



## INFORMATION CIRCULAR

### FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 4, 2018

This information is given as of April 6, 2018 unless otherwise noted.

#### PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of Russell Breweries Inc. (the “Company”) for use at the Annual and Special Meeting (the “Meeting”) of the shareholders of the Company, to be held on **Monday, June 4, 2018**, at the time and location and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

Except as noted below, the Company has distributed or made available for distribution, copies of the Notice, the Information Circular and form of proxy or voting instruction form (“VIF”) (if applicable) (the “Meeting Materials”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “Intermediaries”) for distribution to Beneficial Shareholders (as defined below) whose common shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Company is sending proxy-related materials directly to NOBOs (as defined below), through the services of its transfer agent and registrar, Computershare Investor Services Inc. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Company if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Company will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Company is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered shareholders or Beneficial Shareholders.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for such shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Company’s transfer agent and registrar, Computershare Investor Services Inc., Proxy Department, by fax within North America at 1-866-249-7775, outside North America at 416-263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof, or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered shareholder or his, her or its attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the shareholder or by such shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

- (i) at the registered office, Suite 2900 – 595 Burrard Street, Vancouver, BC, V7X 1J5, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof; or
- (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

### EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the common shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. The common shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted on, the common shares will be voted accordingly. **In the absence of such direction, where the management nominees are appointed as proxyholder, such common shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

### ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares, or non-objecting beneficial owners (“NOBOs”) whose names has been provided to the Company’s registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of shareholders who do not hold their common shares in their own name (referred to in this section as “Beneficial Shareholders”). If common shares are listed in an account statement provided to a shareholder by an Intermediary, then in almost all cases those common shares will not be registered in such shareholder’s name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder’s Intermediary or an agent of that Intermediary. In Canada, the vast majority of such common shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting common shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Company to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically mails the VIFs or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the VIFs or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or VIF from Broadridge cannot use that proxy to vote common shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their common shares in that capacity.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert his or her name (or the name of the person that the NOBO wants to attend and vote on the NOBO's behalf) in the space provided on the VIF and return it to the Company or its transfer agent. If the Company receives a written request that the NOBO or its nominee be appointed as proxyholder, if management is holding a proxy with respect to common shares beneficially owned by such NOBO, the Company will arrange, without expense to the NOBO, to appoint the NOBO or its nominee as proxyholder in respect of those common shares. Under NI 54-101, unless corporate law does not allow it, if the NOBO or its nominee is appointed as proxyholder by the Company in this manner, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. If the Company receives such instructions at least one business day before the deadline for submission of proxies, it is required to deposit the proxy within that deadline, in order to appoint the NOBO or its nominee as proxyholder. **If a NOBO requests that the NOBO or its nominee be appointed as proxyholder, the NOBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the NOBOs vote to be counted.**

**NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact their Intermediary to arrange to change their vote. NOBOs should carefully follow the instructions of their Intermediaries, including those regarding when and where to complete the VIF's that are to be returned to their Intermediaries.**

Should an objecting beneficial owner (an "OBO") wish to attend and vote at the Meeting in person, the OBO should insert his or her name (or the name of the person the OBO wants to attend and vote on the OBO's behalf) in the space provided for that purpose on the request for voting instructions form and return it to the OBO's Intermediary or send the Intermediary another written request that the OBO or its nominee be appointed as proxyholder. The Intermediary is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as proxyholder in respect of the OBO's common shares. Under NI 54-101, unless corporate law does not allow it, if the Intermediary makes an appointment in this manner, the OBO or its nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the Intermediary (who is the registered shareholder) in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. An Intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint the OBO or its nominee as proxyholder. **If an OBO requests that an Intermediary appoint the OBO or its nominee as proxyholder, the OBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the OBOs vote to be counted.**

**OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered. Only registered shareholders have the right to revoke a proxy. OBOs who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.**

Shareholders with questions respecting the voting of shares held through an Intermediary should contact that Intermediary for assistance.

All references to shareholders in this Information Circular and the accompanying form of proxy and Notice are to shareholders of record unless specifically stated otherwise.

#### **NOTE TO NON-OBJECTING BENEFICIAL OWNERS**

The Meeting Materials are being sent to both registered shareholders and NOBOs. If you are a NOBO, and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of common shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of common shares without par value.

The Company has fixed the close of business on April 6, 2018 as the record date (the “Record Date”) for the purposes of determining shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 87,083,788 common shares were issued and outstanding. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each common share of which he, she or it is the holder. The Company has no other classes of voting securities.

To the knowledge of the directors and senior officers of the Company, as of the Record Date, no person or company beneficially owns, directly or indirectly or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company except for W. Hugh Notman holding directly or indirectly in aggregate 13,708,900 common shares representing approximately 15.74% of the Company’s issued and outstanding common shares.

The above information was provided by management of the Company and the Company’s registrar and transfer agent as of the Record Date.

## QUORUM AND VOTES NECESSARY TO PASS RESOLUTIONS

Under the Company’s Articles, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 10% of the issued common shares entitled to be voted at the Meeting. A simple majority of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required in order to pass an ordinary resolution. A majority of two-thirds of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required to pass a special resolution.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, save and except for those matters pertaining to the election of directors and stock option plan.

## STATEMENT OF EXECUTIVE COMPENSATION

For the purpose of this Information Circular:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) the Company’s most highly compensated executive officers, including any of the Company’s subsidiaries, or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the financial years ended June 30, 2016 and June 30, 2017, the Company had two Named Executive Officers: (i) Benjamin Li Yu, CEO; and (ii) Kwong Choo, CFO (to November 28, 2016).

*All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.*

### **Oversight and Description of Director and Named Executive Officer Compensation**

The former directors received annual fees for their acting as directors, and were reimbursed for out-of-pocket expenses incurred on our behalf or in providing services as a director for the Company. Current directors do not receive any fees for acting as directors.

See “Table of Compensation excluding Compensation Securities” below for details of the payments made to the directors and Name Executive Officers for the financial years ended June 30, 2016 and 2017.

### **Director and Named Executive Officer Compensation**

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long term compensation for services paid to or earned by each NEO and director for the two most recently completed financial years ended June 30, 2017, excluding compensation securities.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Benjamin Li Yu<sup>1</sup></b> <i>CEO &amp; Director</i>	2017	\$106,801	nil	nil	nil	nil	\$106,801
	2016	\$112,500	nil	nil	nil	\$14,500	\$127,000
<b>Kwong Choo<sup>2</sup></b> <i>CFO</i>	2017	\$71,715	nil	nil	nil	nil	\$71,715
	2016	\$112,108	\$10,300	nil	nil	\$15,463	\$137,871
<b>Derrick Dongbing Ma<sup>3</sup></b> <i>Former Director</i>	2017	\$9,077	nil	nil	nil	nil	\$9,077
	2016	\$12,000	nil	nil	nil	\$737	\$12,737
<b>Peter H. Stafford<sup>3</sup></b> <i>Former Director</i>	2017	\$9,077	nil	nil	nil	nil	\$9,077
	2016	\$12,000	nil	nil	nil	\$316	\$12,316
<b>Alnesh Mohan<sup>4</sup></b> <i>Former Director</i>	2017	\$9,000	nil	nil	nil	n/a	\$9,000
	2016	\$10,154	nil	nil	nil	\$623	\$10,777
<b>Sanjeev Parsad<sup>4</sup></b> <i>Former Director</i>	2017	\$9,000	nil	nil	nil	n/a	\$9,000
	2016	\$10,154	nil	nil	nil	\$623	\$10,777

1. Mr. Yu ceased to be a director of the Company on March 19, 2018. Amounts were paid to Suntech PV Technologies Inc., a private company controlled by Mr. Yu.
2. Kwong Choo resigned as CFO of the Company on November 28, 2016.
3. Each of Derrick Ma and Peter Stafford resigned as a director of the Company on March 19, 2018.
4. Each of Alnesh Mohan and Sanjeev Parsad resigned as a director of the Company on February 5, 2018.

### **Stock Options and Other Compensation Securities**

The only compensation securities available to be issued or granted by the Company to its directors and NEOs during the financial year ended June 30, 2017 were incentive stock options under the Company’s stock option plan. During that year, the Company did not grant any stock options to its directors or NEOs for services provided or to be provided, directly or indirectly, to the Company.

During the financial year ended June 30, 2017, no incentive stock options were amended or exercised by any NEO or director.

As of June 30, 2017 there were an aggregate of 3,600,000 options outstanding, exercisable at \$0.07 per share until July 9, 2019. On January 26, 2018, the Company distributed \$0.015 per option to the holders of options at that time (calculated as \$0.035 (the amount of cash being distributed to shareholders on that date, on a per share basis), \$0.02 (being the \$0.07 exercise price less the first distribution of \$0.05 per share effected in April 2017). Due to the resignation of all former officers and directors, it is expected all of the options will expire, unexercised.

### **Stock Option Plans and Other Incentive Plans**

The Company presently has in place a rolling stock option plan (the “Plan”) whereby the Company is authorized to grant stock options of up to 10% of its issued and outstanding shares. The maximum number of shares in the capital of the Company currently authorized for issuance under the Plan is 8,708,378 common shares. The purpose of the Plan is to attract and motivate directors, officers, employees and consultants of the Company and thereby advance the Company’s interests by affording such person an opportunity to acquire an equity interest in the Company through the stock options.

The Company will be seeking shareholder approval at the Meeting to adopt a new stock option plan. See “Particulars of Matters to be Acted Upon – New Stock Option Plan” below.

