

# **EMPOWER CLINICS INC.**

Suite 918, 1030 West Georgia Street  
Vancouver, BC V6E 2Y3

## **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, OCTOBER 15, 2020**

**AND**

## **INFORMATION CIRCULAR**

*September 18, 2020*

*This document requires immediate attention. If you are in doubt as to how to deal with the documents or matters referred to in this Information Circular, you should immediately contact your advisor.*

**EMPOWER CLINICS INC.**  
Suite 918, 1030 West Georgia Street  
Vancouver, BC V6E 2Y3

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the “**Meeting**”) of Empower Clinics Inc. (the “**Company**”) will be held at the Wedgewood Hotel, 845 Hornby Street, Vancouver, BC, on Thursday, October 15, 2020, at the hour of 11:00 a.m. (Vancouver time) for the following purposes:

1. to set the number of directors of the Company at three and to elect Steven McAuley, Dustin Klein and Andrejs Bunkse as directors of the Company to hold office until the next annual general meeting of the Company, or until their earlier resignation or such time as their successors are duly elected or appointed in accordance with the Company’s constating documents;
2. to ratify, confirm and approve the appointment of MNP LLP as the auditor of the Company for the fiscal year ended December 31, 2019 at such remuneration as was fixed by the board of directors of the Company (the “**Board**”);
3. to appoint MNP LLP as the auditors of the Company for the fiscal year ending December 31, 2020 at remuneration to be fixed by the Board;
4. to place before the Meeting the audited financial statements of the Company for the fiscal years ended December 31, 2018 and 2019, and the accompanying reports of the auditors thereon;
5. to consider and, if thought fit, to approve an ordinary resolution to ratify, confirm and approve the Company’s Stock Option Plan, as described in the management’s information circular (the “**Information Circular**”) accompanying this Notice of Meeting;
6. to consider and, if thought fit, to approve, a special resolution to confirm, ratify and approve all acts, resolutions, deeds and things done by and proceedings of the directors and officers of the Company on behalf of the Company since the last annual general meeting of the shareholders held on September 26, 2019; and
7. to consider and if thought advisable, pass a special resolution approving a consolidation of the Corporation’s common shares, as more particular described in the accompanying information circular;
8. to consider and if thought advisable, pass a special resolution approving the continuance of the Corporation from the *Canada Business Corporations Act* (the “CBCA”) to the *Business Corporations Act* (British Columbia) (the “BCBCA”), as more particularly described in the accompanying information circular;
9. to consider and if thought advisable, pass an ordinary resolution approving new articles of the Corporation (including advance notice provisions) conditional upon the continuance of the Corporation under the BCBCA becoming effective, as more particularly described in the accompanying information circular; and
10. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

The Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The Board has fixed September 10, 2020 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the Information Circular.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company's transfer agent, Olympia Trust Company PO Box 128, STN M Calgary, AB T2P 2H6 Attn: Proxy Dept., at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, or a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your securities on your behalf (each, an "**Intermediary**"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 18th day of September, 2020.

By Order of the Board of Directors of

**EMPOWER CLINICS INC.**

"Steven McAuley"

Steven McAuley  
President, Chief Executive Officer  
and Director

**PLEASE VOTE. YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED FORM OF PROXY AND PROMPTLY RETURN IT IN THE ENVELOPE PROVIDED.**

**EMPOWER CLINICS INC.**  
Suite 918, 1030 West Georgia Street  
Vancouver, BC V6E 2Y3

**INFORMATION CIRCULAR**  
**September 18, 2020**

**INTRODUCTION**

This Information Circular accompanies the Notice of Annual General and Special Meeting of shareholders (the "Notice") and is furnished to shareholders holding common shares (each, a "Share") in the capital of Empower Clinics Inc. (the "Company") in connection with the solicitation by the management of the Company of proxies to be voted at the annual general and special meeting (the "Meeting") of the shareholders to be held at 11:00 a.m. on Thursday, October 15, 2020 at the Wedgewood Hotel, 845 Hornby Street, Vancouver, BC, or at any adjournment or postponement thereof.

**Date and Currency**

The date of this Information Circular is September 18, 2020. Unless otherwise stated, all amounts herein are in Canadian dollars.

**PROXIES AND VOTING RIGHTS**

**Management Solicitation**

The solicitation of proxies by management of the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation to any of the directors, officers and employees of the Company. The Company does not reimburse shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers who are NOBOs (as defined below), and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

**Appointment of Proxy**

Registered shareholders are entitled to vote at the Meeting. A shareholder is entitled to one vote for each Share that such shareholder holds on the record date of September 10, 2020 on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders in the enclosed form of proxy (the "Designated Persons") are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM**

**OF PROXY TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING.**

**A SHAREHOLDER MAY EXERCISE THIS RIGHT BY STRIKING OUT THE PRINTED NAMES OF THE DESIGNATED PERSONS AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED ON THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY, AND PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER'S SHARES SHOULD BE VOTED. THE NOMINEE MUST BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, the completed form of proxy must be received by the Company's registrar and transfer agent, Olympia Trust Company PO Box 128, STN M Calgary, AB T2P 2H6 Attn: Proxy Dept. (the "**Transfer Agent**"), at its offices located at PO Box 128, STN M Calgary, AB T2P 2H6 Attn: Proxy Dept, by mail or fax, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof.

A proxy may not be valid unless it is dated and signed by the shareholder who is giving it or by that shareholder's attorney-in-fact duly authorized by that shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual shareholder or joint shareholders, or by an officer or attorney-in-fact for a corporate shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

**Revocation of Proxies**

A shareholder who has given a proxy may revoke it at anytime before it is exercised by an instrument in writing:

- (a) executed by that shareholder or by that shareholder's attorney-in-fact authorized in writing or, where the shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and
- (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law.

Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

**Voting of Shares and Proxies and Exercise of Discretion by Designated Persons**

A shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the Shares represented will be voted or withheld from the vote on that matter accordingly. **The Shares represented by a 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 upon, the Shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS. IT IS INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY, INCLUDING FOR THE NOMINEES OF THE BOARD FOR DIRECTORS AND AUDITOR.**

The enclosed form of proxy confers discretionary authority upon the Designated Persons with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Shares of a shareholder on any matter, the Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

### ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders are “non-registered” shareholders because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company. More particularly, a person is not a registered shareholder in respect of Shares which are held on behalf of that person (the “**Non-Registered Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators or self-administered RRSP’s, RRIF’s, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements set out in National Instrument 54-101 of the Canadian Securities Administrators (“**NI 54-101**”), the Company has distributed copies of the Notice, this Information Circular and the form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Transfer Agent as provided above; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of a one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit a Non-Registered Holder to direct the voting of the Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Designated Persons and insert the Non-Registered Holder’s name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners). Pursuant to NI 54-101, issuers can obtain a list of their NOBOs from Intermediaries for distribution of proxy-related materials directly to NOBOs.

**These Meeting Materials are being sent to both registered shareholders and NOBOs under NI 54-101. If you are a Non-Registered Holder who is a NOBO, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding shares on your behalf. The Company’s management does not intend to pay for Intermediaries to forward to OBOs the Information Circular and related proxy materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary*, and OBOs will not receive the materials unless the OBOs’ Intermediary assumes the cost of delivery.**

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of Shares without par value. As of the record date, determined by the board of directors of the Company (the “**Board**”) to be the close of business on September 10, 2020, a total of 190,743,209 Shares were issued and outstanding. Each Share carries the right to one vote at the Meeting.

Only registered shareholders as of the record date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

To the knowledge of the directors and senior officers of the Company, 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 the outstanding Shares of the Company.

### **ELECTION OF DIRECTORS**

The Board presently consists of three directors, being Steven McAuley, Dustin Klein and Andrejs Bunkse (collectively, the “**Current Directors**”). The shareholders are required to elect the directors of the Company to hold office until the next annual meeting of shareholders or until the successors of such directors are elected or appointed.

**The Board unanimously recommends that the shareholders vote FOR the following resolution.**

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the setting of the number of directors of the Company at three be and is hereby authorized and approved; and
2. the election of Steven McAuley, Dustin Klein and Andrejs Bunkse as directors of the Company, to hold office until the earlier of the next annual general meeting of the Company, or until their earlier resignation or such time as their successors are duly elected or appointed in accordance with the Company’s constating documents.”

**Unless authority to do so is withheld, the Designated Persons intend to vote in favour of setting the number of directors at three and for the election of the Current Directors, whose names are set forth in the resolution above.**

The form of the proposed resolution set forth above is subject to such amendments as management may propose at the Meeting but which do not materially affect the substance of the proposed resolution. The resolution must be approved by more than 50% of the votes cast by shareholders present in person or represented by proxy at the Meeting.

### *Current Directors*

The following table sets out biographical information with respect to each of the Current Directors:

<b>Name, Place of Residence and Position(s) with the Company</b>	<b>Principal Occupation, Business or Employment for Last Five Years<sup>(1)</sup></b>	<b>Director Since</b>	<b>Number of Shares Beneficially Owned<sup>(1)</sup></b>
Steven McAuley <sup>(2)</sup> <i>Vancouver, BC, Canada</i> CEO and Director	CEO of the Company since January 2019; Founder and CEO of Privatis Technology Corporation since September 2010.	January 4, 2019	10,284,000 <sup>(3)</sup>
Dustin Klein <sup>(2)</sup> <i>Peoria, AZ, USA</i> Director	Senior Vice President of Business Development of the Company since April 2019; Owner of Sun Valley MMJ Certification Clinic since October 2013.	April 30, 2019	11,029,411
Andrejs Bunkse <sup>(2)</sup> <i>Phoenix, AZ, USA</i> Director	Owner and Attorney at Rain Legal since April 2018; Counsel at Nimbus Legal since May 2018; President of Endurance Strategies Group, LLC since May 2013.	May 26, 2019	Nil <sup>(4)</sup>

(1) Information has been furnished by the respective nominees individually. All numbers are shown on a pre-Consolidation basis.

(2) Member of the Audit Committee.

(3) In addition to these Shares, Mr. McAuley holds 7,000,000 stock options, each of which is exercisable until June 17, 2024 at a price of \$0.14 per Share.

(4) Mr. Bunkse holds 600,000 stock options, with 300,000 stock options exercisable until June 17, 2022 at a price of \$0.14 per Share and 300,000 stock options exercisable until March 30, 2023 at a price of \$0.05 per Share.

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Shares represented by proxies for the election of any other persons as directors.

**Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.**

### *Corporate Cease Trade Orders*

Other than as set out below, to the best of management's knowledge, no proposed director of the Company has, within 10 years before the date of this Information Circular, been a director or officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied that person or company access to any exemption under securities legislation for a period of more than 30 consecutive days, or (ii) was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

### *Bankruptcies*

To the best of management's knowledge, no proposed director of the Company: (i) is or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that 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, 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 (ii) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.



### *Penalties and Sanctions*

To the best of management's knowledge, no proposed director of the Company 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 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 securityholder in deciding whether to vote for a proposed director.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **General**

The following terms when used in this Statement of Executive Compensation will have the following meanings:

**"compensation securities"** includes Options, convertible securities, exchangeable securities and similar instruments, including stock appreciation rights, deferred share units and restricted share units granted or issued by the Company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any);

**"NEO" or "Named Executive Officer"** means:

- (a) each individual who served as CEO of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year,
- (b) each individual who served as CFO of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year,
- (c) the most highly compensated executive officer of the Company or any of its subsidiaries other than individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 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 or its subsidiaries (if any), nor acting in a similar capacity, at the end of that financial year;

**"plan"** includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

**"underlying securities"** means any securities issuable on conversion, exchange or exercise of compensation securities.

### **Overview**

We operate in an emerging industry and rapidly evolving market. To succeed in this environment and to achieve our business and financial objectives, we need to attract, retain and motivate a highly talented team of executive officers.

Our executive officer compensation program is designed to achieve the following objectives:

- provide market-competitive compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivate our executive officers to achieve our business and financial objectives; and
- align the interests of our executive officers with those of our shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business.

We offer our executive officers cash compensation in the form of base salary or consulting fees and equity-based compensation awarded in the form of Options under the Option Plan. In the future, we may also grant long-term equity-based incentives consisting of units and/or restricted share units under a long-term incentive plan that may be adopted, though none are contemplated at this time. We believe that equity-based compensation awards motivate our executive officers to achieve our business and financial objectives, and also align their interests with the long-term interests of our shareholders. We provide base salary or consulting fees to compensate our employees or consultants for their day-to-day responsibilities, at levels that we believe are necessary to attract and retain executive officer talent.

As a publicly-traded company, we will continue to evaluate our compensation philosophy and compensation program as circumstances require and plan to review compensation on an annual basis. As part of this review process, we expect to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as the cost to us if we were required to find a replacement for a key employee.

The compensation of our executive officers will include two major elements: (i) base salary or consulting fees; and (ii) long-term equity incentives, consisting of Options granted from time to time under the Option Plan. While not a primary element of our compensation framework, we may also, from time to time, award cash or equity-based bonuses to our executive officers in recognition of exemplary performance. Perquisites and personal benefits are not a significant element of compensation of our executive officers.

### **Base salaries & Consulting fees**

Base salary or consulting fees are provided as a fixed source of compensation for our executive officers. Adjustments to base salaries and/or consulting fees are expected to be determined annually and may be increased based on the executive officer's success in meeting or exceeding individual objectives, as well as to maintain market competitiveness. Additionally, base salaries or consulting fees, as applicable, can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope of breadth of an executive officer's role or responsibilities.

### **Stock Option Plan**

The Option Plan is used to grant Options to directors, officers (including Named Executive Officers), employees and consultants of the Company, as additional compensation and as an opportunity to participate in the success of the Company. The granting of such Options is intended to align the interests of such persons with that of our shareholders.

In determining the number of Options to be granted to directors or executive officers, including the Named Executive Officers, the Board takes into account, among other things:

- the number of Options, if any, previously granted to each director or executive officer; and
- the exercise price of any outstanding Options to ensure that such grants are in accordance with the policies of the CSE and closely align the interests of the directors and executive officers with the interests of shareholders.

Our Compensation Committee oversees our compensation policies, processes and practices and has the responsibility of administering the compensation policies related to the directors and executive management of the Company, including option-based awards. Please refer to the "Corporate Governance Disclosure – Compensation" section. In assessing the compensation of the Company's directors and executive officers, including the Named Executive Officers, we do not have in place any formal objectives, criteria or analysis. The Company has not established any specific performance criteria or goals to which total compensation or any significant element of total compensation to be paid to any Named Executive Officer is dependent. Named Executive Officers' performance is reviewed in light of the Company's objectives from time to time.

### Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table is a summary of compensation (excluding compensation securities) paid, awarded to or earned by the Named Executive Officers and any director who is not a Named Executive Officer for the fiscal years ended December 31, 2019 and 2018.

