

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

21.4 Non-Compliance with *Business Corporations Act*

The failure of an eligible party to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

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

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

against any liability incurred by him or her as an eligible party.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

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

22.2 Declaration of Dividends

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

22.3 No Notice Required

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

22.4 Record Date

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

22.5 Manner of Paying Dividend

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

22.6 Settlement of Difficulties

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

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

22.7 When Dividend Payable

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

22.8 Dividends to be Paid in Accordance with Number of Shares

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

22.9 Receipt by Joint Shareholders

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

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

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

22.12 Payment of Dividends

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

23.1 Recording of Financial Affairs

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

23.2 Inspection of Accounting Records

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

24. NOTICES

24.1 Method of Giving Notice

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

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or
- (6) physical delivery to the intended recipient.

24.2 Deemed Receipt of Mailing

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

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

is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed;
and

- (4) made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in Article 24.1(5) is deemed to be received by a person on the date it was made available for public electronic access.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other person 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 the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Representative and Trustees

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

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

24.6 Undelivered Notice

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 the record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

25. SEAL

25.1 Who May Attest Seal

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

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

25.2 Sealing Copies

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

25.3 Mechanical Reproduction of Seal

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

25.4 Execution of Documents Generally

The Directors may from time to time by resolution appoint any one or more persons, officers or directors for the purpose of executing any instrument, document or agreement in the name of and on behalf of the Company for which the seal need not be affixed, and if no such person, officer or director is appointed, then any one officer or director of the Company may execute such instrument, document or agreement.

26. PROHIBITIONS

26.1 Definitions

In this Article 26:

- (1) **"designated security"** means:
 - (a) a voting security of the Company;
 - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
 - (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (2) **"security"** has the meaning assigned in the *Securities Act* (British Columbia);
- (3) **"voting security"** means a security of the Company that:
 - (a) is not a debt security; and
 - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

26.2 Application

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

26.3 Consent Required for Transfer of Shares or Designated Securities

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

Dated effective as of [Date].