The Company has no other plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

### **Employment, consulting and management agreements**

There were no agreements or arrangements in place under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the company that were:

- (a) performed by a director or named executive officer, or
- (b) performed by any other party but are services typically provided by a director or a named executive officer, other than:
  - (i) Benjamin Yu provided services as CEO pursuant to a management contract which provided for (A) payment of a salary, (B) automatic vesting of his options in the event of a change of control, and (C) benefits in the event of his termination;
  - (ii) the grant of options under the Plan, and
  - (iii) the reimbursement of expenses any director or NEO may have incurred on behalf of the Company.

In particular, there were no agreements or arrangement containing provisions with respect to change of control, severance, termination or constructive dismissal.

### **Pension Benefits**

The Company does not have a pension plan that provides for payments or benefits to a director or NEO.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information regarding the number of common shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Stock Option Plan as at June 30, 2017:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options #	Weighted-average exercise price of outstanding options \$	Number of Common Shares remaining available for future issuance under equity compensation plans #
Equity compensation plans approved by security holders	3,600,000	\$0.07	5,108,378 <sup>1</sup>
Equity compensation plans not approved by security holders	n/a	n/a	n/a
<b>Total</b>	3,600,000	n/a	5,108,378

1. Based on 87,083,788 shares outstanding as of June 30, 2017.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

- (a) indebted to the Company; or
- (b) indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

other than routine indebtedness.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The term “informed person” as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction or in any proposed transaction during the 2017 financial year which has materially affected or will materially affect the Company or any of its subsidiaries.

### AUDIT COMMITTEE

Pursuant to the provisions of section 224 of the *Business Corporations Act* of British Columbia, the Company is required to have an Audit Committee comprised of at least three directors, the majority of which must not be officers or employees of the Company.

The Company must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* (“NI 52-110”), have a written charter, which sets out the duties and responsibilities of its audit committee. In providing the disclosure herein, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers. A copy of the Company’s Audit Committee Charter is set out in Schedule “A” hereto.

### Composition of the Audit Committee

The Company's Audit Committee is composed of:

Hugh Notman	Non-Independent <sup>1</sup>	Financially literate <sup>1</sup>
Martin Burian	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Norman Yurik	Independent <sup>1</sup>	Financially literate <sup>1</sup>

1. As defined by NI 52-110.

### Relevant Education and Experience

In addition to each member's general business experience, each of the Audit Committee members has the ability to read and understand financial statements and held director and/or officer positions with other reporting issuers in the mineral exploration and mining sector where he has been actively involved in financing and fundraising activities.

Each of the Company's Audit Committee members has been a director or officer of several Canadian public companies and as a director has been responsible for approving financial statements. See "Directorships" and "Election of Directors" below.

### Audit Committee Oversight

At no time since the commencement of the Company's most recent completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>1</sup>	Tax Fees <sup>2</sup>	All Other Fees <sup>3</sup>
2017	\$112,000	nil	\$15,000	nil
2016	\$110,000	nil	\$13,350	\$4,500

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies.



These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### **Board of Directors**

The Board is currently composed of three directors, namely Hugh Notman, Martin Burian, and Norm Yurik, who will be standing for re-election as a director at the Meeting.

NI 58-101 suggests that the Board of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NP 58-101 suggests that the Board should include a number of directors who do not have interests in either the company or the significant shareholder. All of the proposed nominees are considered by the Board to be “independent” within the meaning of NP 58-101.

The independent directors exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the financial year ended June 30, 2017.

### **Directorships**

The following nominees as directors of the Company also serve as directors of other reporting issuers:

<b>Director</b>	<b>Other Reporting Issuer(s)</b>	<b>Exchange</b>
Hugh Notman	SMC Ventures Inc., Percy Street Capital Corporation	TSX Venture Exchange TSX Venture Exchange
Martin Burian	Assure Holdings Ltd., Elysee Development Corp., Canarc Resource Corp., Ynvisible Interactive Inc., Canvass Ventures Ltd.	TSX Venture Exchange TSX Venture Exchange Toronto Stock Exchange TSX Venture Exchange TSX Venture Exchange
Norm Yurik	Bayswater Uranium Corp.	TSX Venture Exchange

### **Orientation and Continuing Education**

New directors are briefed on the Company’s overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. There is no formal orientation for new members of the Board. This is considered to be appropriate, given the Company’s size and current level of operations, the ongoing interaction amongst the directors and the low director turn-over. However, if the growth of the Company’s operations warrants it, it is possible that a formal orientation process would be implemented.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and

individually, extensive experience in running and managing public companies, particularly in the natural resource sector. Board members are encouraged to communicate with management and auditors to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. The directors are advised that, if a director believes that it would be appropriate to attend any continuing education event for corporate directors, the Company will pay for the cost thereof. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Board.

### **Ethical Business Conduct**

The Board has not adopted a written Code of Ethical Conduct for its directors, officers and employees at this time. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates in the best interests of the Company and its shareholders.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the *British Columbia Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### **Nomination of Directors**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve. As the Company progresses as a business enterprise, the Board will consider its size on an annual basis when it considers the number of directors to recommend to shareholders for election at annual general meetings, taking into account the number required to carry out the Board's duties effectively and to maintain diversity of view and experience.

### **Board Committees**

The Company currently has only an Audit Committee in place.

### **Assessments**

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of any individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted. See "Statement of Executive Compensation - Employment, consulting and management agreements".

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. Election of Directors

Management is nominating three individuals to stand for election as directors.

The directors of the Company are elected annually and hold office until the next annual general meeting of the Shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by Management will be voted for the nominees listed in this Information Circular. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Province/State and Country of Residence and Other Positions, if any, held with the Company	Date First Became a Director	Principal Occupation	Number of Shares <sup>1</sup>
<b>Hugh Notman<sup>2</sup></b> British Columbia, Canada <i>Director</i>	March 19, 2018	Managing Director at CCC Investment Banking from 2014 to present; Managing Partner at Stirling Mercantile Corporation from 1999 to 2014	13,708,900
<b>Martin Burian<sup>2</sup></b> British Columbia, Canada <i>Director</i>	March 19, 2018	Managing Director of Investment Banking at RCI Capital Group. Managing Director of Investment Banking at Haywood Securities Inc. from 2010 to 2013. President of Bolder Investment Partners from 2009 until its merger with Haywood Securities Inc. in 2010.	nil
<b>Norm Yurik<sup>2</sup></b> British Columbia, Canada <i>Director</i>	March 19, 2018	Retired tax partner from Deloitte LLP, where he worked for the past 38 years.	nil

- Information as to voting shares beneficially owned or controlled, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- Proposed member of Audit Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

The following is a brief description of the work experience of each of the proposed directors:

#### **HUGH NOTMAN,**

Mr. Notman is a managing director at CCC Investment Banking. He joined CCC in 2014 when CCC joined forces with Stirling Mercantile of Vancouver. He has been in corporate finance for over 20 years, and involved in more than 50 successful transactions. His experience includes mergers and acquisitions, divestitures, recapitalizations, as well as debt and equity financings and fairness opinions. Mr. Notman has worked with clients in a range of

industries including healthcare, agriculture, food and beverage, manufacturing, forestry and building products, information technology, business services and ‘cleantech’ among others.

His career includes 16 years in the securities industry prior to joining PricewaterhouseCoopers LLP as a Vice President – Corporate Finance and Investment Banking group. He currently is a director of SMC Ventures Inc. and Percy Street Capital Corporation, which is conducting a qualifying transaction. In addition, he serves on the non-profit boards of the University of British Columbia Thunderbird Golf Society and the Bishop’s College School Foundation. Mr. Notman is a past president and director of the Association for Corporate Growth, Vancouver Chapter and holds the ICD.D designation from the Institute of Corporate Directors.

#### **MARTIN BURIAN**

Mr. Burian is a Chartered Professional Accountant and Chartered Business Valuator with over 20 years of investment banking experience. He is currently Managing Director of Investment Banking at RCI Capital Group and from 2010 until 2013 Mr. Burian was the Managing Director of Investment Banking at Haywood Securities Inc. Prior to this position, Mr. Burian served as President of Bolder Investment Partners from 2009 until its merger with Haywood Securities Inc. in 2010.

Currently, Mr. Burian is a director of several publicly traded companies. He is a Director Assure Holdings Ltd. a medical company trading on the TSXV; Elysee Development Corp., an investment issuer traded on the Exchange, and Canarc Resource Corp. a resource issuer listed on the Toronto Stock Exchange, Ynvisible Interactive Inc. a technology issuer, and Canvass Ventures Ltd., a CPC that is conducting a qualifying transaction with a technology company. Mr. Burian holds both the Chartered Professional Accountant and the Chartered Business Valuation designations, which he obtained while at KPMG LLP. Prior to obtaining these designations, Mr. Burian obtained a Bachelor of Commerce from the University of British Columbia.

#### **NORMAN R. YURIK**

Mr. Yurik recently retired as a tax partner at Deloitte LLP, where he worked for the past 38 years as a tax partner in the Vancouver office. Mr. Yurik obtained a Bachelor of Commerce from the University of British Columbia and subsequently obtained his CA designation.

Mr Yurik led the Merger and Acquisition Group in British Columbia the past 20 years and was responsible for both tax planning and structuring and client service for some of Deloitte’s most significant clients in Vancouver.

Mr Yurik has extensive experience working with public companies, family offices and high net worth individuals. He has worked in jurisdictions such as the US, UK, Australia, Barbados, Africa, Luxembourg, Jersey Islands plus various other countries. He has served on various Institute Boards and Charitable Boards over the past 20 years.

#### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

Except as disclosed below, no proposed director is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.
- Mr. Notman was a director of SMC Ventures Inc. when that company was the subject of an order (the “SEC Order”) issued by the United States Securities and Exchange Commission (the “SEC”) instituting administrative proceedings against the company for being delinquent in its periodic filings with the SEC. Because the company had sold its U.S. operating assets in 2003, prior to Mr. Notman becoming a director, the company declined the opportunity to file an answer to the SEC Order. Instead, the company consented to have its registration with the SEC revoked.