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites <sup>(1)</sup> (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Steven McAuley <sup>(2)</sup> <i>President, CEO and Director</i>	2019	260,944	Nil	Nil	Nil	544,688	805,632
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Mathew Lee <sup>(3)</sup> <i>Former CFO and Secretary</i>	2019	14,695	Nil	Nil	Nil	Nil	14,695
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Dustin Klein <sup>(4)</sup> <i>Director</i>	2019	66,667	Nil	Nil	Nil	Nil	66,667
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Andrejs Bunkse <sup>(5)</sup> <i>Director</i>	2019	15,000	Nil	Nil	Nil	19,462	34,461
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Peter McDonough <sup>(6)</sup> <i>Former Director</i>	2019	15,000	Nil	Nil	Nil	Nil	15,000
	2018	Nil	Nil	Nil	Nil	33,889	33,889
Emily Davis <sup>(7)</sup> <i>Former Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Craig Snyder <sup>(8)</sup> <i>Former President CEO and Director</i>	2019	157,378	Nil	Nil	Nil	Nil	157,378
	2018	206,666	75,000	Nil	Nil	631,068	912,734
Carly Krivanek <sup>(9)</sup> <i>Former CFO and Secretary</i>	2019	21,350	Nil	Nil	Nil	Nil	21,350
	2018	95,000	10,000	Nil	Nil	109,920	214,920
Lorne Gertner <sup>(10)</sup> <i>Former Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	33,889	33,889
Dan Ballister <sup>(11)</sup> <i>Former Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	33,889	33,889
Paul Uhlir <sup>(12)</sup> <i>Former Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	33,889	33,889
Alan Friedman <sup>(13)</sup> <i>Former Chairman of the Board</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	4,500	Nil	Nil	4,500

(1) "Perquisites" include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are: (a) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less; (b) 10% of the NEO or director's salary for the financial year if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000; or (c) \$50,000 if the NEO or director's total salary for the financial year is \$500,000 or greater.

(2) Mr. McAuley was appointed as CEO and as a director on January 4, 2019.

(3) Mr. Lee served as CFO from March 19, 2019 to February 19, 2020.

(4) Mr. Klein was appointed Director on April 30, 2019.

(5) Mr. Bunkse was appointed Director on June 13, 2019.

(6) Mr. McDonough was appointed Director on May 23, 2018 and resigned on June 13, 2019.

(7) Ms. Davis was appointed Director on January 17, 2019 and resigned on May 3, 2019.

(8) Mr. Snyder served as CEO from April 27, 2018 to December 31, 2018. Previously, he served as CEO of the Company's wholly owned subsidiary, Holdings.

(9) Ms. Krivanek served as CFO from April 27, 2018 to February 5, 2019. Previously, she served as CFO of the Company's wholly owned subsidiary, Holdings.

(10) Mr. Gertner resigned on January 3, 2019.

(11) Mr. Ballister resigned on January 4, 2019.

(12) Mr. Uhlir resigned on January 3, 2019.

(13) Mr. Friedman resigned on April 27, 2018.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Company, or any subsidiary thereof, in the year ended December 31, 2019 for services provided or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

Name and Position	Type of Compensation Security	Number of Compensation Securities and Percentage of Class <sup>(1)</sup>	Date of Issue or Grant	Issue, Conversion or Exercise Price	Closing Price of Security or Underlying Security on Date of Grant <sup>(2)</sup>	Expiry Date
Steven McAuley <i>President, CEO and Director</i>	Share-based compensation	7,000,000 <sup>(3)</sup>	June 17, 2019	\$0.14	\$0.14	N/A
	Stock Option	7,000,000 <sup>(4)</sup>	June 17, 2019	\$0.14	\$0.14	June 17, 2024
Mathew Lee <i>CFO and Secretary</i>	Nil	Nil	Nil	Nil	Nil	Nil
Dustin Klein <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil
Andrejs Bunkse <i>Director</i>	Stock Option	300,000 <sup>(4)</sup>	June 17, 2019	\$0.14	\$0.14	June 17, 2022
Peter McDonough <i>Former Director</i>	Nil	Nil	Nil	Nil	Nil	Nil
Emily Davis <i>Former Director</i>	Nil	Nil	Nil	Nil	Nil	Nil
Craig Snyder <i>Former President CEO and Director</i>	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	Nil	Nil	Nil	Nil	Nil
Carly Krivanek <i>Former CFO and Secretary</i>	Nil	Nil	Nil	Nil	Nil	Nil
Lorne Gertner <i>Former Director</i>	Nil	Nil	Nil	Nil	Nil	Nil
Dan Ballister <i>Former Director</i>	Nil	Nil	Nil	Nil	Nil	Nil
Paul Uhlir <i>Former Director</i>	Nil	Nil	Nil	Nil	Nil	Nil

(1) Each stock option is exercisable or redeemable into one Share.

(2) All of the compensation securities granted or issued in 2019 were comprised of Shares or securities exercisable into Shares. The closing price per Share on the Canadian Securities Exchange (the "CSE") on December 30, 2019, being the last trading day of the Company's most recently completed fiscal year, was \$0.04.

(3) 2,000,000 of these shares vested immediately and the balance vest quarterly over a three-year period.

(4) These Options vested immediately.

Exercise of Compensation Securities by Directors and NEOs

No director or NEO exercised or redeemed any compensation securities, being solely comprised of Options, during the Company's most recently completed fiscal year ended December 31, 2019.

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

As at December 31, 2019, the Company had one equity incentive plan, being the stock option plan (the “**Stock Option Plan**”).

### ***Stock Option Plan***

The Stock Option Plan is a “rolling” stock option plan that is administered by the Board (or a committee thereof), pursuant to which the number of Shares reserved for issuance from time to time will not exceed 10% of the issued and outstanding Shares at the date of any grant, on an undiluted basis. The Stock Option Plan provides that the Board may, from time to time, in its discretion, grant Options to directors, officers, employees, consultants and other personnel of the Company and its subsidiaries or affiliates. As at the date of this Information Circular, there were 11,920,000 Options outstanding under the Stock Option Plan.

## **Employment, Consulting and Management Agreements**

The following is a summary of the terms of employment, consulting and management agreements for NEOs during the fiscal year ended December 31, 2019 and for current members of management, all of whom were appointed in 2019.

### ***Steven McAuley – President, CEO and Director***

On January 4, 2019, the Company entered into an employment agreement with Mr. McAuley pursuant to which the Company agreed to employ Mr. McAuley as CEO of the Company, effective as of January 4<sup>th</sup>, 2019, for an indefinite term in consideration of an annual base salary of US\$225,000. Mr. McAuley is eligible to receive a performance bonus upon achievement of reasonably attainable criteria to be agreed upon by Mr. McAuley and the Board on an annual basis, with the potential to earn a higher percentage when stretch target milestones are achieved. Additionally, Mr. McAuley will partake in a bonus incentive program to be based on the satisfaction of certain milestones, including the successful completion of financing rounds following which the annual base salary will be increased by an amount equal to 2% of the total amount of equity, debt or hybrid financing raised. He is also entitled to, among other things, participate in the Stock Option Plan and other employee benefit plans of the Company. In the event that the agreement is terminated by the Company without just cause or by Mr. McAuley for good reason (each as defined in the agreement), the Company shall pay Mr. McAuley any outstanding base salary and other amounts owing under the agreement. In the event that the agreement is terminated by the Company or Mr. McAuley in connection with a change of control of the Company (as defined in the agreement), the Company shall pay Mr. McAuley any outstanding base salary and other amounts owing under the agreement. In certain termination cases, the vesting of any unvested stock options will be accelerated. In connection with the employment agreement, the Company granted Mr. McAuley 7,000,000 stock options and 7,000,000 bonus Shares.

### ***Mathew Lee – CFO and Secretary***

On March 11, 2019, the Company entered into a consulting agreement with Mr. Lee pursuant to which the Company agreed to employ Mr. Lee as CFO and Secretary of the Company, effective as of March 11, 2019, for an indefinite term in consideration of an annual base salary of \$24,000. Mr. Lee served as CFO from March 19, 2019 to February 19, 2020.

### ***Dustin Klein – Director and SVP, Business Development***

On April 30, 2019, the Company entered into an employment agreement with Mr. Klein pursuant to which the Company agreed to employ Mr. Klein as a director of the Company, effective as of April 30, 2019, for an indefinite term in consideration of an annual base salary of US\$100,000.00. Mr. Klein is eligible to receive a performance bonus of US\$50,000.00, with reasonably attainable criteria to be agreed upon by Mr. Klein and the Board on an annual basis, with the potential to earn a higher percentage when stretch target milestones are achieved. He is also entitled to, among other things, participate in the Stock Option Plan and other employee benefit plans of the Company. In the event that the agreement is terminated by the Company without just cause or by Mr. Klein for good reason (each as defined in the agreement), the Company shall pay Mr. Klein any outstanding base salary and other amounts owing under the agreement. In the event that the agreement is terminated by the Company or Mr. Klein in connection with a change of

control of the Company (as defined in the agreement), the Company shall pay Mr. Klein any outstanding base salary and other amounts owing under the agreement. In certain termination cases, the vesting of any unvested stock options will be accelerated. If, prior to the second anniversary of the date of the agreement, Mr. Klein's employment is terminated by the Company without cause (as defined in the agreement) or terminated by Mr. Klein for good reason (as defined in the agreement), then in addition to all accrued salary payable to Mr. Klein through the date of such termination, and subject to certain conditions, the Company shall continue to pay Mr. Klein's base salary as severance compensation until the earlier of: (i) the first anniversary of the date of such termination or (ii) the second anniversary of the date of the agreement.

*Andrejs Bunkse – Director*

On May 26, 2019, 2019, the Company entered into an agreement with Mr. Bunkse pursuant to which the Company agreed to employ Mr. Bunkse as a director of the Company, effective as of May 26, 2019, for an indefinite term in consideration of an annual base salary of US\$15,000. He is also entitled to, among other things, participate in the Stock Option Plan and other employee benefit plans of the Company. In connection with the employment agreement, the Company granted Mr. Bunkse 600,000 stock options.

**Oversight and Description of Director and NEO Compensation**

Given the Company's small size and early stage of development, the Board has not yet appointed a formal compensation committee and typical powers and responsibilities thereof are carried out by the Board as a whole. The CEO assists the Board in assessing the performance of all other executive officers, and the Board has authorized the CEO to make determinations with respect to salaries to be paid to certain officers within a set of fixed parameters. The proposed executive compensation is then presented to the Board for approval and/or ratification, as applicable. The Compensation Committee also has the responsibilities of reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation program, recommending compensation of the Company's officers and employees to the Board, and evaluating the performance of officers generally and in light of annual goals and objectives.

In addition to the foregoing, certain directors may be paid additional fees in special circumstances, as determined in the sole discretion of the Board, such as in connection with serving on a special committee of the Board from time to time.

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

The following table sets forth details regarding the Stock Option Plan, being the Company's only equity compensation plan as of December 31, 2019. The Stock Option Plan was approved by the Board on August 23, 2019. The Shareholders are being asked to approve the Stock Option Plan at the Meeting. For more information on the Stock Option Plan, see "*Particulars to be Acted Upon – Approval of Stock Option Plan*".

Plan Category	Number of shares to be issued upon exercise of outstanding Options <sup>(1)</sup>	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(2)</sup>
Equity compensation plans approved by shareholders (Stock Option Plan)	11,920,000	\$0.15	7,454,320
Equity compensation plans approved by shareholders	N/A	N/A	N/A
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
<b>Total</b>	11,920,000	\$0.15	7,454,320

(1) The Company does not have any warrants outstanding under any equity compensation plans.

(2) The Stock Option Plan is a rolling plan under which the Company can issue such number of Options as is equal to 10% of the Company's issued and outstanding Shares from time to time. As of September 10, 2020, there were 190,743,209 Shares outstanding and the Company could issue up to 19,074,320 Options under the Stock Option Plan, of which 11,920,000 were outstanding on such date.

Copies of the Stock Option Plan are available for review at the office of the Company at the address set out on the first page of this Information Circular, during normal business hours up to and including the date of the Meeting.

### **APPOINTMENT OF AUDITOR**

It is proposed that MNP LLP (“**MNP**”) of Suite 300 – 111 Richmond Street West, Toronto, Ontario, M5H 2G4, be appointed as auditor of the Company for the financial year ending December 31, 2019.

At the Meeting, shareholders will be asked to vote for the appointment of MNP, to serve as auditor of the Company for the Company’s fiscal year ending December 31, 2019 at a remuneration to be fixed by the Board.

**Management recommends shareholders vote for the appointment of MNP as the Company’s auditor for the Company’s fiscal year ending December 31, 2019 at remuneration to be fixed by the Board.**

### **AUDIT COMMITTEE DISCLOSURE**

National Instrument 52-110 of the Canadian Securities Administrators requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

#### **The Audit Committee Charter**

The full text of the Company’s Audit Committee Charter is as Schedule “B”.

#### **Composition of the Audit Committee**

The Company’s Audit Committee is currently comprised of three directors consisting of Steven McAuley, Dustin Klein and Andrejs Bunkse. As defined in National Instrument 52-110, Mr. McAuley and Mr. Klein are not independent as they are officers and/or significant shareholders of the Company. Mr. Bunkse is independent. The Company is exempt from the Audit Committee composition requirements in NI 52-110 which require all Audit Committee members to be independent. All of the Audit Committee members are “financially literate”, as defined in National Instrument 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

The Audit Committee is responsible for review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right at all times, to inspect all the books and financial records of the Company and any subsidiaries and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The Audit Committee members meet periodically with management and annually with the external auditors.

#### **Relevant Education and Experience**

##### *Steven McAuley*

Mr. McAuley is the Chairman and CEO of the Company, a position he has held since January 4, 2019. From January 2013 through January 2019, Mr. McAuley was the Founder & CEO of Privatis Technology Corporation in Vancouver, B.C. Canada. He is the former: SVP, Financial Services of Penske Automotive Group (NYSE: PAG); CEO of Xpel Technologies (TSXV: DAP); and CEO, United Kingdom of GE Capital Fleet Services.

##### *Dustin Klein*

Mr. Klein has been a member of the Board since May 2019. Mr. Klein is currently the co-founder of Sun Valley Science, LLC, a position he has held since its formation in May 2018. Between September 2013 and May 2019, Mr. Klein was a co-founder of Sun Valley Health Centers, LLC, Sun Valley Health Centers West, LLC, Sun Valley Health Centers Mesa, LLC, Sun Valley Health Centers NV, LLC and Sun Valley Health Centers Tucson, LLC which operate

Sun Valley Health Businesses in the metropolitan Phoenix, Arizona, Tucson, Arizona and Las Vegas, Nevada area. From September 2012 through July 2013, Mr. Klein was the Manager of Johns 4x4 in Boulder, Colorado. From January 2012 through August 2012, Mr. Klein was a Regional Account Manager for Solar City in Denver Colorado. From January 1, 2011 through December 31, 2011, Mr. Klein was the owner of Gutshot Entertainment in Denver, Colorado.

#### *Andrejs Bunkse*

Mr. Bunkse has been a member of the Board since June 2019. Mr. Bunkse is currently Of Counsel to Nimbus Legal PLLC in Scottsdale Arizona, a position he has held since May 2018. Mr. Bunkse is the founder of Rain Legal (Law Offices of Andrejs K. Bunkse), a position he has held since April 2018. Mr. Bunkse has been the President of Endurance Strategies Group in Phoenix, Arizona since May 2013.

#### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

#### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in Sections 2.4 or 8 of National Instrument 52-110. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of National Instrument 52-110 in whole or in part.

#### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter of the Company.

#### **External Auditor Service Fees**

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The aggregate fees billed by the Company's external auditor in the last two fiscal years, by category, are as follows:

<b>Year Ended December 31</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2019	\$90,900	\$57,770	\$Nil	\$Nil
2018	\$81,250	\$Nil	\$Nil	\$Nil

#### **Exemption**

The Company is relying on the exemption provided by Section 6.1 of National Instrument 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of National Instrument 52-110.



## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee, proposed nominee for election to the Board, or associate of such persons is, or has been, indebted to the Company since the beginning of the most recently completed financial year of the Company and no indebtedness remains outstanding as at the date of this Information Circular.

None of the directors or executive officers of the Company is or, at any time since the beginning of the most recently completed financial year, has been indebted to the Company. None of the directors' or executive officers' indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no: (a) director, proposed director or executive officer of the Company; (b) person or company who beneficially owns, directly or indirectly, Shares or who exercises control or direction of Shares, or a combination of both, carrying more than ten percent of the voting rights attached to the Shares outstanding (an "Insider"); (c) director or executive officer of an Insider; or (d) associate or affiliate of any of the directors, executive officers or Insiders, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, except with an interest arising from the ownership of Shares where such person or company will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of Shares.

## MANAGEMENT CONTRACTS

There are no management functions of the Company, which are, to any substantial degree, performed by a person other than the directors or executive officers of the Company, except as otherwise described in this Information Circular.

## CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to disclose its corporate governance practices as follows:

### Board of Directors

The Board currently consists of three directors, being Steven McAuley, Dustin Klein and Andrejs Bunkse. Mr. Bunkse is "independent" in that he is independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with his ability to act in the best interest of the Company, other than the interests and relationships arising from being a shareholder. Mr. McAuley is the President and CEO of the Company and Mr. Klein is an officer and significant shareholder, therefore they are not considered to be independent.

### Directorships

Certain directors of the Company are currently also directors of other reporting issuers, as described in the table below:

Name of Director of the Company	Names of Other Reporting Issuers and Exchange Listing
Steven McAuley	N/A
Dustin Klein	N/A

Name of Director of the Company	Names of Other Reporting Issuers and Exchange Listing
Andrejs Bunkse	N/A

### **Orientation and Continuing Education**

The Board briefs all new directors with respect to the policies of the Board and other relevant corporate and business information. The Board does not provide any continuing education.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an 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 independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders. 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 required time, show support for the Company's mission and strategic objectives, and a willingness to serve.

### **Compensation**

The Board conducts reviews with regard to the compensation of the directors and CEO once a year.

### **Other Board Committees**

The Board has no other committees other than the Audit Committee.

### **Assessments**

The Board regularly monitors the adequacy of information given to directors, communications between the Board and management and the strategic direction and processes of the Board and its committees.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as disclosed elsewhere in this Information Circular, no director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, no proposed nominee for election as a director of the Company, nor any associate or affiliates of any such directors, officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of Shares or other securities in the Company or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors and the grant of options which may be granted to such persons upon the approval of the Stock Option Plan, as further discussed below.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Approval of Stock Option Plan**

On September 18, 2020, the Board adopted the Stock Option Plan (in this section, the "**Plan**"). The Plan provides more detailed information about the requirements with respect to stock option grants as mandated by the CSE. In addition, the Plan allows for the automatic extension of the expiry date of any stock options governed by the Plan if such expiry date falls within a blackout period during which the Company would otherwise prohibit optionees from

exercising their options. At the Meeting, shareholders will be asked to ratify, confirm and approve the Plan. A copy of the Plan is attached to this Information Circular as Schedule “A”.

The Plan is a “rolling” stock option plan, whereby the aggregate number of Shares reserved for issuance under the Plan, together with any other Shares reserved for issuance under any other plan or agreement of the Company shall not exceed 10% percent of the total number of issued Shares (calculated on a non-diluted basis) at the time an option is granted,

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

1. The Board shall establish the exercise price at the time each option is granted, subject to the following conditions:
  - (a) if the Shares are listed on the CSE, the exercise price will not be less than the minimum prevailing price permitted by CSE policies;
  - (b) if the Shares are not listed, posted and trading on any stock exchange or bulletin board, then the exercise price will be determined by the Board at the time of granting;
  - (c) if an option is granted within 90 days of a distribution by a prospectus by the Company, the exercise price will not be less than the price that is the greater of the minimum prevailing price permitted by CSE policies and the per share price paid by public investors for Shares acquired under the distribution by the prospectus, with the 90 day period beginning on the date a final receipt is issued for the prospectus; and
  - (d) in all other cases, the exercise price shall be determined in accordance with the rules and regulations of any applicable regulatory bodies.
2. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, without having been exercised in full, the number of Shares in respect of the expired or terminated option shall again be available for a grant under the Plan.
3. No option granted under the Plan may have an expiry date exceeding ten years from the date on which the option is granted (unless automatically extended as a result of a blackout period as described below).
4. The expiry date of each option will be automatically extended if the expiry date falls within a period during which the Company prohibits optionees from exercising their options, provided that:
  - (a) the blackout period has been formally imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information (as defined in the policies of the CSE). For greater certainty, in the absence of the Company formally imposing a blackout period, the expiry date of any options will not be automatically extended in any circumstances;
  - (b) the blackout period expires upon the general disclosure of the undisclosed Material Information and the expiry date of the affected options is extended to no later than ten business days after the expiry of the blackout period; and
  - (c) the automatic extension will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Company’s securities.
5. Options granted to any one individual in any 12 month period cannot exceed more than 5% of the issued Shares, unless the Company has obtained disinterested shareholder approval.

6. Options granted to any one consultant in any 12 month period cannot exceed more than 2% of the issued Shares, without the prior consent of the CSE.
7. Options granted to all persons, in aggregate, conducting investor relations activities in any 12 month period cannot exceed more than 2% of the issued Shares, without the prior consent of the CSE.
8. Options issued to optionees performing investor relations activities will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.
9. If a director, employee or consultant of the Company is terminated for cause, then any option granted to the option holder will terminate immediately upon the option holder ceasing to be a director, employee, or consultant of the Company by reason of termination for cause.
10. If an option holder ceases to be a director, employee or consultant of the Company (other than by reason of death, disability or termination of services for cause), or if an optionee resigns, as the case may be, then any option granted to the holder that had vested and was exercisable on the date of termination will expire on the earlier of the expiry date and the date that is 90 days following the date that the holder ceases to be a director, employee or service provider of the Company.
11. If the engagement of an option holder engaged in investor relations activities as a consultant is terminated for any reason other than cause, disability or death, any option granted to such holder that was exercisable and had vested on the date of termination will be exercisable until the earlier of the expiry date and the date that is 30 days after the effective date of the holder ceasing to be a consultant.
12. If an option holder dies, the holder's lawful personal representatives, heirs or executors may exercise any option granted to the holder that had vested and was exercisable on the date of death until the earlier of the expiry date and one year after the date of death of the holder.
13. If an option holder ceases to be a director, employee or consultant of the Company as a result of a disability, the holder may exercise any option granted to the holder that had vested and was exercisable on the date of disability until the earlier of the expiry date and one year after the date of disability.
14. 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.
15. The Plan will be administered by the Board who will have the full authority and sole discretion to grant options under the Plan to any eligible party, including themselves.
16. Options granted under the Plan shall not be assignable or transferable by an option holder.
17. The Board may from time to time, subject to regulatory or shareholder approval, amend or revise the terms of the Plan.

The Plan provides that other terms and conditions may be attached to a particular option at the discretion of the Board. The Board has unanimously approved the Plan and recommends that shareholders vote FOR the ratification, confirmation and approval of the Plan.

At the Meeting, shareholders will be asked to approve the following ordinary resolution (the "**Plan Resolution**"), which must be approved by at least a majority of the votes cast by shareholders represented in person or by proxy at the Meeting who vote in respect of the Plan Resolution:

“RESOLVED, as an ordinary resolution of the shareholders of Empower Clinics Inc. (the “Company”), that:

1. The Company’s Stock Option Plan (the “Plan”), as set forth in the Company’s Information Circular dated September 10, 2020, including the reservation for issuance under the Plan at any time of a maximum of 10% of the issued common shares of the Company, be and is hereby ratified, confirmed and approved, subject to the acceptance of the Plan by the Canadian Securities Exchange (the “CSE”);
2. The board of directors of the Company be authorized in its absolute discretion to administer the Plan and amend or modify the Plan in accordance with its terms and conditions and with the policies of the CSE; and
3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the Plan required by the CSE or applicable securities regulatory authorities and to complete all transactions in connection with the administration of the Plan.”

The form of the Plan Resolution set forth above is subject to such amendments as management may propose at the Meeting, but which do not materially affect the substance of the Plan Resolution.

Management of the Company recommends that shareholders vote in favour of the Plan Resolution at the Meeting. It is the intention of the Designated Persons, if not expressly directed otherwise in such form of proxy, to vote such proxy FOR the Plan Resolution.

### **Approval of Share Consolidation**

The Board believes that it is in the best interests of the Corporation to consolidate the issued and outstanding Common Shares on the basis of a ratio of one (1) post-consolidation Common Share for each five (5) pre-consolidation Common Shares (the “Share Consolidation”).

At the Meeting, Shareholders will be asked to consider the special resolution (the “Share Consolidation Resolution”) set forth below. If the Share Consolidation Resolution is approved by the Shareholders, and all regulatory requirements are complied with, including acceptance by the Canadian Securities Exchange, the decision to implement such Share Consolidation, if at all, and the consolidation ratio will be determined by the Board in its sole discretion.

The Board anticipates that the post-consolidation market price per Common Share may: (a) allow for the issuance of at-market stock options which are designed to motivate and retain the Corporation's key officers and employees in order to achieve results that ultimately benefit the Shareholders; and (b) facilitate further financing activities of the Corporation, make investing in the Common Shares more attractive to a broader range of institutional investors and other members of the investing public.

No fractional Common Shares of the Corporation will be issued if, as a result of the Share Consolidation, a Shareholder would otherwise be entitled to a fractional share. Instead, any fractional Common Shares resulting from the Share Consolidation will be rounded down to the nearest whole share if the fraction is less than one-half of a share and will be rounded up to the nearest whole share if the fraction is at least one-half or a share.

There can be no assurances whatsoever that the market price of the Common Share will increase, nor that a higher share price will generate increased investor interest, if the proposed Share Consolidation is implemented.

If the Share Consolidation is implemented, the Corporation will announce the effective date of the Share Consolidation and all Registered Shareholders will be sent a letter of transmittal by Olympia Trust Company

containing instructions on how to exchange their share certificates representing pre-consolidation Common Shares for new share certificates representing post-consolidation Common Shares. Beneficial Shareholders holding their Common Shares through an intermediary, such as a brokerage firm, bank, dealer or similar organization, should note that such intermediary may have different procedures for processing the Share Consolidation than those that will be put in place by the Corporation for the Registered Shareholders. Beneficial Shareholders who have any questions in this regard are encouraged to contact their intermediary.

In order to be effective, the Share Consolidation Resolution must be passed by not less than two-thirds of the votes cast by Shareholders present in person or by proxy at the Meeting.

“RESOLVED, as a special resolution, THAT:

1. The board of directors of the Corporation be and is hereby authorized, subject to approval of the applicable regulatory authorities, to take such actions as are necessary to consolidate, at any time following the date of this resolution, all of the issued and outstanding common shares of the Corporation on the basis of one (1) new post-consolidation common share for every five (5) pre-consolidation common shares, or such lesser whole number of pre-consolidation common shares that the directors in their discretion may determine, subject to the approval of the applicable regulatory authorities;
2. Any one director or officer of the Corporation be and is hereby authorized and directed on behalf of the Corporation to prepare, sign and deliver all documents and to do all things necessary and advisable to give effect to these resolutions;
3. Notwithstanding the shareholders’ approval by this resolution of the proposal to consolidate the issued share capital of the Corporation, the directors of the Corporation be and are hereby authorized without further approval of the Shareholders to modify, vary or amend such terms and conditions in respect of the consolidation as they consider necessary or as may be required by the regulatory authorities having jurisdiction or as the board of directors may in its sole discretion deem in the best interests of the Corporation; and
4. Notwithstanding the shareholders’ approval by this resolution of the proposal to consolidate the issued and share capital of the Corporation, the directors of the Corporation be and are hereby authorized without further approval of the Shareholders to revoke or amend the resolution consolidating the issued share capital of the Corporation before it is acted upon.”

To be approved, the affirmative vote of a majority of not less than 2/3 of the votes cast on the resolution is required. The Board recommends that shareholders vote FOR the approval of the Share Consolidation. The persons named in the accompanying form of proxy intend to vote FOR the resolution, unless otherwise instructed on a properly executed and validly deposited proxy.

### **Approval of Continuance Under the British Columbia Business Corporations Act**

The Corporation is currently governed by the *Canada Business Corporations Act* ("**CBCA**"). The federal corporate law regime in British Columbia differs in certain respects from most of the other provincial and federal corporate legislation in Canada. Consequently, for matters of efficiency and practicality, it is preferable at this time to continue the Corporation (the "**Continuance**") under the *Business Corporations Act* (British Columbia) ("**BCBCA**") so that the Corporation will be governed by the BCBCA and no longer be subject to the provisions of the CBCA. As described in greater detail below, the Continuance is subject to special majority approval of Shareholders at the Meeting, in addition to certain regulatory approvals.

#### ***Continuance Process***

If the Continuance is approved at the Meeting, as soon as practicable thereafter, and subject to the discretion of the Board to decide otherwise, the Corporation will seek the authorization of the Director under the CBCA (the "**Director**") to apply to the Registrar of Companies under the BCBCA (the "**Registrar**") to be continued under the BCBCA. The Director can allow the Corporation to continue out of the federal jurisdiction to British Columbia upon receipt of an application from the Corporation which confirms, among other things, that the BCBCA provides that

the property of the Corporation before continuance will continue to be the property of the Corporation and that the Corporation will continue to be liable for its pre-continuance obligations. The Director must authorize the Corporation to continue under the CBCA if the Director is satisfied that the Corporation has filed with the Registrar all of the records that the Corporation is required to file under the CBCA.

As soon as practicable following the approval of the Shareholders and the authorization of the Continuance by the Director (and subject to the discretion of the Board to decide otherwise), the Corporation intends to apply to the Registrar for a certificate of continuance by filing articles of continuance and related documents with the Registrar. The Continuance will take effect on the date indicated in the certificate of continuance, upon which the Corporation will become a BCBCA corporation and the articles of continuance will be deemed to be the Corporation's articles of incorporation.

### ***Articles of Continuance***

The articles of continuance to be filed to effect the Continuance will provide that the number of directors of the Corporation will be a minimum of three directors and a maximum of ten directors, with the actual number of directors of the Corporation to be determined from time to time by the directors. The articles will also permit the directors to appoint one or more additional directors within the limits provided in the BCBCA. The authorized share capital of the Corporation will continue to be an unlimited number of Common Shares.

Shareholders will also be asked to consider a separate ordinary resolution approving Articles of the Corporation, which is conditional upon Shareholder approval of the Continuance and the issuance of a certificate of continuance by the Director. See the section "*Approval of Articles*", below, for further information.