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

Other than as stated below, no proposed director:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while such person was acting in such capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or
  - (b) has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.
- Mr. Notman resigned from the board of directors of Aztech Innovations Inc. on April 25, 2011. Aztech Innovations Inc. filed an assignment into bankruptcy on February 1, 2012.

Except as disclosed herein, no proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

## **B. Appointment of Auditor**

### ***Appointment of Auditor***

Management proposes to nominate Manning Elliott LLP, Chartered Professional Accountants, as the Company’s auditors for the ensuing year. Accordingly, unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Manning Elliott LLP as auditors of the Company for the financial year ending June 30, 2018 and to authorize the directors to fix the auditors’ remuneration.

## **C. Adoption of New Articles**

Presently the Company’s Articles do not allow for or adequately deal with recent advances and changes in corporate policy. This includes providing for use of the Notice and Access provisions, advance notice provisions for matters pertaining to shareholder meetings, and abilities of the directors to effect certain changes to the capital structure of the Company. As such, it is considered prudent to adopt updated Articles, in the form set forth in Schedule “B” hereto.

One of the notable changes is the advance notice provisions whereby (i) director nominations can be made by shareholders other than through the requisition of a meeting or a shareholder proposal, and (ii) for any other business to be considered at a shareholders’ meeting; in each case in accordance with the *Business Corporations Act* (British Columbia). Among other things, these advance notice provisions fix a deadline by which shareholders must both notify the Company of director nominations and provide information about the proposed nominee as one would have to include in a dissident proxy circular. The Company believes that these advance notice provisions are in the best interests of the Company as they will ensure that an orderly nomination process is observed and that

shareholders are well-informed about director nominees in advance of Shareholder meetings. Please see section 14.12 of the Company's proposed Articles in Schedule "B" hereto.

Shareholders will be asked at the Meeting to consider and, if thought fit, adopt the new Articles, by way of a special resolution, in substantially the following form:

"BE IT RESOLVED as a special resolution of the Shareholders of the Company, that:

1. the Articles of the Company be altered by deleting the existing Articles in their entirety and adopting new Articles in the form as set forth in Schedule "B" to that Information Circular dated April 6, 2018;
2. the Company be authorized to revoke this special resolution and abandon or terminate the adoption of new Articles if the board of directors of the Company deems it appropriate and in the best interests of the Company to do so without further confirmation, ratification or approval of the shareholders; and
3. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including a Notice of Alteration, as may be required to give effect to the true intent of this resolution."

Approval of the above special resolution will require approval by a majority of not less than two-thirds of the votes cast in person or by proxy on the matter at the Meeting. **The Board recommends that Shareholders vote "For" the special resolution to amend the Company's Articles.** Unless otherwise instructed, the persons named in the enclosed form of Proxy will vote "IN FAVOUR" of the above special resolution.

#### **D. New Stock Option Plan**

The Company's current stock option plan has not been amended since 2014. The new board of directors wish to adopt a new 10% "rolling" stock option plan (the "New Plan"). The directors are of the view that it is in the best interests of the Company to implement the New Plan, which will enable the directors to grant options to directors, officers, employees and other service providers as a means of rewarding positive performance and providing incentive to effectively manage the affairs of the Company. Any options outstanding under the current plan will continue until their expiry.

The following information is intended as a brief description of the New Plan and is qualified in its entirety by the full text of the New Plan, a copy of which is attached as Schedule "C" to this Information Circular.

#### ***Material Terms of the New Plan***

The New Plan will provide that the terms of the options and the option price may be fixed by the Board subject to the price restrictions and other requirements of the TSXV. The New Plan will also provide that no option may be granted to any person except upon the recommendation of the Board, and only directors, officers, employees, consultants and other key personnel of the Company or any subsidiary may receive options. Options granted under the New Plan may not be exercisable for a period longer than ten years and the exercise price must be paid in full upon exercise of the option.

The New Plan is subject to the additional following restrictions:

- (a) if any option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares in respect of which the option expired or terminated shall again be available for the purposes of the New Plan;
- (b) if an option holder dies, any vested option held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;

- (c) if an option holder ceases to be a director, officer or employed by or provide services to the Company, other than by reason of death, the options granted will expire on the 90th day following the date the option holder ceases to be affiliated with the Company, subject to any regulatory requirements;
- (d) Options granted to directors, employees or consultants will vest when granted unless determined by the Board on a case by case basis, other than options granted to consultants performing investor relations activities, which will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period;
- (e) the New Plan will be administered by the Board who will have the full authority and sole discretion to grant options under the New Plan to any eligible party, including themselves;
- (f) Options granted under the New Plan shall not be assignable or transferable by an option holder; and
- (g) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the New Plan with respect to all common shares under the New Plan in respect of options which have not yet been granted under the New Plan, subject to regulatory approval.

A four month hold period (commencing on the date the stock options are granted) is required for options granted to insiders of the Company or granted at any discount to the Market Price (as defined in TSXV Policy 1.1). Notice of options granted under the New Plan must be given to the TSXV at the end of each calendar month in which stock options are granted. Any amendments to the New Plan must also be approved by the TSXV and, if necessary, by the shareholders of the Company prior to becoming effective.

### **Resolution**

Shareholders will be asked at the Meeting to consider and, if thought fit, pass an ordinary resolution in substantially the following form:

“RESOLVED, as an ordinary resolution, that the Company’s new 10% rolling stock option plan, in the form as set forth in Schedule “C” to that Information Circular dated February 20, 2018, be and is hereby ratified, confirmed and approved.”

An ordinary resolution is a resolution passed by the Shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

Disinterested shareholder approval of the foregoing resolution is not required because the New Plan cannot result at any time in: (i) the number of common shares reserved for issuance under stock options granted to insiders exceeding 10% of the issued common shares; (ii) the grant to insiders, within a 12 month period, of a number of options exceeding 10% of the issued common shares; or (iii) the issuance to any one optionee, within a 12 month period, of a number of common shares exceeding 5% of the issued common shares.

The Board considers that the ability to grant incentive stock options is an important component of its compensation strategy and is necessary to enable the Company to attract and retain qualified directors, officers, employees and consultants. **The Board therefore recommends that Shareholders vote “For” the resolution approving the Company’s New Plan.** Unless otherwise instructed, the persons named in the enclosed form of Proxy will vote “IN FAVOUR” of the above resolution. The New Plan is also subject to receipt of TSXV acceptance to its filing.

### **OTHER MATTERS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under “Company Profiles – Russell Breweries Inc.”. The Company’s audited financial

statements and management discussion and analysis (“MD&A”) for the financial years ended June 30, 2016 and June 30, 2017 will be available for review under the Company’s profile on SEDAR as soon as finalized. Shareholders may contact the Company to request copies of the financial statements and MD&A by mail to Owen Bird Law Corporation, Vancouver, BC, V7X 1J5 to the attention of Jeff Lightfoot.

#### **BOARD APPROVAL**

The contents of this Information Circular have been approved and its mailing authorized by the directors of the Company.

**DATED** at Vancouver, British Columbia, this 6<sup>th</sup> day of April, 2018.

**ON BEHALF OF THE BOARD  
OF RUSSELL BREWERIES INC.**

*“Hugh Notman”*

Hugh Notman  
Director



## **SCHEDULE “A”**

### **RUSSELL BREWERIES INC.**

## **AUDIT COMMITTEE CHARTER**

### **A. OVERVIEW AND PURPOSE**

The Audit Committee of Russell Breweries Inc. (the “Company”) has been formed to enable the Board of Directors of the Company to perform its obligations with respect to compliance with applicable securities laws and the rules of the TSX Venture Exchange.

The Audit Committee is responsible to the Board of Directors of the Company. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to:

- (a) disclosure of financial and related information;
- (b) the relationship with and expectations of the external auditors of the Company, including the establishment of the independence of the external auditors;
- (c) the oversight of the Company’s internal controls; and
- (d) any other matters that the Audit Committee feels are important to its mandate or that the Board of Directors of the Company chooses to delegate to it.

The Audit Committee will approve, monitor, evaluate, advise or make recommendations in accordance with this Charter, with respect to the matters set out above.

### **B. ORGANIZATION**

#### **1. Size and Membership Criteria**

The Audit Committee will consist of three or more Directors of the Company.

A majority of the members of the Audit Committee must be independent of management and free from any interest, business or other relationship, other than interests and relationships arising from holding common shares of the Company or other securities which are exchangeable into common shares of the Company, which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the Company.

All members of the Audit Committee should be financially literate and be able to read and understand basic financial statements. At least one member of the Audit Committee must have accounting or related financial expertise and should be able to analyze and interpret a full set of financial statements, including notes, in accordance with generally accepted accounting principles.

#### **2. Appointment and Vacancies**

The members of the Audit Committee are appointed or reappointed by the Board of Directors following each annual meeting of the shareholders of the Company. Each member of the Audit Committee will continue to be a member of the Audit Committee until his or her successor is appointed unless he or she resigns or is removed by the Board of Directors of the Company or ceases to be a Director of the Company. Where a vacancy occurs at any time in the membership of the Audit Committee the Board of Directors of the Company may appoint a qualified individual to fill such vacancy and must appoint a qualified individual if the membership of the Audit Committee is less than three Directors as a result of any such vacancy.

## **C. MEETINGS**

### **1. Frequency**

The Audit Committee will meet at least four times per year on a quarterly basis, or more frequently as circumstances require. In addition, the Audit Committee may also meet at least once per year with management and the external auditors of the Company in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately.

### **2. Chair**

The Board of Directors of the Company or, in the event of its failure to do so, the members of the Audit Committee, will appoint a Chair from amongst their number. If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the Chair of the meeting will be chosen by the Audit Committee from among the members present.