### ***Effect of Continuance***

The Continuance will not create a new legal entity, affect the continuity of the Corporation or result in a change in its business. Implementing the Continuance will not alter the ownership of the Corporation's property or its liability for its obligations. The persons elected as directors by the Shareholders at the Meeting will continue to constitute the Board upon the Continuance becoming effective.

### ***Certain Differences Between the CBCA and the BCBCA***

Upon the Continuance, the Corporation would be governed by the CBCA. Although the rights and privileges of shareholders under the BCBCA are in many instances comparable to those under the CBCA, there are several notable differences.

In general terms, the BCBCA provides to shareholders substantively the same rights as are available to shareholders under the CBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions. There are, however, important differences concerning the qualifications of directors, location of shareholder meetings and certain shareholder remedies.

### ***Board of Directors***

The BCBCA provides that a reporting corporation must have a minimum of three directors but does not impose any residency requirements on the directors. Under the CBCA, at least one-quarter of the directors must be resident Canadians. However, if a corporation has less than four directors, at least one director must be a resident Canadian. Subject to certain exceptions, generally an individual has to be ordinarily resident in Canada to be considered a resident Canadian under the CBCA.

Under the BCBCA, a director may be removed by shareholders by Special Resolution unless the articles provide for a lower approval level, while under the CBCA directors may be removed by an ordinary resolution.

### ***Changes to Charter Documents***

The CBCA requires shareholder approval by Special Resolution to change the name of the Corporation, whereas under the BCBCA the board of directors may approve a change of name. The BCBCA permits changes to be made

to the constating documents with shareholder approval by ordinary resolution, unless a higher threshold is specified in the articles.

Under the CBCA, changes to the articles generally require approval by shareholders by Special Resolution while changes to the by-laws require shareholder approval by ordinary resolution, unless a higher threshold is specified in the by-laws.

However, the BCBCA is slightly less flexible with respect to the timing for adopting changes to the constating documents. Changes to the articles of a BCBCA corporation require prior approval by shareholders in order to become effective.

Under the BCBCA, a special majority is the majority of votes required for a special resolution and the special majority must be specified in the articles to be not less than a two-thirds majority and not more than a three-quarters majority of the votes cast on the resolution and, if no specification is made, the default majority is two-thirds of the votes cast. Under the CBCA, a special resolution is a resolution passed by majority of not less than two-thirds of the votes cast by shareholders who vote in respect of that resolution or a resolution signed by all of the shareholders entitled to vote on that resolution.

### ***Registered Office***

Under the BCBCA, the registered office of the Corporation must be situated in British Columbia; under the CBCA, the registered office of the Corporation may be situated in the province in Canada specified in its articles.

### ***Number of Directors and Director Terms***

The BCBCA provides that a public corporation must have a minimum of three directors. The CBCA requires a corporation whose securities have been part of a distribution to the public and remain outstanding (the equivalent of a public corporation under the BCBCA), and are held by more than one person, to have at least three directors, at least two of whom are not officers or employees of the Corporation or its affiliates. The BCBCA does not expressly limit the length of the term for which a director may be elected but provides that directors shall be elected or appointed in accordance with the articles of a corporation. Under the CBCA, directors cannot be elected for a term greater than three years, but staggered terms are permitted. A director who is not elected for an expressly stated term will cease to hold office at the close of the first annual meeting of shareholders following his or her election.

### ***Reliance of Directors***

Under the BCBCA, directors will not be found liable if they rely in good faith on financial statements, auditor's reports, professional reports, statements of fact from an officer or any other document which the court considers as a reasonable ground for the director's conduct. Under the CBCA, directors may rely on financial statements, auditor's reports and professional reports; however, the court is not granted the same jurisdiction in determining whether a director's reliance upon other documents is acceptable.

### ***Shareholders' Meetings***

Under the BCBCA, shareholders' meetings must be held in British Columbia unless (a) the articles (which are the equivalent to by-laws under the CBCA) provide that the meeting may be held in a location outside of British Columbia, or (b) the articles do not restrict the Corporation from approving a location outside of British Columbia for the holding of the shareholders' meeting and such location is approved by the resolution required by the articles or, if no resolution is required, approved by ordinary resolution, or (c) the other location is approved by the British Columbia Registrar; under the CBCA, shareholders' meetings may be held at a place in Canada provided for in the by-laws or, in the absence of such provision, at the place within Canada that the directors determine, and shareholders' meetings may be held at a place outside Canada if the place is specified in the articles of incorporation or if all shareholders entitled to attend consent.

The CBCA permits the holders of not less than five percent of the issued shares of the Corporation that carry the right to vote at a meeting sought to be held to requisition the directors to call and hold a meeting of shareholders of a corporation for the purposes stated in the requisition. If the directors do not call a meeting within 21 days on receiving the requisition, any shareholder who signed the requisition may call the meeting. The BCBCA permits the



holders of not less than five percent of the issued shares that carry the right to vote at a general meeting of shareholders to requisition the directors to call and hold a general meeting within four months of receipt of the requisition. If the directors do not call a general meeting within 21 days of receiving the requisition, any one or more of the requisitioning shareholders who hold not less than 2.5 percent of the issued shares that carry the right to vote may call a general meeting.

### ***Sale of Assets***

The CBCA requires approval of the holders of shares of a corporation represented at a duly called meeting by not less than two-thirds of the votes cast upon a special resolution for a sale, lease or exchange of all or substantially all of the property (as opposed to the "undertaking") of the Corporation, other than in the ordinary course of business of the Corporation. Under the BCBCA, a corporation may sell, lease or otherwise dispose of all or substantially all of the undertaking (as opposed to the "property") of the Corporation if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution passed by the majority of votes that the articles of the Corporation specify is required (being at least two-thirds and not more than three-quarters of the votes cast on the resolution) or, if the articles do not contain such a provision, a special resolution passed by at least two-thirds of the votes cast on the resolution. While the minimum shareholder approval thresholds will be the same under the BCBCA and the CBCA, there are differences in the nature of the sale which requires such approval, i.e. a sale of all or substantially all of the "undertaking" under the BCBCA and of all or substantially of the "property" under the CBCA.

### ***Oppression Remedies***

An oppression remedy allows a shareholder to apply to a court if a corporation is being run in a manner which is oppressive or unfairly prejudicial to the interests of that shareholder. If the court finds that oppression exists, it can grant a variety of remedies, ranging from an order restraining the conduct complained of to an order requiring the Corporation to repurchase the shareholder's shares or an order liquidating the Corporation. While the BCBCA will allow a court to grant relief where a prejudicial effect to the shareholder is merely threatened, the CBCA will only allow a court to grant relief if the effect actually exists (i.e. it must be more than merely threatened). Other than this distinction, the oppression remedies in the two statutes are relatively similar.

### ***Shareholder Derivative Actions***

Under the BCBCA, a shareholder or director of a corporation, or any other person whom the court considers to be an appropriate person to make an application may, with leave of the court, bring an action in the name and on behalf of the Corporation to enforce a right, duty or obligation owed to the Corporation that could be enforced by the Corporation itself or to obtain damages for any breach of such a right, duty or obligation. In the CBCA, this right extends to a registered shareholder, former registered shareholder, beneficial shareholder, former beneficial shareholder, director, former director, officer and a former officer of a corporation or any of its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action. In addition, the CBCA permits derivative actions to be commenced in the name and on behalf of a corporation or any of its subsidiaries. No leave may be granted unless the court is satisfied that: (i) the complainant has given at least 14 days' notice to the directors of the Corporation or its subsidiary of the complainant's intention to apply to the court if the directors of the Corporation or its subsidiary do not bring, diligently prosecute, defend or discontinue the action, (ii) the complainant is acting in good faith, and (iii) it appears to be in the interests of the Corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.

### ***Short Form Amalgamations***

Both the BCBCA and CBCA permit short form amalgamations, where a parent corporation and one or more wholly-owned subsidiaries amalgamate or where two or more wholly-owned subsidiaries of the same parent corporation amalgamate. For short form amalgamations under the BCBCA, amalgamated corporations may elect to obtain court approval; under the CBCA, amalgamating corporations are not required to seek court approval.

### ***Insolvency***

Under the BCBCA, the determination of insolvency is subject to the ability of a corporation to meet its liabilities as they become due; under the CBCA, the test is similar to the one under the BCBCA, however, it imposes a further requirement that the realizable value of the Corporation's assets would need to exceed the aggregate of its liabilities and stated capital of all classes of shares.

### ***Dissent Rights***

Both statutes contain similar dissent rights for shareholders who dissent to certain actions taken by a corporation, requiring the Corporation to purchase shares held by such shareholder at the fair value of such shares upon the due exercise of such dissent rights. The procedures for exercise of the dissent remedies are different and are set out in Appendix "A".

### ***Continuance Approval***

At the meeting, shareholders will be asked to consider and, if thought advisable, to pass a special resolution approving the Continuance (the "**Continuance Resolution**"), substantially in the following form:

1. The continuance of Empower Clinics Inc. (the "**Corporation**") under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") is hereby authorized and approved;
2. The Corporation is hereby authorized to apply to the Registrar of Companies appointed under the *Business Corporations Act* (British Columbia) (the "**Registrar**") for a certificate of continuance continuing the Corporation under the BCBCA;
3. The Corporation is hereby authorized to apply to the Director appointed under the CBCA (the "**Director**") for authorization to continue the Corporation under the CBCA;
4. The articles of continuance/continuance application of the Corporation to be filed with the Registrar, with such amendments, deletions or alterations as may be considered necessary or advisable by any director or officer of the Corporation, in order to ensure compliance with the BCBCA and the requirements of the Registrar is hereby approved.
5. Notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation may, at their discretion, and without further approval of the shareholders of the Corporation, revoke this special resolution before it is acted upon and not proceed with the continuance of the Corporation contemplated herein; and
6. Any director or officer of the Corporation is hereby authorized to execute and deliver, on behalf of the Corporation, all such documents and instruments, and to do all such acts and things as such director or officer may consider to be necessary or advisable in order to carry out the terms of this special resolution.

In accordance with the provisions of the BCBCA, the Continuance must be approved by not less than two-thirds of the votes cast in respect of the Continuance Resolution by Shareholders, present in person or by proxy at the Meeting.

Shareholders have the right to dissent from the Continuance Resolution. See "*Dissent Rights*" in the section that follows for details of this dissent right.

**Absent contrary instructions, proxies given pursuant to this solicitation by the management of the Corporation will be voted "FOR" the approval of the Continuance.**

### ***Right to Dissent***

The Shareholders will have the right to dissent under the BCBCA in regard of the proposed Continuance Resolution. Any Shareholder who dissents will be entitled to be paid in cash the fair value for their Common Shares held so long as such dissenting Shareholder: does not vote any of his, her or its Common Shares in favour of the Continuance Resolution, (ii) provides to the Corporation written objection (a "**Notice of Dissent**") to the Continuance Resolution to the Corporation's registered office at 1030 West Georgia Street, Suite 918, Vancouver, British Columbia V6E 2Y3 marked to the attention of the President, or by either delivering the Notice of Dissent to the Corporation at least two days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the section 190 of the CBCA.

A Shareholder who wishes to exercise his, her or its dissent right must give written notice of his, her or its dissent to the Corporation at its registered office at 1030 West Georgia Street, Suite 918, Vancouver, British Columbia V6E 2Y3. The giving of a notice of dissent does not deprive a dissenting Shareholder of his or her right to vote at the Meeting on the Continuance Resolution. However, the procedures for exercising Dissent Rights given in Appendix "A" must be strictly followed as a vote against the Continuance Resolution or the execution or exercise of a proxy voting against the Continuance Resolution does not constitute a Notice of Dissent. Shareholders should be aware that they will not be entitled to exercise a Dissent Right with respect to any Common Shares if they vote (or instruct or are deemed, by submission of any incomplete proxy, to have instructed his or her proxy holder to vote) in favour of the Continuance Resolution. A dissenting Shareholder may, however, vote as a proxy for another Shareholder whose proxy requires an affirmative vote on the Continuance Resolution, without affecting his or her right to exercise the Dissent Right.

**Shareholders who wish to exercise Dissent Rights should review the dissent procedures reproduced from Section 190 of the CBCA in Appendix "A" and seek legal advice, as failure to adhere strictly to the Dissent Right requirements will result in the loss or unavailability of any right to dissent.**

### **APPROVAL OF ARTICLES**

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution approving Articles of the Corporation (the "**Articles Resolution**") in substantially the following form:

1. Effective upon the issuance of a Certificate of Continuance to the Corporation by the Registrar under the *Canada Business Corporations Act*, Articles, being a Articles relating generally to the transaction of the business and affairs of the Corporation, in the form attached to this management information circular as Appendix "B", is hereby authorized and approved as a Articles of the Corporation; and
2. Any director or officer of the Corporation is hereby authorized to execute and deliver, on behalf of the Corporation, all such documents and instruments, and to do all such acts and things as such director or officer may consider to be necessary or advisable in order to carry out the terms of this resolution.

In order to become effective, the Articles Resolution must be approved by the majority of the votes cast on such resolution by Shareholders, present in person or by proxy at the Meeting and the Continuance must be approved by Shareholders pursuant to the Continuance Resolution and implemented by the Corporation.

The proposed Articles of the Corporation is set out in Appendix "B" to this Information Circular. The Articles are consistent with the provisions of the BCBCA and modern corporate practices.

**Absent contrary instructions, proxies given pursuant to this solicitation by the management of the Corporation will be voted "FOR" the approval of the Articles.**

### **Ratification of Prior Acts**

At the Meeting, shareholders will be asked to approve a special resolution ratifying, confirming and approving all proceedings, resolutions, acts, deeds and things done by or on behalf of the Company by any of the directors or officers of the Company as of the date of this Information Circular since September 26, 2019 (the "**Ratification Resolution**").

“RESOLVED, as a special resolution of the shareholders of Empower Clinics Inc. (the “**Company**”), that all proceedings, resolutions, acts, deeds and things done by or on behalf of the Company since September 26, 2019 by any directors or officers of the Company as at September 18, 2020, be and are hereby ratified, confirmed and approved.”

The form of the Ratification Resolution set forth above is subject to such amendments as management may propose at the Meeting, but which do not materially affect the substance of the Ratification Resolution.

The Ratification Resolution must be approved by at least two-thirds of the votes cast by shareholders who, being entitled to do so, vote in person or by proxy at the Meeting in respect of the Ratification Resolution.

**Management of the Company recommends that shareholders vote in favour of the Ratification Resolution at the Meeting. It is the intention of the Designated Persons named in the enclosed form of proxy, if not expressly directed otherwise in such form of proxy, to vote such proxy FOR the Ratification Resolution.**

#### **ADDITIONAL INFORMATION**

Shareholders may contact the Company at its office by mail at Suite 918, 1030 West Georgia Street Vancouver, BC V6E 2Y3 to request copies of the Company’s financial statements and related Management’s Discussion and Analysis (the “**MD&A**”). Financial information is provided in the Company’s audited financial statements and MD&A for the year ended December 31, 2018, which is available, together with additional information relating to the Company, under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **OTHER MATTERS**

Other than the above, management of the Company know of no other matters to come before the Meeting other than those referred to in the Notice. If any other matters that are not currently known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the Designated Persons to vote on such matters in accordance with their best judgment.

#### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved, and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized, by the Board.

Dated at Vancouver, British Columbia this 18<sup>th</sup> day of Sept, 2020.

**ON BEHALF OF THE BOARD OF DIRECTORS OF**

**EMPOWER CLINICS INC.**

*“Steven McAuley”*

\_\_\_\_\_  
Steven McAuley  
Chief Executive Officer, President  
and Director

**SCHEDULE “A” TO INFORMATION CIRCULAR**  
**STOCK OPTION PLAN**

**(August 31, 2009, amended April, 2011, May 30, 2012, August 15, 2019,  
September 18, 2020)**

**1. PURPOSE**

**1.1 Purpose**

The purpose of the Plan is to advance the interests of Empower Clinics Inc. (the “**Corporation**”) by attracting, retaining and motivating persons as directors, officers, key employees and consultants of the Corporation and its Affiliated Corporations and providing them with a greater incentive to develop and promote the growth and success of the Corporation by granting to them options to purchase shares in the capital of the Corporation.

**2. INTERPRETATION**

**2.1 Definitions**

For the purposes of the Plan, unless they are otherwise defined elsewhere herein, the following terms have the following meanings, respectively:

- (a) “**Affiliate**” has the meaning set forth in the *Securities Act* (Ontario), as amended from time to time;
- (b) “**Affiliated Corporation**” is a corporation which is an “affiliate” (as such term is defined in the *Securities Act* (Ontario), as amended from time to time) of the Corporation;
- (c) “**Applicable Law**” means the requirements relating to the administration of stock option plans under the applicable corporate and securities laws of Ontario and Canada, any stock exchange or quotation system on which the Shares are listed or quoted and the applicable laws of any foreign country or jurisdiction which apply to Options granted under the Plan;
- (d) “**Associate**” has the meaning set forth in the *Securities Act* (Ontario), as amended from time to time;
- (e) “**Board**” means the board of directors of the Corporation;
- (f) “**Business Day**” means a day that is not a Saturday, a Sunday or a statutory or legal holiday in Toronto, Ontario;
- (g) “**Cause**” means any act or omission by the Optionee which would in law permit an employer to, without notice or payment in lieu of notice, terminate the Optionee’s employment or services, and shall include, without limitation, the meaning attributed thereto in the employment agreement or consulting agreement, as may be applicable, of such Optionee;
- (h) “**Change of Control**” has the meaning set forth in Subsection 4.11(a) hereof;
- (i) “**Change of Control Price**” has the meaning set forth in Subsection 4.11(a) hereof;
- (j) “**Committee**” has the meaning set forth in Subsection 3.1(c) hereof;
- (k) “**Consultant Optionee**” means an individual, other than an Employee Optionee or an Executive Optionee, that:

- (i) is engaged to provide on an ongoing bona fide basis consulting, technical, management or other services to the Corporation or to an Affiliated Corporation, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Corporation or an Affiliated Corporation and the individual or a Consultant Company or Consultant Partnership of the individual;
  - (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 Affiliated Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliated Corporation that enables the Consultant to be knowledgeable about the business and affairs of the Corporation.
- (l) “**Consultant Company**” means, for an individual consultant, a company of which the individual consultant is an employee or shareholder;
- (m) “**Consultant Partnership**” means, for an individual consultant, a partnership of which the individual consultant is an employee or partner;
- (n) “**Corporation**” means Empower Clinic Inc. and includes any successor corporation thereto;
- (o) “**Date of Grant**” means, for any Option, the date specified by the Board at the time it grants the Option or, if no such date is specified, the date upon which the Option was granted;
- (p) “**Disability**” means the mental or physical state of the Optionee such that, as a result of illness, disease, mental or physical disability or similar cause, the Optionee has been unable to fulfil his or her obligations as an employee or consultant of the Corporation or an Affiliated corporation either for any consecutive six month period or for any period of twelve months (whether or not consecutive) in any consecutive 12-month period, provided that, where the Optionee has entered into a written employment or consulting agreement with the Corporation or an Affiliated Corporation, “Disability” will have the meaning attributed to that term, or the term equivalent in concept, contained in that employment or consulting agreement;
- (q) “**Eligible Person**” means a bona fide Consultant Optionee, Employee Optionee or Executive Optionee or any of their subsidiaries;
- (r) “**Eligible Transferee**” means, in respect of a particular Optionee, such of the following as have specifically been designated by the Board as an Eligible Transferee of such Optionee: (i) a registered retirement savings plan or a registered retirement investment fund, of which the Optionee is the beneficiary; (ii) a Holding Company; or (iii) a trust, the beneficiary of which is the Optionee;
- (s) “**Employee Optionee**” means a current full-time or part-time employee or contract employee of the Corporation or of an Affiliated Corporation and shall include, other than for the purposes of Sections 4.8 and 4.9, any registered retirement savings plans or registered income funds established by or for the employee (or under which such employee is the beneficiary) and a Holding Company of such individual;
- (t) “**Exchange**” means the stock exchange or quotation system and, where the context permits, includes all other stock exchanges and quotation systems designated by the Board, on which the Shares are or may be listed or quoted from time to time (provided that if, for the purposes of the Plan it is necessary to have reference to a single Exchange, then such Exchange shall be any stock exchange or quotation system on which the Shares are then listed or quoted as designated by the Board);
- (u) “**Executive Optionee**” means a current director or an officer of the Corporation or of an Affiliated Corporation and shall include, other than for the purposes of Sections 4.8 and 4.9, any registered retirement

savings plans or registered retirement income funds established by or for the individual director or officer (or under which such director or officer is the beneficiary) and a Holding Company of such individual;

(v) “**Exercise Price**” has the meaning set forth in Section 4.2 hereof;

(w) “**Fair Market Value**” means, at any date in respect of Shares, the closing price of such Shares on the Exchange on the last Business Day preceding such date (less the applicable discount). In the event that such Shares did not trade on such Business Day, the Fair Market Value shall be the average of the bid and ask prices in respect of such Shares at the close of trading on such date or such other price determined by the Board, acting reasonably;

(x) “**Holding Company**” means a corporation wholly-owned and controlled by an Optionee;

(y) “**Insider**” has meaning ascribed thereto in the *Securities Act* (Ontario);

(z) “**Option**” means a right granted to an Eligible Person to purchase Shares on the terms of the Plan;

(aa) “**Optionee**” means the Eligible Person to whom an Option has been granted and includes, other than for the purposes of Sections 4.8 and 4.9 hereof, any Eligible Transferee to whom an Optionee has transferred an Option in accordance with the terms of the Plan;

(bb) “**Option Agreement**” has the meaning set forth in Section 4.5 hereof;

(cc) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association or organization, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

(dd) “**Plan**” means this stock option plan of the Corporation (as the same may be amended or varied from time to time);

(ee) “**Retirement**” means retirement from active employment with the Corporation or an Affiliated Corporation at or after the age of 65 or, with the consent for the purposes of the Plan of such officer of the Corporation or an Affiliated Corporation as may be designated by the Board, at or after such earlier age and upon the completion of such years of service as the Board may specify;

(ff) “**Shares**” means the common shares in the capital of the Corporation as constituted from time to time or, in the event of an adjustment contemplated by Section 5.1 hereof, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;

(gg) “**Termination Date**” means:

(i) in the case of an Employee Optionee or Executive Optionee whose employment or term of office with the Corporation or an Affiliated Corporation, as the case may be, terminates in the circumstances set out in Sections 4.8 or 4.9 hereof, the date that is designated by the Corporation or an Affiliated Corporation, as the case may be, as the last day of the Optionee’s employment or term of office with the Corporation or an Affiliated Corporation, as the case may be, and “Termination Date” specifically does not mean the date on which any period of contractual or reasonable notice that the Corporation or an Affiliated Corporation, as the case may be, may be required by contract or at law to provide to the Optionee would expire;

(ii) in the case of an Executive Optionee who received Options in his or her capacity as a director of the Corporation or an Affiliated Corporation, the date which is the earliest of:

(A) the date that such Executive Optionee resigns as a director of the Corporation or an Affiliated Corporation; (B) the date that such Executive Optionee is not re-elected as a director; and (C) the date that such Executive Optionee is removed from the board of directors of the Corporation or an Affiliated Corporation; and

(iii) in the case of a Consultant Optionee whose consulting agreement or arrangement with the Corporation or an Affiliated Corporation, as the case may be, terminates in the circumstances set out in Sections 4.8 or 4.9 hereof, the date that is designated by the Corporation or an Affiliated Corporation, as the case may be, as the date on which the Optionee's consulting agreement or arrangement is terminated, and "Termination Date" specifically does not mean the date on which any period of notice of termination that the Corporation or an Affiliated Corporation, as the case may be, may be required to provide to the Optionee under the terms of the consulting agreement or arrangement would expire; or such later date as may be determined by the Board in the case of Options granted to a specific Optionee;

(hh) "**Transfer**" includes any sale, exchange, assignment, gift, bequest, disposition, hypothecation, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and the words "Transferred", "Transferring" and similar words have corresponding meanings; and

(ii) "**Vesting Schedule**" has the meaning set forth in Section 4.4 hereof.

## 2.2 Interpretation

(a) Whenever the Board or, where applicable, the Committee is to exercise discretion in the administration of the terms and conditions of the Plan, the term "discretion" means the sole and absolute discretion of the Board or the Committee, as the case may be.

(b) As used herein, the terms "Article", "Section", "Subsection" and paragraph" mean and refer to the specified Article, Section, Subsection and paragraph hereof, respectively.

(c) Words importing the singular number only include the plural and vice versa, and words indicating gender include all genders.

(d) In the Plan, a Person is considered to be "controlled" by a Person if:

(i) in the case of a corporation or similar entity,

(A) voting securities of the first-mentioned Person carrying more than 50% of the votes ordinarily exercisable at meetings of shareholders of the corporation are held, otherwise than by way of security only, by or for the benefit of the other Person; and

(B) the votes carried by such securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned Person;

(ii) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned Person holds more than 50% of the interests in the partnership; or

(iii) in the case of a limited partnership, the general partner is the second- mentioned Person.



### 3. ADMINISTRATION

#### 3.1 Administration

(a) The Plan shall be administered by the Board in accordance with the rules and policies of the Exchange in respect of employee stock option plans. The Board shall receive recommendations of management and shall determine and designate from time to time those Eligible Persons to whom an Option should be granted, the number of Shares which will be optioned from time to time to any Eligible Person and the terms and conditions of the Option.

(b) Subject to Applicable Law, Subsection 3.1(c) hereof and the limitations of the Plan, the Plan will be administered by the Board and the Board has the sole and complete authority, in its discretion, to:

(i) grant Options to Eligible Persons;

(ii) determine the terms, limitations, restrictions and conditions upon such grants;

(iii) interpret and construe the terms and conditions of the Plan and the Options;

(iv) adopt, amend and rescind such administrative guidelines and other rules relating to the Plan as the Board may from time to time deem advisable; and

(v) make all other determinations and to take all other actions in connection with the implementation and administration of the Plan as the Board may deem necessary or advisable.

The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for Persons who are residing in, or subject to, the taxes of, any jurisdiction outside of Canada (including, without limitation, countries, states, provinces and localities) to comply with applicable tax, and securities and other laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax, securities and other laws of such jurisdiction outside of Canada.

Any decision, interpretation or other action made or taken in good faith by or at the direction of the Corporation, the Board or the Committee or any of its members arising out of or in connection with the Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Corporation, Optionees and their respective heirs, executors, administrators, successors and permitted assigns.

The Board's interpretation, construction or determination of its guidelines and rules will be conclusive and binding upon all parties concerned. The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation or of an Affiliated Corporation as the Board may in its sole discretion determine.

(c) To the extent permitted by Applicable Law, the Board may, from time to time, delegate to a committee (the "**Committee**") of the Board all or any of the powers conferred on the Board under the Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of the Plan in this context is final and conclusive. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the by-laws of the Corporation, at such times and places as it shall deem advisable; including, without limitation, by telephone conference or by written consent to the extent permitted

by Applicable Law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the by-laws of the Corporation, shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

(d) Notwithstanding the foregoing, the additional provisions set forth in Exhibit "A" attached hereto entitled "Provisions Applicable to Residents of Israel" shall apply to those Participants (as hereinafter defined) who are resident in the State of Israel (Participants who are residents of Israeli are referred to herein as "**Israeli Participants**").

### **3.2 Shares Reserved**

(a) Options may be granted in respect of authorized and unissued Shares. Subject to an increase by the Board in its sole and absolute discretion, Applicable Law and any shareholder or other approval which may be required, and subject further to any adjustments pursuant to Section 5.1, the maximum aggregate number of Shares which may be reserved by the Corporation for issuance under the Plan will be such number of Shares as is equal to 10% of the aggregate number of outstanding Shares from time to time.

(b) Any Shares subject to an Option which has been granted under the Plan and which is cancelled or terminated for any reason without having been exercised will be added back to the number of Shares reserved for issuance under the Plan and such Shares will again be available for grant under the Plan. No fractional Shares may be issued, and the Board may determine the manner in which any fractional Share value will be treated.

### **3.3 Eligibility**

Participation in the Plan shall be limited to Eligible Persons. Participation shall be voluntary and the extent to which any Eligible Person shall be entitled to participate in the Plan shall be, subject to the terms of the Plan and Applicable Law, determined in the sole and absolute discretion of the Board. Eligibility to participate does not confer upon any Optionee any right to be granted Options pursuant to the Plan.

## **4. OPTIONS**

### **4.1 Grants**

(a) The Board may, from time to time, subject to the provisions of the Plan and such other terms and conditions as the Board may prescribe, grant Options to any Eligible Person.

(b) Subject to the Plan, the Board may impose limitations, restrictions and conditions, in addition to those set out in the Plan, that are applicable to the exercise of an Option, including, without limitation, the nature and duration of any restrictions applicable to a sale or other disposition of Shares acquired upon exercise of an Option and the nature of events, if any, that may cause any Optionee's rights in respect of Shares acquired upon exercise of an Option to be forfeited and the duration of the period of such forfeiture.

(c) An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.

(d) the Corporation shall not grant Options:

(i) to any one person in any 12 month period which could, when exercised, result in the issuance of Shares exceeding five percent (5%) of the issued and outstanding Shares of the Corporation unless disinterested shareholder approval is obtained;

(ii) to any one Consultant which could, when exercised, in any 12 month period result in the issuance of Shares exceeding two percent (2%) of the issued and outstanding Shares of the Corporation;

(iii) to all persons employed by the Corporation who perform investor relations activities which could, when exercised, in any 12 month period result in the issuance of Shares exceeding two percent (2%) of the issued and outstanding Shares of the Corporation nor shall more than 1/4 of any such Options vest in any three month period;

(iv) if the aggregate number of Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements would exceed 10% of the Corporation's total issued and outstanding Common Shares unless disinterested shareholder approval is obtained; or

(v) if the aggregate number of Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements within any one-year period would exceed 10% of the Corporation's total issued and outstanding Shares, unless disinterested shareholder approval is obtained.