The Audit Committee will also appoint a secretary who need not be a Director of the Company.

### **3. Time and Place of Meetings**

The time and place of meetings of the Audit Committee and the procedure at such meetings will be determined from time to time by the members of the Audit Committee, provided that:

- (a) a quorum for meetings of the Audit Committee will be two members present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, and
- (b) notice of the time and place of every meeting will be given in writing or facsimile to each member of the Audit Committee, the internal auditors, the external auditors and the corporate secretary of the Company at least 24 hours prior to the time fixed for such meeting.

Any person entitled to notice of a meeting of the Audit Committee may waive such notice (and attendance at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called).

A meeting of the Audit Committee may be called by the corporate secretary of the Company on the direction of the Chief Executive Officer of the Company, by any member of the Audit Committee or the external auditors. Notwithstanding the foregoing, the Audit Committee will at all times have the right to determine who will and will not be present at any part of the meeting of the Audit Committee.

### **4. Agenda**

The Chairman will ensure that the agenda for each upcoming meeting of the Audit Committee is circulated to each member of the Audit Committee as well as each of the external auditors and corporate secretary of the Company in advance of the meeting of the Audit Committee not later than three business days prior to each meeting.

### **5. Resources**

The Audit Committee will have the authority to retain independent legal, accounting and other consultants to advise the Audit Committee, and to set the pay and compensation for such consultants. The Audit Committee may request any officer or employee of the Company or its subsidiaries or the legal counsel to the Company or the external auditors of the Company to attend any meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

## **D. DUTIES AND RESPONSIBILITIES**

The Board of Directors of the Company has delegated the following duties and responsibilities to the Audit Committee, and the Audit Committee shall have the sole authority and responsibility to carry out such duties and responsibilities.

### **1. Review and Reporting Procedures**

The Audit Committee will make regular reports to the Board of Directors of the Company. The Audit Committee will review and re-assess the Audit Committee Charter on an annual basis and make recommendations for changes to this Charter. The Audit Committee will also periodically perform a self-assessment of its performance against its mandate.

### **2. Financial Reporting**

The Audit Committee will review and discuss with management, the internal auditors (as applicable) and the external auditors of the Company the following financial statements and related information prior to filing or public dissemination:

- (a) annual audited financial statements of the Company, including notes;
- (b) interim financial statements of the Company;
- (c) management discussion and analysis (“MD&A”) relating to each of the annual audited financial statements and the interim financial statements of the Company;
- (d) news releases and material change reports announcing annual or interim financial results or otherwise disclosing the financial performance of the Company, including the use of non-GAAP earnings measures;
- (e) the annual report of the Company;
- (f) all financial-related disclosure to be included in management proxy circulars of the Company in connection with meetings of shareholders; and
- (g) all financial-related disclosure to be included in or incorporated by reference into any prospectus or other offering documents that may be prepared by the Company.

As part of this review process, the Audit Committee will meet with the external auditors without management present to receive input from the external auditors with respect to the acceptability and quality of the relevant financial information.

The Audit Committee will also review the following items in relation to the above listed documents:

- (a) significant accounting and reporting issues or plans to change accounting practices or policies and the financial impact thereof;
- (b) any significant or unusual transactions;
- (c) significant management estimates and judgments; and
- (d) monthly financial statements.

Following the review by the Audit Committee of the documents set out above, the Audit Committee will recommend to the Board of Directors that such documents be approved by the Board of Directors and filed with all applicable securities regulatory bodies and/or be sent to shareholders.

### **3. External Auditors**

The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the external auditors of the Company (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing its audit report or performing other audit review or attest services. As a result, the Audit Committee will review and recommend the appointment of the external auditors and the remuneration of the external auditors.

The Audit Committee will review on an annual basis the performance of the external auditors of the Company. The Audit Committee will discuss with the external auditors any disclosed relationships or non-audit services that the external auditors propose to provide to the Company or any of its subsidiaries that may impact the objectivity and independence of the external auditors in order to satisfy itself of the independence of the external auditors. In addition, the Audit Committee will review on an annual basis the scope and plan of the work to be done by the external auditors of the Company for the coming financial year.

Prior to the release of the annual financial statements of the Company, the Audit Committee will discuss certain matters required to be communicated to the Audit Committee by the external auditors in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants. The Committee will also consider the external auditors' judgment about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.

### **4. Legal and Compliance**

The Audit Committee is responsible for reviewing with management of the Company the following:

- (a) any off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company and its subsidiaries which would have a material current or future effect on the financial condition of the Company;
- (b) major risk exposures facing the Company and the steps that management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies;
- (c) any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and its subsidiaries and the manner in which these matters have been disclosed in the financial statements; and
- (d) the quarterly and annual certificates of the Chief Executive Officer and the Chief Financial Officer of the Company certifying the Company's quarterly and annual financial filings.

### **5. Internal Controls**

The Audit Committee is responsible for reviewing the adequacy of the Company's internal control structures and procedures designed to ensure compliance with applicable laws and regulations.

The Audit Committee is responsible for establishing procedures for the following:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees or consultants of the Company of concerns regarding questionable accounting or auditing matters.

The Audit Committee will review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors. The Audit Committee will also review the letters from the external auditors of the Company outlining the material weaknesses in internal controls noted from their audit, including relevant drafts of such letters.

**SCHEDULE “B”**

**NEW ARTICLES**

**ARTICLES**  
**OF**  
**RUSSELL BREWERIES INC.**

Incorporation Number: **BC0603845**

(the “**Company**”)

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## PART 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. “legal personal representative” means the personal or other legal representative of the shareholder;
4. “Notice of Articles” means the notice of articles for the Company contained in the Company’s incorporation application, as amended from time to time;
5. “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register; and
6. “seal” means the seal of the Company, if any.

### 1.2 BUSINESS CORPORATIONS ACT AND INTERPRETATION ACT DEFINITIONS APPLICABLE

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act* (British Columbia), 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* (British Columbia) relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## PART 2 – SHARES AND SHARE CERTIFICATES

### 2.1 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 as the same may be amended from time to time.

### 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

A share issued by the Company may be represented by a share certificate or may be an uncertificated (electronic or book based) share. Each shareholder is entitled, without charge, to either (a) one physical 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 (such as a direct registration statement), provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders’ duly authorized agents will be sufficient delivery to all. Shares may be issued in book or electronic form. The directors of the Company may, by resolution,

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

#### **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 acknowledgment 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 ACKNOWLEDGMENT**

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

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 determined by the directors, if any, which must not exceed the amount prescribed under the *Business Corporations Act*.

#### **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.

## **PART 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, if any.

### **3.2 COMMISSIONS AND DISCOUNTS**

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

### **3.3 BROKERAGE**

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

### **3.4 CONDITIONS OF ISSUE**

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

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;
  - c) money; and
2. the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### **3.5 SHARE PURCHASE WARRANTS AND RIGHTS**

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

## **PART 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.

# **PART 5 – SHARE TRANSFERS**

## **5.1 REGISTERING TRANSFERS**

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

1. a duly signed instrument of transfer in respect of the share has been received by the Company;
2. if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
3. if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

## **5.2 FORM OF INSTRUMENT OF TRANSFER**

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

## **5.3 TRANSFEROR REMAINS SHAREHOLDER**

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

## **5.4 SIGNING OF INSTRUMENT OF TRANSFER**

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

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, in relation to the registration of any transfer, the amount, if any, determined by the directors.

## **PART 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.

## **PART 7 – PURCHASE OF SHARES**

### **7.1 COMPANY AUTHORIZED TO PURCHASE SHARES**

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

### **7.2 PURCHASE WHEN INSOLVENT**

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

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 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.

## **PART 8 – BORROWING POWERS**

### **8.1 COMPANY AUTHORIZED TO BORROW**

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.

## **PART 9 – ALTERATIONS**

### **9.1 ALTERATION OF AUTHORIZED SHARE STRUCTURE**

Subject to Article 9.2, the *Business Corporations Act*, and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' 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. subdivide or consolidate all or any of its unissued, or fully paid and issued, shares;
4. if the Company is authorized to issue shares of a class of shares with par value:
  - a) decrease the par value of those shares; or
  - b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
5. 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;
6. alter the identifying name of any of its shares; or
7. otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

### **9.2 SPECIAL RIGHTS AND RESTRICTIONS**

Subject to the *Business Corporations Act* and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' 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.



### **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 subject to any other regulatory or stock exchange requirements applicable to the Company.

### **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 directors' resolution alter these Articles subject to any other regulatory or stock exchange requirements applicable to the Company.

## **PART 10 – MEETINGS OF SHAREHOLDERS**

### **10.1 ANNUAL GENERAL MEETINGS**

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

### **10.2 RESOLUTION INSTEAD OF ANNUAL GENERAL MEETING**

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

### **10.3 CALLING OF MEETINGS OF SHAREHOLDERS**

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

### **10.4 MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS**

A meeting of the Company's shareholders may be held entirely or in part by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if approved by directors' resolution prior to the meeting and subject to the *Business Corporations Act*. Any person participating in a meeting by such means is deemed to be present at the meeting.

### **10.5 NOTICE FOR MEETINGS OF SHAREHOLDERS**

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

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.