#### **4.2 Exercise Price**

(a) Subject to Applicable Law and to adjustment from time to time in accordance with Section 5.1 hereof, the exercise price (the "**Exercise Price**") of an Option granted pursuant to the Plan will be as determined by the Board but in any event, unless otherwise determined by the Board, shall not be less than the Fair Market Value of the Shares on the Business Day immediately prior to the Date of Grant.

(b) Furthermore, disinterested shareholder approval is required in order to reduce the exercise price of an Optionee that is an Insider of the Corporation at the time of the proposed amendment.

#### **4.3 Term of Options**

Subject to any accelerated termination as set forth in the Plan, Options must expire no later than ten (10) years after the Date of Grant or such lesser period as applicable regulatory authorities or Applicable Law may require.

#### **4.4 Vesting of Options**

(a) The Board may determine, in its sole discretion, in respect of an Option, when an Option will become exercisable and the extent to which an Option will vest or will be exercisable in instalments (the "**Vesting Schedule**") and such Vesting Schedule shall be set forth in the applicable Option Agreement. For example, the Board may, in its sole discretion, provide that the vesting of an Option be dependent on the passage of time and/or on the achievement of specified milestones or thresholds.

(b) Any Options issued to a Consultant Optionee must vest in stages over at least a 12 month period with no more than 1/4 of such Options vesting in any three (3) month period.

(c) Once a portion of an Option vests and becomes exercisable, it shall remain exercisable until expiration or termination of such Option, unless otherwise specified by the Board in connection with the grant of such Option or pursuant to Section 4.11 hereof with respect to a Change of Control. Each Option or portion thereof may be exercised at any time or from time to time, in whole or in part, for up to the total number of Shares with respect to which it is then exercisable.

#### **4.5 Option Agreements**

Each Option must be confirmed by an agreement (an “**Option Agreement**”), in the form of option agreement attached hereto as Exhibit “B” and for Israeli Participants, the form attached hereto as Exhibit “C”, as such forms may be amended by the Board from time to time, and with such changes thereto as may be necessary for any particular Option to a particular Optionee, signed by the Corporation and by the Optionee. In the event an Option is Transferred in accordance with the terms of the Plan, it shall be a condition to the effectiveness of such Transfer that the Eligible Transferee enter into an Option Agreement on the same terms and conditions.

#### **4.6 Exercise of Option and Payment of Exercise Price**

The Optionee may, from time to time and at any time after the vesting of an Option and prior to the expiry of such Option, elect to purchase all or a portion of the Shares available for purchase by lump sum payment by delivering to the Corporation at its registered office (or other office designated in writing by the Corporation to the Optionee), a completed Notice of Exercise substantially in the form attached hereto as Exhibit “D”. Such notice shall specify the number of Shares the Optionee desires to purchase and shall be accompanied by payment in full of the Exercise Price for such Shares. Subject to the provisions of the immediately following sentence, payment may be made by bank draft or certified cheque payable to the order of the Corporation at the time of exercise. Upon receipt of payment in full or, in the discretion of the Board, upon the determination that the fair value of property or past services provided by the Optionee is equal to or greater than the Exercise Price if the Shares had been issued for money, and in any event, subject to the terms of the Plan, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable. Without derogating from the aforementioned, as long as the Corporation’s share are listed for trade on a recognized stock exchange, payment of the Exercise Price may be made all or in part by delivery (on a form prescribed by the Board) of an irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to the Corporation in payment of the aggregate Exercise Price.

#### **4.7 Prohibition on Transfer of Options and Shares**

(a) Subject to the other provisions of this Section 4.7 and Section 4.8, an Option is personal to the Optionee and is non-assignable, other than by will or laws of descent and distribution, and such Option shall be exercisable during the Optionee’s lifetime only by the Optionee to which such Option has been granted. No Optionee may deal with any Option or any interest in it or Transfer any Option now or hereafter held by the Optionee except in accordance with the Plan. If an Optionee’s Holding Company ceases to be wholly-owned by the Optionee, the Holding Company will be deemed to have Transferred any Options held by such Holding Company to the Optionee. A purported Transfer of any Option in violation of the Plan will not be valid and the Corporation will not be required to issue any Shares upon the attempted exercise of an improperly Transferred Option. Nothing contained herein shall permit any Optionee to transfer any Option, whether to an Eligible Transferee or otherwise, without the prior written consent of the Board. Subject to Applicable Law and subject to the prior written consent of the Board, an Option may be transferred to and from the Optionee and an Eligible Transferee provided that the transferor delivers to the Corporation at its registered office a completed Notice of Transfer substantially in the form attached hereto as “Exhibit “E”.

(b) Options and Shares issued upon exercise thereof are subject to transfer and resale restrictions pursuant to the constating documents of the Corporation and Applicable Law. The Optionee is responsible for obtaining such legal advice as may be appropriate in connection with any transfer or resale of Options and Shares issued upon the exercise thereof.

#### **4.8 Death, Disability or Retirement of Optionee**

If,

- (a) an Employee Optionee or an Executive Optionee dies or becomes Disabled while an employee, director or officer of the Corporation or an Affiliated Corporation, as the case may be;
- (b) a Consultant Optionee's consulting agreement or arrangement with the Corporation or an Affiliated Corporation, as the case may be, is terminated by reason of the death or Disability of such Optionee; or
- (c) the employment or term of office of an Employee Optionee or an Executive Optionee with the Corporation or an Affiliated Corporation, as the case may be, terminates due to Retirement,

then

(d) the executor, administrator or other legal representative of such Optionee's estate or such Optionee, as the case may be, may exercise any Options granted to such Optionee to the extent that such Options were exercisable at the date of such death, Disability or Retirement and the right to exercise such Options shall terminate on the earlier of:

- (i) the date that is 180 days from the date of such Optionee's death, Disability or Retirement; and
- (ii) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be,

provided that any Options granted to such Optionee that were not exercisable at the date of the death, Disability or Retirement shall immediately expire and be cancelled on such date; and

(e) such Optionee's eligibility to receive further grants of Options under the Plan shall cease as of the date of such Optionee's death, Disability or Retirement, as the case may be.

With regard to Options held by a trustee of an Israeli Participant, this Section will apply to the Israeli Participants.

#### **4.9 Termination of Employment or Services by reason other than Death, Disability or Retirement**

(a) Where, in the case of an Employee Optionee or Executive Optionee, an Optionee's employment or term of office with the Corporation or an Affiliated Company ceases by reason of the Optionee's death, Disability or Retirement, then the provisions of Section 4.9 hereof shall apply.

(b) Where, in the case of an Employee Optionee or Executive Optionee, an Optionee's employment or term of office with the Corporation or an Affiliated Corporation terminates by reason of:

(i) termination by the Corporation or an Affiliated Corporation without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice);

(ii) voluntary resignation by such Optionee; or

(iii) in the case of an Executive Optionee who received Options in his or her capacity as a director of the Corporation or an Affiliated Corporation, the failure of such Executive Optionee to be re-elected as a director or the removal of such Executive Optionee from the board of directors of the Corporation or an Affiliated Corporation,

then any Options granted to such Optionee that are exercisable at the Termination Date shall continue to be exercisable until the earlier of: (A) the date that is 30 days following the Termination Date; and (B) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be. Any Options granted to such Optionee that are not exercisable at the Termination Date shall immediately expire and be cancelled on the Termination Date.

(c) Where, in the case of an Employee Optionee or Executive Optionee, such Optionee's employment or term of office with the Corporation or an Affiliated Corporation is terminated by the Corporation or Affiliated Corporation for Cause then any Options granted to such Optionee, whether or not exercisable at the Termination Date, shall immediately expire and be cancelled on the Termination Date contemporaneously with such termination.

(d) Where, in the case of a Consultant Optionee, such Optionee's consulting agreement or arrangement terminates by reason of:

(i) termination by the Corporation or an Affiliated Corporation for any reason other than for material breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in such Optionee's consulting agreement or arrangement); or

(ii) voluntary termination by such Optionee,

then any Options granted to such Optionee that are exercisable at the Termination Date shall continue to be exercisable until the earlier of: (A) the date that is 30 days following the Termination Date; and (B) the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be. Any Options granted to such Optionee that are not exercisable at the Termination Date shall immediately expire and be cancelled on such date.

(e) Where, in the case of a Consultant Optionee, such Optionee's consulting agreement or arrangement is terminated by the Corporation or an Affiliated Corporation for material breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in such Optionee's consulting agreement or arrangement), then any Options granted to such Optionee, whether or not such Options are exercisable at the Termination Date, shall immediately expire and be cancelled on the Termination Date contemporaneously with such termination.

(f) Unless the Board, in its discretion, otherwise determines at any time and from time to time, Options shall not be affected by any change of employment or consulting arrangement within or among the Corporation or an Affiliated Corporation for so long as an Employee Optionee continues to be an employee of the Corporation or an Affiliated Corporation, or for so long as the Executive Optionee continues to be a director or officer of the Corporation or an Affiliated Corporation, or for so long as the Consultant Optionee continues to be engaged as a consultant to the Corporation or an Affiliated Corporation, as the case may be. For greater certainty, if an Optionee ceases to be an Executive Optionee but remains an Employee Optionee, the Options granted to such Optionee shall not be affected by such change.

#### **4.10 Discretion to Permit Exercise**

Notwithstanding the provisions of Sections 4.8 and 4.9 hereof, the Board may, in its discretion, at any time prior to or following the events contemplated in such Sections, permit the exercise of any or all Options held by an Optionee in the manner and on the terms authorized by the Board, provided that the Board shall not, in any case, authorize the exercise of an Option pursuant to this Section beyond the date of expiration specified in the Option Agreement or in the resolution of the Board granting such Option, as the case may be.

#### 4.11 Change of Control

(a) For the purposes of the Plan,

(i) “**Change of Control**” shall mean the happening of any of the following events: (A) any transaction pursuant to which the Corporation goes out of existence; (B) any transaction pursuant to which any Person or any Associate or Affiliate of such Person and any Person acting jointly or in concert with such Person (within the meaning of the *Securities Act* (Ontario)) (other than the Corporation, a subsidiary of the Corporation or an employee benefit plan of the Corporation (including any trustee of such plan acting as trustee)), hereafter acquires the direct or indirect “beneficial ownership” (as such term is defined in the *Business Corporations Act* (Ontario)) of securities of the Corporation representing 50% or more of the aggregate votes of all of the Corporation’s then issued and outstanding securities; (C) the sale of all or substantially all of the Corporation’s assets to a Person other than a Person that is an Affiliated Corporation; (D) the dissolution or liquidation of the Corporation except in connection with the distribution of assets of the Corporation to one or more Persons which were Affiliated Corporations prior to such event; or (E) the occurrence of a transaction requiring approval of the Corporation’s shareholders involving the acquisition of the Corporation by an entity through purchase of assets, by amalgamation or otherwise; and

(ii) “**Change of Control Price**” shall mean the highest price per Share paid in any transaction related to a Change of Control.

(b) Notwithstanding anything else in the Plan or contained in any Option Agreement, unless otherwise determined by the Board, outstanding Options shall be converted or exchanged into or for options, rights or other securities in any entity participating in or resulting from a Change of Control, (each such Option hereinafter called an “**Alternative Option**”) and any such Alternative Option must meet the following criteria:

(i) the Alternative Option must be based on stock which is traded on an established securities market, or which will be so traded within 30 days of the Change of Control;

(ii) the Alternative Option must provide such Optionee with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Option, including, but not limited to, an identical or better exercise schedule; and

(iii) the Alternative Option must have economic value substantially equivalent to the value of such Option (determined at the time of the Change of Control) (having regard to such factors as the Board shall reasonably consider applicable).

(c) The Board may, in its sole discretion, accelerate the vesting of any or all outstanding Options to provide that, notwithstanding the Vesting Schedule or any Option Agreement, such outstanding Options shall be fully vested and conditionally exercisable upon (or prior to) the completion of the Change of Control, provided, however, that the Board shall not, in any case, authorize the exercise of Options pursuant to this Section beyond the date of expiration specified in the Option Agreement or resolution of the Board granting such Options, as the case may be. If the Board elects to accelerate the vesting of the Options, and if any of such Options are not exercised within five Business Days following the giving of notice of such acceleration, such unexercised Options shall terminate and expire upon the completion of the proposed Change of Control. If, for any reason, the Change of Control does not occur within the contemplated time period, the acceleration of the vesting of the Options shall be retracted and vesting shall instead revert to the manner provided in the Vesting Schedule or Option Agreement.

(d) The Board, in its sole discretion, may provide for the purchase of any Option by the Corporation or an Affiliate or other Person upon (or prior to) the completion of the Change of Control for an

amount equal to: (i) the Change of Control Price of each Share underlying an Option multiplied by the Shares underlying such Options, less (ii) the aggregate Exercise Price of such Options.

(e) If, in connection with a Change of Control, the shareholders of the Corporation are to receive consideration other than consideration consisting solely of cash, then the Board may determine, prior to the occurrence of the Change of Control, that upon the exercise of any Options after the Change of Control, that the Optionees shall be entitled to receive that consideration which they would have received had they exercised their Options immediately prior to the Change of Control and sold their Shares on the same terms and conditions as the shareholders of the Corporation who sold their Shares in connection with the Change of Control.

## **5. GENERAL**

### **5.1 Capital Adjustments**

(a) The existence of any Options shall not affect in any way the right and power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization, or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Subsection 5.1(a) would have an adverse effect on the Plan or any Option granted hereunder.

(b) If there is any change in the outstanding Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares or other similar corporate change, other than a Change of Control, subject to any prior approval required of applicable regulatory authorities, the Board may make appropriate substitution or adjustment in:

- (i) the Exercise Price of unexercised Options;
- (ii) the number or kind of shares or other securities reserved for issuance pursuant to the Plan; and
- (iii) the number and kind of shares subject to unexercised Options theretofore granted and in the Exercise Price of those shares,

provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares. The determination of the Board as to any adjustment, or as to there being no need for adjustment, will be final and binding on all parties concerned.

(c) The distribution of a cash dividend and/or any rights offering to other shareholders of the Company, shall not trigger any adjustment to the Options granted under this Plan.

### **5.2 Conditions of Exercise**

The Plan and Options are subject to the requirement that if at any time the Board determines that: (a) the listing, registration or qualification of the Shares subject to such Option upon any stock exchange or quotation system or under any provincial, state or federal law, or that the consent or approval of any governmental body, stock exchange or quotation system or of the holders of the Shares generally, is necessary or desirable, as a condition of, or in connection with the granting of such Option or the issuance of Shares upon the exercise thereof; or (b) the grant of an Option or the issuance of Shares upon the exercise thereof is in conflict with or is inconsistent with Applicable Law, no such



Option may be granted or exercised in whole or in part unless such listing, registration, qualification, consent or approval has been effected or obtained or such conflict or inconsistency is no longer outstanding, each free of any conditions not acceptable to the Board. The Optionees shall, to the extent applicable, co-operate with the Corporation in relation to such registration, qualification or other approval and shall have no claim or cause of action against the Corporation or any of its officers or directors as a result of any failure by the Corporation to obtain or to take any steps to obtain any such registration, qualification, or approval.

### **5.3 Amendment and Termination**

(a) The Board may amend, suspend or terminate the Plan or any portion of it at any time in accordance with Applicable Law and subject to any required regulatory, Exchange or shareholder approval. However, subject to the terms hereof, unless consent is obtained from the Optionee affected, no amendment, suspension or termination may alter or impair any Options, or any rights related to Options, that were granted to that Optionee prior to the amendment, suspension or termination.

(b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules adopted by the Board and in force at the time of termination of the Plan will continue in effect as long as any Option remains outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to the Plan or to any outstanding Option that the Board would have been entitled to make if the Plan were still in effect.

(c) Subject to Applicable Law and to any necessary prior approval of applicable regulatory authorities and with the consent of the affected Optionee, the Board may amend or modify any outstanding Option in any manner, including, without limitation, by changing the date or dates as of which, or the price at which, an Option becomes exercisable, so long as the Board would have had the authority to grant initially the Option as so modified or amended.

### **5.4 Status as Shareholder**

Optionees shall not have any rights as a shareholder with respect to Shares until full payment of the Exercise Price for the Shares has been made to the Corporation and the Corporation has issued the Optionee's Shares. Upon becoming a shareholder of the Corporation, an Optionee may only transfer Shares in accordance with and subject to Applicable Law and the constating documents of the Corporation.

### **5.5 Withholding Taxes**

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Optionee pay to the Corporation, in addition to and in the same manner as the Exercise Price for the Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Optionee for tax purposes.

### **5.6 Non Exclusivity and Corporate Action**

(a) Subject to any required regulatory or shareholder approval, nothing contained herein will prevent the Board from adopting other additional compensation arrangements for the benefit of any Optionee.

(b) Nothing contained in the Plan or in the Options shall be construed so as to prevent the Corporation or any subsidiary of the Corporation from taking corporate action which is deemed by the Corporation or the subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan.

### **5.7 Employment and Board of Directors Position Non-Contractual**

The granting of an Option to an Optionee under the Plan does not confer upon the Optionee any right to continue in the employment of the Corporation or any Affiliated Corporation or as a member of the Board, as the case may be, nor does it interfere in any way with the rights of the Optionee or of the Corporation's rights to terminate the Optionee's employment or consulting arrangements at any time or of the shareholders' right to elect one or more directors of the Corporation.

### **5.8 Indemnification**

Every member of the Board will at all times be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such Board member may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the Board member, otherwise by the Corporation, for or in respect of any act done or omitted by the Board member in respect of the Plan, such costs, charges and expenses to include any amount paid to settle such action, suite or proceeding or in satisfaction of any judgement rendered therein.

### **5.9 Notices**

All written notices to be delivered by the Optionee to the Corporation may be delivered personally, by facsimile or by registered mail, postage prepaid, addressed as follows:

Empower Clinics Inc.  
1030 West Georgia Street  
Suite 918  
Vancouver, British Columbia  
V6E 2Y3

Attention: Steven McAuley  
s.mcauley@empowerclinics.com

Any notice delivered by the Optionee pursuant to the terms of the Option shall not be effective until actually received by the Corporation at the above address. Any notice to be delivered to the Optionee shall be effective when delivered personally (effective at the time of delivery), by facsimile transmission (effective one day after transmission) or by postage prepaid mail to the last address of the Optionee on the records of the Corporation (which shall be deemed effective the first Business Day after mailing).

### **5.10 Governing Law**

This Plan is created under and is to be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, except for Exhibit "A", which will be governed and construed in accordance with the laws of the State of Israel.

EXHIBIT "A" (TO SCHEDULE "A")  
**OPTION AGREEMENT**

Optionee: \_\_\_\_\_  
 (name)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (Address)

Grant: \_\_\_\_\_  
 Maximum Number of Shares

Option Exercise Price: \$ \_\_\_\_\_ per Share

Date of Grant: \_\_\_\_\_, 20\_\_

Expiry Date: \_\_\_\_\_, 20\_\_

Vesting Schedule:

Instalment	Date of Vesting (Milestone)	Number of Optioned Shares Vested	Cumulative Number of Optioned Shares Vested
1			
2			
3			
4			
5			

This Option Agreement is made under and is subject in all respects to the Stock Option Plan dated August 31, 2009 (as may be supplemented and amended from time to time) (the "**Plan**") of Empower Clinics Inc. (the "**Corporation**"), and the Plan is deemed to be incorporated in and to be part of this Option Agreement. The Optionee is deemed to have notice of and to be bound by all of the terms and provisions of the Plan as if the Plan was set forth in full herein (including the restrictions on transfer of the Options and the Shares issuable upon exercise thereof). In the event of any inconsistency between the terms of this Option Agreement and the Plan, the terms of this Option Agreement shall prevail. The Plan contains provisions respecting termination and/or voiding of the Plan or the Option.

This Option Agreement evidences that the Optionee named above is entitled, subject to and in accordance with the Plan, to purchase up to but not more than the maximum number of Shares set out above at the option Exercise Price set out above upon delivery of an exercise form as annexed hereto duly completed and accompanied by certified cheque or bank draft for the aggregate Exercise Price. All undefined terms contained herein shall have the definitions provided in the Plan.

The Optionee hereby agrees that: (a) any rule, regulation or determination, including the interpretation by the Board of the Plan, the Option granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all Persons including the Corporation or Affiliated Corporation, as the case may be, and the Optionee; and (b) the grant of the Option does not affect in any way the right of the Corporation or any Affiliated Corporation to terminate the services and/or employment of the Optionee.

This Option Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Option Agreement is not effective until countersigned by the Corporation and accepted by the Optionee.

Dated: \_\_\_\_\_, 20

Empower Clinics Inc.

---

Name:

Title:

Authorized Signing Officer

I have read the foregoing Option Agreement and hereby accept the Option to purchase Shares in accordance with and subject to the terms and conditions of such Option Agreement and the Plan. I understand that I may review the complete Plan by contacting the Secretary of the Corporation. I agree to be bound by the terms and conditions of the Plan governing the option.

Accepted: \_\_\_\_\_, 20

---

Signature of Optionee

EXHIBIT "B" (TO SCHEDULE "A")  
NOTICE OF EXERCISE

**To Exercise the Option, Complete and Return this Form**

The undersigned Optionee (or his or her legal representative(s) permitted under the Stock Option Plan of Empower Clinics Inc., dated August 31, 2009 (as the same may be supplemented and amended from time to time) (the "**Plan**") hereby irrevocably elects to exercise the Option for the number of Shares as set forth below:

(a) Number of Options to be Exercised: \_\_\_\_\_

(b) Option Exercise Price per Share: \$\_\_\_\_\_

(c) Aggregate Purchase Price

[(a) multiplied by (b)]: \$\_\_\_\_\_

and hereby tenders a certified cheque or bank draft for such aggregate Exercise Price, and directs such Shares to be issued and registered in the name of the undersigned, all subject to and in accordance with the Plan. Unless otherwise defined herein, any capitalized terms used herein shall have the meaning ascribed to such terms in the Plan.

Dated: \_\_\_\_\_, 20

)  
)  
) \_\_\_\_\_  
) Name of Optionee  
)  
)  
) \_\_\_\_\_

\_\_\_\_\_  
Witness to the Signature of:

) Signature of Optionee

\_\_\_\_\_  
Address of Optionee

EXHIBIT "C" (TO SCHEDULE "A")  
NOTICE OF TRANSFER

**To Request Permission to Transfer an Option, Complete and Return This Form Along  
with the Original Option Agreement**

The undersigned Optionee (or his or her legal representative(s) permitted under the Stock Option Plan of Empower Clinics Inc., dated August 15, 2019 (as the same may be supplemented and amended from time to time) (the "Plan") hereby irrevocably requests permission to transfer the Option evidenced by the attached Option Agreement to the undersigned Person(s), each of whom the Optionee hereby certifies is an Eligible Transferee in accordance with Sections 4.5 and 4.8 of the Plan:

Direction as to Registration:

\_\_\_\_\_  
Name of Registered Holder(s)

\_\_\_\_\_

\_\_\_\_\_  
Address of Registered Holder(s)

The undersigned Optionee hereby directs such Option(s) to be registered in the name(s) of such Eligible Transferee(s). Unless they are otherwise defined herein, any defined terms used herein shall have the meaning ascribed to such terms in the Plan.

Dated: \_\_\_\_\_, 20\_\_\_\_

)  
)  
)  
)  
)

\_\_\_\_\_  
Witness to the Signature of:

\_\_\_\_\_  
Name of Optionee

## SCHEDULE “B” TO INFORMATION CIRCULAR

### AUDIT COMMITTEE MANDATE

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company’s audit committee, or its Board of Directors (the “**Board**”) in lieu thereof (the “**Audit Committee**”). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

#### **Composition**

- (i) *Number of Members.* The Audit Committee must be comprised of a minimum of three directors of the Company, a majority of whom should be independent as defined by applicable legislation.
- (ii) *Chair.* If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the “**Chair**”) to serve for a term of one year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.
- (iii) *Financially Literacy.* All members of the Audit Committee must be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate, such member will have a period of three months to acquire the required level of financial literacy.

#### **Meetings**

- (i) *Quorum.* The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.
- (ii) *Agenda.* The Chair will set the agenda for each meeting, after consulting with management and the Company’s external auditor (the “**Auditor**”). Agenda materials such as draft financial statements must be circulated to all Audit Committee members a reasonable time in advance of each meeting in order for members to have time to review the materials prior to the meeting.
- (iii) *Notice to Auditor.* The Auditor will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor’s duties.
- (iv) *Minutes.* Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

#### **Roles and Responsibilities**

The roles and responsibilities of the Audit Committee include the following:

##### External Auditor

The Audit Committee will:

- (i) *Selection of the Auditor.* Select, evaluate and recommend the Auditor to the Board for shareholder approval, to examine the Company’s accounts, controls and financial statements.
- (ii) *Scope of Work.* Evaluate, prior to the annual audit of the Company’s financial statements, the scope and general extent of the Auditor’s review, including the Auditor’s engagement letter.
- (iii) *Compensation.* Recommend to the Board the compensation to be paid to the Auditor.

- (iv) *Replacement of Auditor.* If necessary, recommend the replacement of the Auditor to the Board.
- (v) *Approve Non-Audit Related Services.* Pre-approve all non-audit services to be provided by the Auditor.
- (vi) *Responsibility for Oversight.* Oversee the work of the Auditor, who must report directly to the Audit Committee.
- (vii) *Resolution of Disputes.* Assist with resolving any disputes between the Company's management and the Auditor regarding financial reporting.

#### Financial Statements and Financial Information

The Audit Committee will:

- (i) *Review Audited Financial Statements.* Review the Company's audited financial statements, discuss those statements with management and with the Auditor, and if appropriate, recommend their approval to the Board.
- (ii) *Review Interim Financial Statements.* Review and discuss with management the Company's interim financial statements, and if appropriate, recommend their approval to the Board.
- (iii) *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports.* Review management's discussion and analysis, interim and annual press releases, and Audit Committee reports before the Company publicly discloses such information.
- (iv) *Auditor Reports and Recommendations.* Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

#### Risk Management, Internal Controls and Information Systems

The Audit Committee will:

- (i) *Internal Controls.* Review with management and the Auditor the general policies and procedures used by the Company with respect to internal accounting and financial controls, and remain informed, through communications with the Auditor, of any weaknesses in internal controls that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.
- (ii) *Financial Management.* Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in such functions.
- (iii) *Accounting Policies and Practices.* Review management's plans regarding any changes in accounting practices or policies and the financial impact thereof.
- (iv) *Litigation.* Review with the Auditor and the Company's legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the Company's financial statements.
- (v) *Other.* Discuss with management and the Auditor correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.



Complaints

- (i) *Accounting, Auditing and Internal Control Complaints.* Establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.
- (ii) *Employee Complaints.* Establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

**Authority**

- (i) *Auditor.* The Auditor, and any internal auditor hired by the company, will report directly to the Audit Committee.
- (ii) *Independent Advisors.* The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsel and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of such advisors.

**Reporting**

The Audit Committee will report to the Board on:

- (i) the independence of the Auditor;
- (ii) the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;
- (iii) the reappointment and termination of the Auditor;
- (iv) the adequacy of the Company's internal controls and disclosure controls;
- (v) the Audit Committee's review of the Company's financial statements, both annual and interim;
- (vi) the Audit Committee's review of the management's discussion and analysis, both annual and interim;
- (vii) the Company's compliance with legal and regulatory matters to the extent they affect its financial statements;  
and
- (viii) all other material matters dealt with by the Audit Committee.

## SCHEDULE "C" TO INFORMATION CIRCULAR

### SUMMARY OF PROCEDURE TO EXERCISE DISSENT RIGHT

The procedure to be followed by a shareholder who intends to dissent from the Continuance Resolution described in the accompanying management information circular and who wishes to require the Corporation to acquire the shareholder's shares and pay the fair value thereof, determined as of the close of business on the day before the Continuance Resolution is adopted, is set out in section 190 of the *Canada Business Corporations Act* (the "CBCA").

Section 190 of the CBCA provides that a shareholder may make a claim under that section only with respect to all the shares of a class held by him on behalf of any one beneficial owner and registered in the shareholder's name. One consequence of this provision is that a shareholder may exercise the right to dissent under section 190 only in respect of shares which are registered in that shareholder's name. In many cases, shares beneficially owned by a person (a "Non-Registered Holder") are registered either: (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self administered RRSPs, RRFs, RESPs and similar plans, and their nominees); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the intermediary is a participant. Accordingly, a Non-Registered Holder will not be entitled to exercise the right to dissent under section 190 of the CBCA directly (unless the shares are re-registered in the Non-Registered Holder's name). A Non-Registered Holder who wishes to exercise the right to dissent should immediately contact the intermediary with which the Non-Registered Holder deals in respect of the shares and either: (i) instruct the intermediary to exercise the right to dissent on the Non-Registered Holder's behalf (which, if the shares are registered in the name of CDS or other clearing agency, would require that the share first be re-registered in the name of the intermediary); or (ii) instruct the intermediary to re-register the shares in the name of the Non-Registered Holder, in which case the Non-Registered Holder would have to exercise the right to dissent directly.

A registered shareholder who wishes to exercise dissent rights under section 190 of the CBCA must send to the Corporation a written objection to the Continuance Resolution (the "Notice of Dissent") at or before the time fixed for the shareholders meeting at which the Continuance Resolution is to be voted on. The sending of a Notice of Dissent does not deprive a registered shareholder of his right to vote on the Continuance Resolution, but a vote either in person or by proxy against the Continuance Resolution does not constitute a Notice of Dissent. A vote in favour of the Continuance Resolution will deprive the registered shareholder of any rights under section 190 of the CBCA.