## 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.

## 10.10 NOTICE OF SPECIAL BUSINESS

1. In addition to any other requirements under applicable laws, for a shareholder to put forward a motion at a meeting of shareholders for any other business not being put forward for consideration by management (the "**Motioning Shareholder**"), the Motioning Shareholder must have given prior notice thereof that is both timely (in accordance with paragraph 2 below) and in proper written form (in accordance with paragraph 3 below) to the Secretary of the Company at the principal executive offices of the Company.
2. To be timely, a Motioning Shareholder's notice to the Secretary of the Company must be made:

- a) in the case of an annual meeting of shareholders, 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 to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Motioning Shareholder may be made not later than the close of business on the tenth day following the Notice Date; and
- b) in the case of a special meeting (which is not also an annual meeting) of shareholders, not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

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

- 3. To be in proper written form, a Motioning Shareholder’s notice to the Secretary of the Company must set forth particulars of:
  - a) the specific matter and motion intended to be put forward by the Motioning Shareholder and such information relating to the motion that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for holding a shareholders’ meeting pursuant to the Act and Applicable Securities Laws (as defined below); and
  - b) the Motioning Shareholder, including full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Motioning Shareholder has a right to vote or direct the voting of any Common Shares of the Company and any other information relating to such Motioning Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).
- 4. The provisions of sections 14.12(5), (6), (7) and (8) apply equally in this Article 10.10.

## **PART 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;

- 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 two-thirds ( $\frac{2}{3}$ ) of the votes cast on the resolution.

## **11.3 QUORUM**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more 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**

The directors, the chief executive officer (if any), the president (if any), the chief financial officer (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 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. the chief executive officer, if any; or
3. the president, if any.

## **11.10 SELECTION OF ALTERNATE CHAIR**

If, at any meeting of shareholders, there is no chair of the board, chief executive officer or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board, chief executive officer and the president are unwilling to act as chair of the meeting, or if the chair of the board, chief executive officer 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 Company's solicitor to be chair of the meeting failing which the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

## **11.11 ADJOURNMENTS**

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

## **11.12 NOTICE OF ADJOURNED MEETING**

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

## **11.13 DECISIONS BY SHOW OF HANDS OR POLL**

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

## **11.14 DECLARATION OF RESULT**

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

## **11.15 MOTION NEED NOT BE SECONDED**

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

## **11.16 CASTING VOTE**

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

**11.17 MANNER OF TAKING POLL**

Subject to Article 11.18, 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.

**PART 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, either personally or by proxy, in respect of the share 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, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

## **12.4 LEGAL PERSONAL REPRESENTATIVES AS JOINT SHAREHOLDERS**

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

## **12.5 REPRESENTATIVE OF A CORPORATE SHAREHOLDER**

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

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
  - b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the 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 that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - 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 defined in section 1(1) of the *Business Corporations Act*) 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 PROXY HOLDER NEED NOT BE SHAREHOLDER**

A person appointed as a proxy holder need not be a shareholder.

## **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
2. unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

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

## **12.11 VALIDITY OF PROXY VOTE**

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

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 at which the proxy is to be used; or
2. by the chair of the meeting, before the vote is taken.



## 12.12 FORM OF PROXY

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

*[name of company]*  
(the “Company”)

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

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is 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:

1. received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
2. provided, at the meeting, to the chair of the meeting.

## 12.14 REVOCATION OF PROXY MUST BE SIGNED

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

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.

# PART 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*. There is no requirement for the

directors or shareholders to fix or set the number of directors from time to time. If the Company is a public company, the Company shall have at least three directors. If the Company is not a public company, the Company shall have at least one director.

### **13.2 CHANGE IN NUMBER OF DIRECTORS**

If the number of directors is at any time fixed or set hereunder:

1. the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or
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 may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

### **13.3 DIRECTORS' ACTS VALID DESPITE VACANCY**

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

### **13.4 QUALIFICATIONS OF DIRECTORS**

A director is not required to hold a share 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 may be determined by the shareholders. Any remuneration received by a director may be in addition to any salary or other remuneration paid to such person in his capacity as an officer or employee of the Company.

### **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.

## **PART 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 for the time being set under these Articles; and
2. all the 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 (i) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or (ii) 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:

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

### **14.4 PLACES OF RETIRING DIRECTORS NOT FILLED**

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

### **14.5 DIRECTORS MAY FILL CASUAL VACANCIES**

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

#### **14.6 REMAINING DIRECTORS POWER TO ACT**

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

#### **14.7 SHAREHOLDERS MAY FILL VACANCIES**

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

#### **14.8 ADDITIONAL DIRECTORS**

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

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 special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### **14.11 REMOVAL OF DIRECTOR BY DIRECTORS**

The directors may remove any director before the expiration of his or her term of office if:

1. such director is convicted of an indictable offence;
2. such director ceases to be qualified to act as a director of a company and does not promptly resign; or

3. if there are at least three directors on the board, then if all other directors pass a resolution to remove such director;

and the remaining directors may in any such event appoint a director to fill the resulting vacancy.

#### 14.12 NOMINATION OF DIRECTORS

1. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors may be made 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:
  - 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 Part 5 of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with section 167 of the *Business Corporations Act*; or
  - c) by any person (a “**Nominating Shareholder**”), (A) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 14.12 and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more Common Shares carrying the right to vote at such meeting or who beneficially owns Common Shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 14.12.
2. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given prior notice thereof that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the Secretary of the Company at the principal executive offices of the Company.
3. To be timely, a Nominating Shareholder’s notice to the Secretary of the Company must be made:
  - a) in the case of an annual meeting of shareholders, 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 to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement 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 tenth 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 the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

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

4. To be in proper written form, a Nominating Shareholder’s notice to the Secretary of the Company must set forth:
  - a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the present principal occupation, business or employment of the person within the preceding five years, as well as the name and principal business of any company in which such employment

is carried on; (C) the citizenship of such person; (D) the class or series and number of Common Shares in the capital 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 such notice; and (E) 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 Act and Applicable Securities Laws (as defined below); and

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

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 such proposed nominee.

5. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the 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.
6. For purposes of this Article 14.12 and Article 10.10:
  - a) **"Applicable Securities Laws"** means the applicable securities legislation of each province and territory of Canada in which the Company is a reporting issuer, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada; and
  - b) **"public announcement"** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).
7. Notwithstanding any other provision of this Article 14.12, notice given to the Secretary of the Company 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 Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery 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 such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (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.
8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Article 14.12.

## **PART 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;
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 NOT AN AGENT**

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

### **15.6 REVOCATION OF APPOINTMENT OF ALTERNATE DIRECTOR**

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

### **15.7 CEASING TO BE AN ALTERNATE DIRECTOR**

The appointment of an alternate director ceases when:

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. 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.

### **PART 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.

### **PART 17 – DISCLOSURE OF INTEREST OF DIRECTORS**

#### **17.1 OBLIGATION TO ACCOUNT FOR PROFITS**

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

#### **17.2 RESTRICTIONS ON VOTING BY REASON OF INTEREST**

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



### **17.3 INTERESTED DIRECTOR COUNTED IN QUORUM**

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

### **17.4 DISCLOSURE OF CONFLICT OF INTEREST OR PROPERTY**

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

### **17.5 DIRECTOR HOLDING OTHER OFFICE IN THE COMPANY**

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

### **17.6 NO DISQUALIFICATION**

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

### **17.7 PROFESSIONAL SERVICES BY DIRECTOR OR OFFICER**

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

### **17.8 DIRECTOR OR OFFICER IN OTHER CORPORATIONS**

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

## **PART 18 – PROCEEDINGS OF DIRECTORS**

### **18.1 MEETINGS OF DIRECTORS**

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

### **18.2 VOTING AT MEETINGS**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

### 18.3 CHAIR OF MEETINGS

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

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 or, if the directors wish, the Company's solicitor, 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.

## **18.10 QUORUM**

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

## **18.11 VALIDITY OF ACTS WHERE APPOINTMENT DEFECTIVE**

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

## **18.12 CONSENT RESOLUTIONS IN WRITING**

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

# **PART 19 – EXECUTIVE AND OTHER COMMITTEES**

## **19.1 APPOINTMENT AND POWERS OF EXECUTIVE COMMITTEE**

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

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

## **19.2 APPOINTMENT AND POWERS OF OTHER COMMITTEES**

The directors may, by resolution:

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 Articles 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 19.3(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 Articles 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.

## **PART 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 think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

# PART 21 – INDEMNIFICATION

## 21.1 DEFINITIONS

In this Article 21:

1. “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
2. “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - 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;
3. “expenses” has the meaning set out in the *Business Corporations Act*.

## 21.2 MANDATORY INDEMNIFICATION OF DIRECTORS AND FORMER DIRECTORS

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

### **21.3 INDEMNIFICATION OF OTHER PERSONS**

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

### **21.4 NON-COMPLIANCE WITH *BUSINESS CORPORATIONS ACT***

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

### **21.5 COMPANY MAY PURCHASE INSURANCE**

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

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

## **PART 22 – DIVIDENDS**

### **22.1 PAYMENT OF DIVIDENDS SUBJECT TO SPECIAL RIGHTS**

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

### **22.2 DECLARATION OF DIVIDENDS**

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

### **22.3 NO NOTICE REQUIRED**

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

### **22.4 RECORD DATE**

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

## **22.5 MANNER OF PAYING DIVIDEND**

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

## **22.6 SETTLEMENT OF DIFFICULTIES**

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

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

### **22.13 CAPITALIZATION OF SURPLUS**

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

## **PART 23 – DOCUMENTS, RECORDS AND REPORTS**

### **23.1 RECORDING OF FINANCIAL AFFAIRS**

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

### **23.2 INSPECTION OF ACCOUNTING RECORDS**

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

## **PART 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; or
5. physical delivery to the intended recipient.



## **24.2 DEEMED RECEIPT OF MAILING**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

## **24.3 CERTIFICATE OF SENDING**

A certificate or other document signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

## **24.4 NOTICE TO JOINT SHAREHOLDERS**

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

## **24.5 NOTICE TO TRUSTEES**

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

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.

# **PART 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.

### 25.3 MECHANICAL REPRODUCTION OF SEAL

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

## PART 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 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.

**SCHEDULE “C”**

**NEW STOCK OPTION PLAN**

**RUSSELL BREWERIES INC.**

**STOCK OPTION PLAN**

## PART I INTERPRETATION

Defined Terms. For the purposes of this Plan, the following terms shall have the following meanings:

“**Administrator**” has the meaning ascribed thereto in Section 3.1 hereof;

“**Affiliate**” means a corporation related to another corporation if one of them is the subsidiary of the other, or both are subsidiaries of the same corporation, or each of them is controlled by the same Person;

“**Applicable Laws**” means all legal requirements relating to the administration of stock option plans, if any, under applicable corporate laws, any applicable state or provincial securities laws, the rules and regulations promulgated thereunder, and the requirements of the Exchange, and the laws of any foreign jurisdiction applicable to Options granted to residents therein;

“**Associate**” means, where used to indicate a relationship with any Person,

- (i) any relative, including the spouse, son or daughter, of that Person or a relative of that Person’s spouse, if the relative has the same home as that Person,
- (ii) any partner, other than a limited partner, of that Person,
- (iii) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or
- (iv) any corporation of which such Person beneficially owns, directly or indirectly, voting securities carrying more than ten percent of the voting rights attached to all outstanding voting securities of the corporation;

“**Board**” means the Board of Directors of the Corporation;

“**Blackout Period**” means a period during which an Optionee is restricted by the Corporation from trading in the Corporation’s securities pending the dissemination of previously undisclosed material information;

“**Charitable Option**” means an Option or equivalent security granted by the Corporation to an Eligible Charitable Organization;

“**Charitable Organization**” has the meaning as ascribed thereto in the Tax Act;

“**Committee**” means a committee of the Board appointed in accordance with Section 3.2 hereof;

“**Corporation**” means Russell Breweries Inc. and its Affiliates;

“**Consultant**” means, in relation to the Corporation, an individual (other than an Employee or a Director of the Corporation) or company, that:

- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation, other than services provided in relation to a distribution of securities,
- (ii) provides the services under a written contract between the Corporation or an Affiliate and the individual or the company, as the case may be
- (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate; and

- (iv) has a relationship with the Corporation or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Corporation;

“**Date of Grant**” means the date on which a grant of an Option is effective;

“**Director**” means a director of the Corporation or an Affiliate;

“**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity;

“**Discounted Market Price**” has the meaning ascribed thereto in the Exchange Policies;

“**Disinterested Shareholder Approval**” means approval by a majority of the votes cast by shareholders of the Corporation or their proxies at a shareholders’ meeting other than votes attaching to securities beneficially owned by Insiders to whom Options may be granted pursuant to this Plan and their Associates and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval;

“**Eligible Charitable Organization**” means:

- (i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation, or
- (ii) a Registered National Arts Services Organization.

“**Employee**” means:

- (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
- (ii) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
- (iii) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source;

“**Exchange**” means the TSX Venture Exchange, or any other stock exchange on which the Corporation’s Shares are listed for trading;

“**Exchange Policies**” mean the policies set forth in the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Guardian**” means the guardian, if any, appointed for an Optionee;

“**Insider**” means:

- (i) a director or senior officer of the Corporation;
- (ii) a director or senior officer of an entity that is itself an insider or subsidiary of the Corporation; or

- (iii) a Person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation; or
- (iv) the Corporation itself if it holds any of its own securities;

“**Investor Relations Activities**” has the meaning ascribed thereto in the Exchange Policies;

“**Management Company Employee**” means an individual employed by a Person providing management services to the Corporation (other than Investor Relations Activities), which are required for the ongoing successful operation of the business of the Corporation;

“**Officer**” means the chief executive officer, the chief financial officer, president, vice president, secretary, treasurer, manager, comptroller and any person routinely performing corresponding functions and/or policy making functions with respect to the Corporation or its subsidiaries, and includes a Management Company Employee that provides the services of such Officer;

“**Option**” means an option to purchase Shares granted pursuant to the provisions of this Plan;

“**Option Agreement**” means a written agreement between the Corporation and an Optionee, specifying the terms of the Option being granted to the Optionee under this Plan, which may be in the form set out in Schedule “A” hereto;

“**Option Price**” means the price at which an Option to purchase Shares is exercisable;

“**Optionee**” means the recipient of an Option granted by the Corporation;

“**Person**” means a natural person, firm, corporation, government, or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;

“**Plan**” means this stock option plan of the Corporation, as amended from time to time;

“**Private Foundation**” has the meaning as ascribed thereto in the Tax Act;

“**Public Foundation**” has the meaning as ascribed thereto in the Tax Act;

“**Registered Charity**” has the meaning as ascribed thereto in the Tax Act;

“**Registered National Arts Services Organization**” has the meaning as ascribed thereto in the Tax Act;

“**Shares**” means the common shares without par value in the capital of the Corporation;

“**Successor**” means the legal heirs or personal representatives of the Optionee upon death, pursuant to a will or the laws of descent and distribution of the applicable jurisdictions;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time;

“**Term**” means the period of time during which an Option is exercisable; and

“**Terminating Event**” means:

- (i) the dissolution or liquidation of the Corporation, or

- (ii) a material change in the capital structure of the Corporation that is deemed to be a Terminating Event pursuant to Section 0 or 0 hereof.

## **ESTABLISHMENT AND PURPOSE OF THE PLAN**

Establishment of the Plan. The Corporation hereby establishes this Plan to govern the grant, administration and exercise of Options which may be granted to eligible Optionees. The Plan is designed to be a “rolling” stock option plan under Exchange Policies, reserving at any one time a maximum of 10% of the issued Shares of the Corporation for the exercise of Options.

Principal Purposes. The principal purposes of this Plan are to provide the Corporation with the advantages of the incentive inherent in stock ownership on the part of Directors, Officers, Employees and Consultants responsible for the continued success of the Corporation; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage such individuals to remain with the Corporation; and to attract new Directors, Officers, Employees and Consultants to the Corporation.

Benefit to Shareholders. This Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest caliber by offering them an opportunity to share in any increase in value of the Shares resulting from their efforts.

## **ADMINISTRATION**

Board or Committee. This Plan shall be administered by the Board or by a Committee appointed in accordance with Section 0 hereof. The Board or, if applicable, the Committee is hereinafter referred to as the “Administrator”.

Appointment of Committee. The Board may at any time appoint a Committee, consisting of not less than two of its members, to administer this Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer this Plan.

Quorum and Voting. A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this 0, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee who are disinterested Persons to an action may vote on any matters affecting the administration of this Plan or the grant of Options pursuant to this Plan, except that no such member shall act upon the granting of an Option to himself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to the granting of Options to him).

3.4 Powers of Administrator. Subject to the provisions of this Plan and any Applicable Laws, and with a view to effecting the purpose of this Plan, the Administrator shall have sole authority, in its absolute discretion, to:

- (a) administer this Plan in accordance with its express terms;
- (b) determine all questions arising in connection with the administration, interpretation, and application of this Plan, including all questions relating to the value of the Shares;

- (c) correct any defect, supply any information, or reconcile any inconsistency in this Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of this Plan;
- (d) prescribe, amend, and rescind rules and regulations relating to the administration of this Plan;
- (e) determine the duration and purposes of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of this Plan;
- (f) do the following with respect to the granting of Options:
  - (i) determine the Directors, Officers, Employees and Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan,
  - (ii) determine the terms and conditions of the Option Agreement to be entered into with any Optionee (which need not be identical with the terms of any other Option Agreement),
  - (iii) amend the terms and conditions of Option Agreements, provided the Administrator obtains:
    - A. the consent of the Optionee, and
    - B. if applicable, the approval of the Exchange and / or Disinterested Shareholder Approval,
  - (iv) determine when Options shall be granted,
  - (v) determine the Option Price of each Option, and
  - (vi) determine the number of Shares subject to each Option; and
- (g) make all other determinations necessary or advisable for administration of this Plan.

Obtain Regulatory Approvals. In administering this Plan, the Administrator will obtain any regulatory approvals which may be required pursuant to all Applicable Laws. This Plan is subject to these approvals.

Annual Shareholder Approval. This Plan must receive approval of the Corporation's shareholders annually at the Corporation's annual general meeting. Evidence that the majority of the shareholders are in favour of a proposal to approve the Plan or any amendment thereto is not sufficient.

Administration by Administrator. All determinations made by the Administrator in good faith on matters referred to in Section 3.4 hereof shall be final, conclusive, and binding upon the Corporation and the relevant Optionee. The Administrator shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Administrator's administration of this Plan shall in all respects be consistent with Exchange Policies.

## **ELIGIBILITY**

General Eligibility. Options may be granted to an Eligible Charitable Organization or a Director, Officer, Employee or Consultant of the Corporation or its subsidiary at the time the Option is granted. An Optionee shall not be precluded from being granted an Option solely because such Optionee may previously have been granted an Option under this Plan.



No Violation of Laws. No Option shall be granted to any Optionee unless the Administrator has determined that the grant of such Option and the exercise thereof by the Optionee will not violate any Applicable Laws.

Optionees to be Named. No Options shall be granted unless and until the Options have been allocated to a particular Optionee(s).

## **SHARES SUBJECT TO THIS PLAN**

Maximum Number of Shares Reserved Under Plan. The aggregate number of Shares which may be reserved for issuance pursuant to the exercise of Options granted under this Plan shall not exceed 10% of the Corporation's issued and outstanding shares at the time of the grant. Such number of Shares is subject to adjustment in accordance with Part 10 hereof. Any Shares reserved for issuance pursuant to the exercise of stock options granted by the Corporation prior to this Plan coming into effect and which are outstanding on the date on which this Plan comes into effect shall be included in determining the number of Shares reserved for issuance hereunder as if such stock options were granted under this Plan. The terms of this Plan shall not otherwise govern such pre-existing stock options.

Sufficient Authorized Shares to be Reserved. If the constating documents of the Corporation limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of Options granted under this Plan. Shares that were the subject of Options that have expired or terminated may once again be subject to an Option granted under this Plan.

Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances shall this Plan, together with all of the Corporation's other previously established or proposed stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result in or allow at any time:

- (i) the number of Shares reserved for issuance pursuant to Options granted to Insiders (as a group) at any point in time exceeding 10% of the issued and outstanding Shares;
- (ii) the grant to Insiders (as a group), within a 12 month period, of an aggregate number of Options exceeding 10% of the issued and outstanding Shares at the time of the grant of the Options;
- (iii) the issuance to any one Optionee, within any 12 month period, of an aggregate number of Options exceeding 5% of the issued and outstanding Shares at the time of the grant of the Options;
- (iv) any individual Option grant that would result in any of the limitations set out in sections 5.3 (a), (b) or (c) being exceeded; or
- (v) any amendment to Options held by Insiders that would have the effect of decreasing the exercise price of such Options.

For purposes hereof, Options held by an Insider at any point in time that were granted to such Person prior to it becoming an Insider shall be considered Options granted to an Insider irrespective of the fact that the Person was not an Insider

Number of Shares Subject to this Plan. Upon exercise of an Option, the number of Shares thereafter available under such Option shall decrease by the number of Shares as to which the Option was exercised; however the same number of Shares shall thereafter again be available for the purposes of this Plan.

Expiry of Option. If an Option expires or terminates for any reason without having been exercised in full, the un-purchased Shares subject thereto shall again be available for the purposes of this Plan.

## TERMS AND CONDITIONS OF OPTIONS

Option Agreement. Each Option shall be evidenced by an Option Agreement, which may contain such terms, not inconsistent with this Plan or any Applicable Laws, as the Administrator in its discretion may deem advisable; provided, that each Option Agreement shall contain the following terms:

- (i) the number of Shares subject to purchase pursuant to such Option;
- (ii) the Date of Grant;
- (iii) the Term;
- (iv) the Option Price;
- (v) the Option is not assignable or transferable; and
- (vi) such other terms and conditions as the Administrator deems advisable and are consistent with the purposes of this Plan.

Exchange Restrictions of Reservations. Notwithstanding any other provision hereof, for so long as the Shares are listed on the Exchange, the number of Shares reserved for issuance to:

- (a) any one Optionee pursuant to Options granted to such Optionee during any 12 month period shall not exceed 5% of the issued and outstanding Shares, calculated at the date such Options are granted;
- (b) any one Optionee, who is a Consultant, in respect of Options granted to such Consultant during any 12 month period shall not exceed 2% of the issued and outstanding Shares, calculated at the date such Options are granted;
- (c) all Optionees who are engaged or employed in Investor Relations Activities during any 12 month period shall not exceed in the aggregate 2% of the issued and outstanding Shares, calculated at the date such Options are granted; and
- (d) Eligible Charitable Organizations shall not at any time exceed 1% of the issued and outstanding Shares of the Corporation, calculated at the date such Options are granted.

Exercise Price. The Option Price shall not be less than the Discounted Market Price, provided that (i) if the Corporation has just been recalled for trading following a suspension or halt, the Corporation must wait until a satisfactory market has been established before setting the exercise price for and granting of the Options (generally ten days from the date of resumption of trading); (ii) a minimum price cannot be established unless the Options are allocated to particular Optionees; and (ii) if Options are granted within 90 days of a distribution of securities by way of a prospectus, the minimum exercise price of those Options will be the greater of the Discounted Market Price and the prospectus offering price (the 90 day period to be calculated from the date a final receipt is issued for the prospectus).

Maximum Term of Ten Years. Subject to section 6.5, the maximum Term of an Option granted shall be ten years from the Date of Grant.

Blackout Period. The Term of an Option shall be automatically extended if the expiry date falls within a Blackout Period provided that: (i) the Blackout Period is imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information; (ii) the Blackout Period expires upon the general disclosure of such material information; (iii) the expiry date of the affected Options is extended to no later than ten (10) business days after the expiry of the Blackout Period; and (iv) such automatic extension is not applicable if the Corporation or Optionee is also subject to a cease trade order or similar trading restriction.

**Vesting Schedule.** No Option shall be exercisable until it has vested. The vesting schedule for each Option shall be specified by the Administrator at the time of grant of the Option prior to the provision of services with respect to which such Option is granted; provided, that if no vesting schedule is specified at the time of grant, the Option shall vest on the date it is granted.

Notwithstanding the foregoing, for Options granted to Optionees who provide Investor Relations Activities and where no vesting schedule is specified at the time of grant, the Options shall vest according to the following schedule:

<b>Vesting Period</b>	<b>Percentage of Total Option Vested</b>
3 Months after Date of Grant	25%
6 Months after Date of Grant	50%
9 Months after Date of Grant	75%
12 Months after Date of Grant	100%

**Acceleration of Vesting.** The vesting of outstanding Options may be accelerated by the Administrator at such times and in such amount as it may determine in its sole discretion.

**Hold Periods.**

- (a) If required by Applicable Laws, any Options will be subject to a hold period expiring on the date that is four months and a day after the Date of Grant, and the Option Agreements and the certificates representing any Shares issued prior to the expiry of such hold period will bear a legend in substantially the following form:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THE SECURITIES REPRESENTED HEREBY MUST NOT TRADE THE SECURITIES BEFORE [INSERT THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE DATE OF GRANT].”

- (b) In addition to any resale restrictions under any Applicable Laws, if the Option Price is set at a discount to the Market Price (as defined in Exchange Policies), or if Options are granted to Insiders, the Option Agreements and the certificates representing any Shares realized on the exercise thereof will bear the following legend:

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE DATE OF GRANT].

**Form for Non-Individuals.** If a proposed Optionee is a corporation or is otherwise not an individual, it must provide the Exchange with a completed Form 4F – *Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*, or any amended or replacement form.

**Bona Fide Optionee.** By execution of an Option Agreement, the Optionee represents that he, she or it is a bona fide Director, Officer, Employee or Consultant, as the case may be. It will be the joint responsibility

of the Corporation and the Optionee that the Optionee is and will remain a bona fide Employee, Consultant or Management Company Employee.

## **EXERCISE OF OPTION**

Method of Exercise. Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Agreement or 0 hereof, an Optionee may exercise an Option, prior to the expiry date thereof, by giving written notice thereof to the Corporation at its principal place of business or as otherwise indicated by the Corporation in writing.

Payment of Option Price. The notice described in Section 0 hereof shall be accompanied by full payment of the Option Price to the extent the Option is so exercised, and full payment of any amounts the Corporation determines must be withheld for tax purposes from the Optionee pursuant to the Option Agreement. Such payment shall be in lawful money (Canadian funds) in cash or by certified cheque.

Issuance of Stock Certificate. As soon as practicable after exercise of an Option in accordance with Sections 0 and 0 hereof, the Corporation shall issue a stock certificate evidencing the Shares with respect to which the Option has been exercised. Upon due exercise of an Option, the Optionee shall be entitled to all rights to vote or receive dividends or any other rights as a shareholder with respect to such Shares.

Monitoring Trading. An Optionee who performs Investor Relations Activities shall provide written notice to the Board of each of his trades of securities of the Company, within five business days of each trade.

## **TRANSFERABILITY OF OPTIONS**

Non-Transferable. Except as provided otherwise in this 0, Options are non-assignable and non-transferable.

Death of Optionee. If an Optionee should die while any Options remain outstanding in his name, such Options shall pass to the Successor of the Optionee and shall be exercisable by the Successor for a period to be determined by the Administrator, which shall not be less than three months and not more than six months from the date of death.

Disability of Optionee. If the employment of an Optionee as an Employee or Consultant of the Corporation, or the position of an Optionee as a Director or Officer, is terminated by the Corporation by reason of such Optionee's Disability, any Option held by such Optionee that could have been exercised immediately prior to such termination of employment shall be exercisable by such Optionee, or by his Guardian, for a period of 90 days following the termination of employment of such Optionee.

Vesting. Options held by a Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

Majority Agreement. If two or more Persons constitute the Successor or the Guardian of an Optionee, the rights of such Successor or such Guardian shall be exercisable only upon the majority agreement of such Persons.

Deemed Non-Interruption of Employment. Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to re-employment with the Corporation is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's re-

employment is not so guaranteed, then his or her employment shall be deemed to have terminated on the 91<sup>st</sup> day of such leave.

## **TERMINATION OF OPTIONS**

Termination of Options. To the extent not earlier exercised or terminated, an Option shall terminate at the earliest of the following dates:

- (a) the termination date specified for such Option in the Option Agreement;
- (b) where the Optionee's position as an Employee, Consultant, Director or Officer is terminated for just cause, the date of such termination for just cause;
- (c) where the Optionee's position as an Employee, Consultant, Director or Officer terminates for a reason other than the Optionee's Disability, death, or termination for just cause, 90 days after such date of termination;
- (d) where the Optionee's position as an Employee, Consultant, Director or Officer terminates as a result of the Optionee's death, such Options may be exercisable by the Successor for a period to be determined by the Administrator, which shall not be less than three months and not more than six months from the date of death;
- (e) where the Optionee is an Eligible Charitable Organization, the Charitable Options shall terminate the 90th day following the date the Optionee ceases to be an Eligible Charitable Organization;
- (f) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 0 hereof; and
- (g) the date specified in Section 0 hereof for such termination in the event of a Terminating Event.

## **ADJUSTMENTS TO OPTIONS**

Alteration of Capital. In the event of any material change in the outstanding Shares of the Corporation prior to complete exercise of any Option by reason of any stock dividend, split, recapitalization, amalgamation, merger, consolidation, combination or exchange of shares or other similar corporate change, an equitable adjustment shall be made in one or more of the maximum number or kind of Shares issuable under this Plan or subject to outstanding Options, and the Option Price of such shares. Any such adjustment shall be made in the sole discretion of the Board, acting on recommendations made by the Administrator, and shall be conclusive and binding for all purposes of this Plan. If the Administrator determines that the nature of a material alteration in the capital structure of the Corporation is such that it is not practical or feasible to make appropriate adjustments to this Plan or to the Options granted hereunder, such event shall be deemed a Terminating Event for the purposes of this Plan.

No Fractions. No fractional Shares shall be issued upon the exercise of an Option and accordingly, if as a result of any adjustment set out hereof an Optionee would be entitled to a fractional Share, the Optionee shall have the right to purchase only the adjusted number of full Shares and no payment or other adjustment shall be made with respect to the fractional Share so disregarded.

Terminating Events. Subject to Section 0 hereof, all Options granted under this Plan shall terminate upon the occurrence of a Terminating Event.

Notice of Terminating Event. The Administrator shall give notice to Optionees not less than 30 days prior to the consummation of a Terminating Event. Upon the giving of such notice, all Options granted

under this Plan shall become immediately exercisable, notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

General Offer for Shares. Notwithstanding anything else herein to the contrary, in the event (i) an offer to purchase the Shares shall be made to the holders of the Shares generally, unless the Board determines that such offer will not result in any change in control of the Corporation, or (ii) of a sale of all or substantially all of the assets of the Corporation, or (iii) the sale, pursuant to an agreement with the Corporation, of securities of the Corporation pursuant to which the Corporation is or becomes a subsidiary of another corporation, then unless provision is made by the acquiring corporation for the assumption of each Option or the substitution of a substantially equivalent option therefor, the Corporation shall give written notice thereof to each Optionee holding Options under this Plan and such Optionees shall be entitled to exercise his or its Options to the extent previously unexercised, regardless of whether such Optionee would otherwise be entitled to exercise such Options to such extent at that time, within the 30 day period immediately following the giving of such notice. Any Options not exercised within such 30 day period will immediately terminate and such event shall be deemed to be a Terminating Event.

Determinations to be made by Administrator. Adjustments and determinations under this 0 shall be made by the Administrator, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

## **TERMINATION AND AMENDMENT OF PLAN**

Termination of Plan. The Administrator may terminate this Plan at the same time as all Options are terminated upon a Terminating Event pursuant to section 10.1. The Administrator may terminate this Plan at such other time and on such conditions as the Administrator may determine, provided that no such termination shall be effected if do so would affect the rights of then existing Optionees, without the approval of such Optionees.

Power of Administrator to Amend Plan. The Administrator may, subject to the approval of the Exchange, amend this Plan so as to: (i) correct typographical errors; (ii) clarify existing provisions of the Plan, which clarifications do not have the effect of altering the scope, nature or intent of such provisions; and (iii) maintain compliance with any Applicable Laws. The Administrator may condition the effectiveness of any such amendment on the receipt of shareholder approval at such time and in such manner as the Administrator may consider necessary for the Corporation to comply with or to avail the Corporation and/or the Optionees of the benefits of any securities, tax, market listing or other administrative or regulatory requirements. No such amendment, suspension or termination shall adversely affect rights under any Options previously granted without the consent of the Optionees to whom such Options were granted.

Notwithstanding the above, the Corporation may grant Options under amendments made to this Plan that it would not otherwise be permitted to grant prior to obtaining requisite shareholder approval, provided that: (i) the Corporation also obtains specific shareholder approval for such grants, separate and apart from shareholders' approval to the amendments, (ii) no Options granted under the amendments are exercised prior to shareholder approval, (iii) shareholder approval is obtained on or before the earlier of the Corporation's next annual general meeting or 12 months from the amendment of the Plan. Should such shareholder approval not be obtained, the amendments will terminate and any Options granted thereunder will terminate.

Shareholder Approvals. Any shareholder approval required to amend this Plan must take place at a meeting of the shareholders. Evidence that the majority of the shareholders are in favour of a proposal to approve any amendment thereto is not sufficient.

No Grant During Suspension of Plan. No Option may be granted during any suspension, or after termination, of this Plan. Amendment, suspension, or termination of this Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

## CONDITIONS PRECEDENT TO ISSUANCE OF SHARES

Compliance with Laws. Shares shall not be issued pursuant to the exercise of any Option unless the exercise of such Option and the issuance and delivery of such Shares comply with all Applicable Laws, and such issuance may be further subject to the approval of counsel for the Corporation with respect to such compliance, including the availability of an exemption from prospectus and registration requirements for the issuance and sale of such Shares. The inability of the Corporation to obtain from any regulatory body the authority deemed by the Corporation to be necessary for the lawful issuance and sale of any Shares under this Plan, or the unavailability of an exemption from prospectus and registration requirements for the issuance and sale of any Shares under this Plan, shall relieve the Corporation of any liability with respect to the non-issuance or sale of such Shares.

Representations by Optionee. As a condition precedent to the exercise of any Option, the Corporation may require the Optionee to represent and warrant, at the time of exercise, that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Corporation, such representations and warranties are required by any Applicable Laws. If necessary under Applicable Laws, the Administrator may cause a stop-transfer order against such Shares to be placed on the stock books and records of the Corporation, and a legend indicating that the Shares may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any Applicable Laws, may be stamped on the certificates representing such Shares in order to assure an exemption from registration. The Administrator also may require such other documentation as may from time to time be necessary to comply with applicable securities laws. **THE CORPORATION HAS NO OBLIGATION TO UNDERTAKE REGISTRATION OF OPTIONS OR THE SHARES ISSUABLE UPON THE EXERCISE OF OPTIONS IN THE UNITED STATES OR ANY OTHER JURISDICTION OUTSIDE OF CANADA.**

Tax Withholding. The Optionee shall hold harmless the Corporation and be solely responsible, upon exercise of an Option or, if later, the date that the amount of such obligations becomes determinable, all applicable federal, provincial, local and foreign withholding taxes, determined as a result of and upon exercise of an Option or from a transfer or other disposition of Shares acquired upon exercise of an Option or otherwise related to an Option or Shares acquired in connection with an Option.

## NOTICES

Notices. All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and may be served in any one of the following ways: (i) personally on the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such service; (ii) facsimile transmission or by electronic mail, in which case notice shall be deemed to have been duly given on the date the fax or email is sent; or (iii) mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the fifth postal delivery day following the date of such mailing.

## MISCELLANEOUS PROVISIONS

No Obligation to Exercise. Optionees shall be under no obligation to exercise Options granted under this Plan.

No Obligation to Retain Optionee. Nothing contained in this Plan shall obligate the Corporation to retain an Optionee as a Director, Officer, Employee or Consultant for any period, nor shall this Plan interfere in any way with the right of the Corporation to change the terms or conditions of the Optionee's employment or engagement with the Corporation, including the Optionee's compensation.

Binding Agreement. The provisions of this Plan and each Option Agreement with an Optionee shall be binding upon such Optionee and the Successor or Guardian of such Optionee.

Governing Law. The laws of the Province of British Columbia shall apply to this Plan and all rights and obligations hereunder shall be determined in accordance with such laws.

Use of Terms. Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.



**SCHEDULE "A"****RUSSELL BREWERIES INC.****OPTION AGREEMENT**

*The Option granted herein is not assignable or transferable by the Optionee.*

*[If the Option is granted at a discount to the Market Price, or if Options are granted to insiders, insert the following hold period legend: Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities issued upon the exercise of the Option granted herein may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until (four months and one day after the date of grant).]*

This Option Agreement is entered into between Russell Breweries Inc. ("the Company") and the Optionee named below pursuant to the Company's Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on \_\_\_\_\_, \_\_\_\_\_ (the "Grant Date");
2. \_\_\_\_\_ (the "Optionee");
3. was granted the option (the "Option") to purchase \_\_\_\_\_ Common Shares (the "Option Shares") of the Company;
4. at the price (the "Option Price") of \$\_\_\_\_\_ per Option Share;
5. which shall / shall not (*select*) be exercisable ("Vested") in accordance with Section 6.6 of the Plan (*applicable if the Optionee is a person who performs Investor Relations Activities for the Company*);
6. shall expire on \_\_\_\_\_, 20\_\_\_\_ (the "Expiry Date"); and
7. [insert other terms or conditions],

all on the terms and subject to the conditions set out in the Plan.

By receiving and accepting the Options, the Optionee:

- (a) confirms that he has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Certificate;
- (b) consents to the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (c) consents to the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

Issued as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**RUSSELL BREWERIES INC.**

By its authorized signatory:

**[NAME OF OPTIONEE]**

\_\_\_\_\_

\_\_\_\_\_

**SCHEDULE B**  
**Stock Option Plan**  
**Exercise Notice**

TO: RUSSELL BREWERIES INC.

**Re: Exercise of Options**

The undersigned hereby irrevocably gives notice, pursuant to the stock option plan (the "Plan") of RUSSELL BREWERIES INC. (the "Corporation"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

- (i) all of the Option Shares; or
- (ii) certain of the Option Shares which are the subject of the option certificate attached hereto.

Calculation of total Exercise Price:

(i) number of Shares to be acquired on exercise: \_\_\_\_\_ Option Shares

(ii) times the Exercise Price per Option Share: \$\_\_\_\_\_

Total Exercise Price, as enclosed herewith: \$\_\_\_\_\_

The undersigned tenders herewith a cheque or bank draft for the Total Exercise Price, payable to the Corporation, and directs the Corporation to issue the share certificate evidencing the Option Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All capitalized terms, unless otherwise defined in this exercise notice, will have the meaning provided in this Plan.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_  
Name of Option Holder (Print)