Within 10 days after the adoption of the Continuance Resolution by the shareholders, the Corporation is required to notify in writing each shareholder who has filed a Notice of Dissent and who has neither voted for the Continuance Resolution nor withdrawn his objection (a "Dissenting Shareholder") that the Continuance Resolution has been adopted. A Dissenting Shareholder must, within 20 days after he receives notice of adoption of the Continuance Resolution, or, if he does not receive such notice, within 20 days after he learns that the Continuance Resolution has been adopted, send to the Corporation a written notice (the "Demand for Payment") containing his name and address, the number and class of shares in respect of which he dissents, and a demand for payment of the fair value of such shares. Within 30 days after sending his Demand for Payment, the Dissenting Shareholder must send the certificates representing the shares in respect of which he dissents to the Corporation or its transfer agent. The Corporation or the transfer agent will endorse on the share certificates notice that the holder thereof is a Dissenting Shareholder under section 190 of the CBCA and will forthwith return the share certificates to the Dissenting Shareholder. If a Dissenting Shareholder fails to send his share certificates, he has no right to make a claim under section 190 of the CBCA.

After sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a holder of the shares in respect of which he has dissented other than the right to be paid the fair value of such shares as determined under section 190 of the CBCA, unless: (i) the Dissenting Shareholder withdraws his Demand for Payment before the Corporation makes a written offer to pay (the "Offer to Pay"); (ii) the Corporation fails to make a timely Offer to Pay to the Dissenting Shareholder and the Dissenting Shareholder withdraws his Demand for Payment; or (iii) the directors of the Corporation revoke the Continuance Resolution, in all of which cases the Dissenting Shareholder's rights as a shareholder are reinstated.

Not later than seven days after the later of the effective date of the Continuance and the day the Corporation receives

the Demand for Payment, the Corporation will send, to each Dissenting Shareholder who has sent a Demand for Payment, an Offer to Pay for the shares of the Dissenting Shareholder in respect of which he has dissented in an amount considered by the directors of the Corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined. Every Offer to Pay made to Dissenting Shareholders for shares of the same class shall be on the same terms. The amount specified in an Offer to Pay which has been accepted by a Dissenting Shareholder shall be paid by the Corporation within 10 days of the acceptance, but an Offer to Pay lapses if the Corporation has not received an acceptance thereof within 30 days after the Offer to Pay has been made.

If an Offer to Pay is not made by the Corporation or if a Dissenting Shareholder fails to accept an Offer to Pay, the Corporation may, within 50 days after the effective date of the Continuance or within such further period as a court may allow, apply to the court to fix a fair value for the shares of any Dissenting Shareholder. If the Corporation fails to so apply to the court, a Dissenting Shareholder may apply to the Supreme Court of British Columbia for the same purpose within a further period of 20 days or within such further period as the court may allow. A Dissenting Shareholder is not required to give security for costs in any application to the court.

On making an application to the court, the Corporation will give to each Dissenting Shareholder who has sent to the Corporation a Demand for Payment and who has not accepted an Offer to Pay, notice of the date, place and consequences of the application and of his right to appear and be heard in person or by counsel. All Dissenting Shareholders whose shares have not been purchased by the Corporation will be joined as parties to any such application to the court to fix a fair value and will be bound by the decision rendered by the court in the proceedings commenced by such application. The court is authorized to determine whether any other person is a Dissenting Shareholder who should be joined as a party to such application.

The court will fix a fair value for the shares of all Dissenting Shareholders and may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the effective date of the Continuance until the date of payment of the amount ordered by the court. The final order of the court in the proceedings commenced by an application by the Corporation or a Dissenting Shareholder will be rendered against the Corporation and in favour of each Dissenting Shareholder. The cost of any application to a court by the Corporation or a Dissenting Shareholder will be in the discretion of the court.

**The above is only a summary of the dissenting shareholder provisions of the CBCA, which are technical and complex. It is suggested that a shareholder of the Corporation wishing to exercise a right to dissent should seek legal advice, as failure to comply strictly with the provisions of the CBCA may result in the loss or unavailability of the right to dissent.**

**SCHEDULE “D” TO INFORMATION CIRCULAR**

**PROPOSED ARTICLES**

**Incorporation No. BC \_\_\_\_\_**

**BUSINESS CORPORATIONS ACT**

**ARTICLES**

**OF**

**EMPOWER CLINICS INC.**

Part 1 INTERPRETATION .....	1
1.1    Definitions.....	1
1.2 <i>Business Corporations Act</i> and <i>Interpretation Act</i> Definitions Applicable .....	1
1.3    Conflicts Between Articles and the <i>Business Corporations Act</i> .....	1
Part 2 SHARES AND SHARE CERTIFICATES .....	1
2.1    Authorized Share Structure .....	1
2.2    Form of Share Certificate .....	1
2.3    Shareholder Entitled to Share Certificate or Acknowledgement.....	1
2.4    Delivery by Mail .....	2
2.5    Replacement of Worn Out or Defaced Share Certificate or Acknowledgement.....	2
2.6    Replacement of Lost, Stolen or Destroyed Share Certificate or Acknowledgement.....	2
2.7    Splitting Share Certificates .....	2
2.8    Shares May be Uncertificated .....	2
2.9    Direct Registration System .....	2
2.10   Share Certificate Fee .....	2
2.11   Recognition of Trusts.....	3
Part 3 ISSUE OF SHARES .....	3
3.1    Directors Authorized.....	3
3.2    Commissions and Discounts .....	3
3.3    Brokerage.....	3
3.4    Conditions of Issue.....	3
3.5    Share Purchase Warrants and Rights .....	3
Part 4 Securities REGISTERS .....	3
4.1    Central Securities Register .....	3
4.2    Closing Register .....	4
Part 5 SHARE TRANSFERS .....	4
5.1    Registering Transfers .....	4
5.2    Transferor Remains Shareholder.....	4
5.3    Signing of Instrument of Transfer .....	4

5.4	Enquiry as to Title Not Required .....	4
5.5	Transfer Fee .....	4
Part 6 TRANSMISSION OF SHARES .....		5
6.1	Legal Personal Representative Recognized on Death .....	5
6.2	Rights of Legal Personal Representative .....	5
Part 7 PURCHASE or redemption OF SHARES .....		5
7.1	Company Authorized to Purchase or Redeem Shares .....	5
7.2	Purchase or Redemption When Insolvent .....	5
7.3	Sale and Voting of Purchased Shares.....	5
Part 8 BORROWING POWERS .....		5
Part 9 ALTERATIONS .....		6
9.1	Alteration of Authorized Share Structure.....	6
9.2	Change of Name .....	6
9.3	Consolidation and Subdivision .....	6
9.4	Other Alterations.....	6
Part 10 MEETINGS OF SHAREHOLDERS .....		6
10.1	Annual General Meetings .....	6
10.2	Resolution Instead of Annual General Meeting .....	7
10.3	Calling of Meetings of Shareholders.....	7
10.4	Location of Shareholder Meetings .....	7
10.5	Notice for Meetings of Shareholders .....	7
10.6	Record Date for Notice .....	7
10.7	Record Date for Voting.....	7
10.8	Class Meetings and Series Meetings of Shareholders.....	7
10.9	Failure to Give Notice and Waiver of Notice.....	8
Part 11 PROCEEDINGS AT MEETINGS OF SHAREHOLDERS.....		8
11.1	Special Business.....	8
11.2	Special Majority.....	8
11.3	Quorum .....	8
11.4	One Shareholder May Constitute Quorum.....	8
11.5	Meetings by Telephone or Other Communications Medium .....	9
11.6	Other Persons May Attend.....	9
11.7	Requirement of Quorum .....	9
11.8	Lack of Quorum.....	9
11.9	Lack of Quorum at Succeeding Meeting.....	9
11.10	Chair.....	9
11.11	Selection of Alternate Chair.....	9
11.12	Adjournments.....	10

11.13	Notice of Adjourned Meeting .....	10
11.14	Decisions by Show of Hands or Poll.....	10
11.15	Declaration of Result .....	10
11.16	Motion Need Not be Seconded .....	10
11.17	Casting Vote.....	10
11.18	Manner of Taking Poll .....	10
11.19	Demand for Poll on Adjournment.....	11
11.20	Chair Must Resolve Dispute .....	11
11.21	Casting of Votes.....	11
11.22	Demand for Poll.....	11
11.23	Demand for Poll Not to Prevent Continuance of Meeting .....	11
11.24	Retention of Ballots and Proxies.....	11
Part 12	VOTES OF SHAREHOLDERS .....	11
12.1	Number of Votes by Shareholder or by Shares.....	11
12.2	Votes of Persons in Representative Capacity.....	11
12.3	Votes by Joint Holders.....	11
12.4	Legal Personal Representatives as Joint Shareholders.....	12
12.5	Representative of a Corporate Shareholder.....	12
12.6	Proxy Provisions Do Not Apply to All Companies .....	12
12.7	Appointment of Proxy Holders .....	12
12.8	Alternate Proxy Holders.....	12
12.9	Form of Proxy .....	13
12.10	Deposit of Proxy .....	13
12.11	Revocation of Proxy.....	13
12.12	Revocation of Proxy Must Be Signed.....	13
12.13	Production of Evidence of Authority to Vote .....	14
Part 13	DIRECTORS.....	14
13.1	First Directors; Number of Directors .....	14
13.2	Change in Number of Directors .....	14
13.3	Directors' Acts Valid Despite Vacancy.....	14
13.4	Qualifications of Directors.....	14
13.5	Remuneration of Directors.....	14
13.6	Reimbursement of Expenses of Directors .....	15
13.7	Special Remuneration for Directors.....	15
13.8	Gratuity, Pension or Allowance on Retirement of Director .....	15
Part 14	ELECTION AND REMOVAL OF DIRECTORS .....	15
14.1	Election at Annual General Meeting.....	15
14.2	Consent to be a Director.....	15

14.3	Failure to Elect or Appoint Directors.....	15
14.4	Places of Retiring Directors Not Filled.....	16
14.5	Directors May Fill Casual Vacancies,.....	16
14.6	Remaining Directors Power to Act.....	16
14.7	Shareholders May Fill Vacancies.....	16
14.8	Additional Directors.....	16
14.9	Ceasing to be a Director.....	16
14.10	Removal of Director by Shareholders.....	17
14.11	Removal of Director by Directors.....	17
Part 15 POWERS AND DUTIES OF DIRECTORS.....		17
15.1	Powers of Management.....	17
15.2	Appointment of Attorney of Company.....	17
Part 16 DISCLOSURE OF INTEREST OF DIRECTORS.....		17
16.1	Obligation to Account for Profits.....	17
16.2	Restrictions on Voting by Reason of Interest.....	17
16.3	Interested Director Counted in Quorum.....	17
16.4	Disclosure of Conflict of Interest or Property.....	18
16.5	Director Holding Other Office in the Company.....	18
16.6	No Disqualification.....	18
16.7	Professional Services by Director or Officer.....	18
16.8	Director or Officer in Other Corporations.....	18
Part 17 PROCEEDINGS OF DIRECTORS.....		18
17.1	Meetings of Directors.....	18
17.2	Voting at Meetings.....	18
17.3	Chair of Meetings.....	18
17.4	Meetings by Telephone or Other Communications Medium.....	19
17.5	Calling of Meetings.....	19
17.6	Notice of Meetings,.....	19
17.7	When Notice Not Required.....	19
17.8	Meeting Valid Despite Failure to Give Notice.....	19
17.9	Waiver of Notice of Meetings.....	19
17.10	Quorum.....	19
17.11	Validity of Acts Where Appointment Defective.....	20
17.12	Consent Resolutions in Writing.....	20
Part 18 EXECUTIVE AND OTHER COMMITTEES.....		20
18.1	Appointment and Powers of Executive Committee.....	20
18.2	Appointment and Powers of Other Committees.....	20
18.3	Obligations of Committees.....	21

18.4	Powers of Board.....	21
18.5	Committee Meetings.....	21
Part 19	OFFICERS.....	21
19.1	Directors May Appoint Officers.....	21
19.2	Functions, Duties and Powers of Officers.....	21
19.3	Qualifications.....	22
19.4	Remuneration and Terms of Appointment.....	22
Part 20	INDEMNIFICATION.....	22
20.1	Definitions.....	22
20.2	Mandatory Indemnification of Directors and Former Directors.....	22
20.3	Indemnification of Other Persons.....	22
20.4	Non-Compliance with <i>Business Corporations Act</i> .....	22
20.5	Company May Purchase Insurance.....	22
Part 21	DIVIDENDS.....	23
21.1	Payment of Dividends Subject to Special Rights.....	23
21.2	Declaration of Dividends.....	23
21.3	No Notice Required.....	23
21.4	Record Date.....	23
21.5	Manner of Paying Dividend.....	23
21.6	Settlement of Difficulties.....	23
21.7	When Dividend Payable.....	23
21.8	Dividends to be Paid in Accordance with Number of Shares.....	24
21.9	Receipt by Joint Shareholders.....	24
21.10	Dividend Bears No Interest.....	24
21.11	Fractional Dividends.....	24
21.12	Payment of Dividends.....	24
21.13	Capitalization of Surplus.....	24
Part 22	DOCUMENTS, RECORDS AND REPORTS.....	24
22.1	Recording of Financial Affairs.....	24
22.2	Inspection of Accounting Records.....	24
Part 23	NOTICES.....	24
23.1	Method of Giving Notice.....	24
23.2	Deemed Receipt of Mailing.....	25
23.3	Certificate of Sending.....	25
23.4	Notice to Joint Shareholders.....	25
23.5	Notice to Trustees.....	25
Part 24	SEAL.....	26
24.1	Who May Attest Seal.....	26



24.2	Sealing Copies .....	26
24.3	Mechanical Reproduction of Seal .....	26
Part 25	PROHIBITIONS .....	26
25.1	Definitions.....	26
25.2	Application.....	27
25.3	Consent Required for Transfer of Shares or Designated Securities .....	27

# EMPOER CLINICS INC.

(the “Company”)

## PART 1 INTERPRETATION

### 1.1 Definitions

In these Articles, unless the context otherwise requires:

- (a) “board of directors”, “directors” and “board” mean the directors or sole director of the Company, as the case may be;
- (b) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (c) “*Interpretation Act*” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) “legal personal representative” means the personal or other legal representative of a shareholder, and includes a trustee in bankruptcy of the shareholder;
- (e) “registered address” of a shareholder means that shareholder's address as recorded in the central securities register; and
- (f) “seal” means the seal of the Company, if any.

### 1.2 *Business Corporations Act and Interpretation Act Definitions Applicable*

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

### 1.3 Conflicts Between Articles and the *Business Corporations Act*

If there is a conflict or inconsistency 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 of shares, if any, as described in the Notice of Articles of the Company.

### 2.2 Form of Share Certificate

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

### 2.3 Shareholder Entitled to Share Certificate or Acknowledgement

Unless the shares are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable

written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement, and delivery of a share certificate or acknowledgement, for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

#### **2.4 Delivery by Mail**

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

#### **2.5 Replacement of Worn Out or Defaced Share Certificate or Acknowledgement**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is worn out or defaced, the directors must, on production to them of the share certificate or acknowledgement, as the case may be, and on such other terms, if any, the directors think fit:

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

#### **2.6 Replacement of Lost, Stolen or Destroyed Share Certificate or Acknowledgement**

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

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

#### **2.7 Splitting Share Certificates**

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

#### **2.8 Shares May be Uncertificated**

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

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

#### **2.9 Direct Registration System**

Share certificates may be held in "book-entry" form under the direct registration system and such shares may be transferred electronically.

#### **2.10 Share Certificate Fee**

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

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

### **3.2 Commissions and Discounts**

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

### **3.3 Brokerage**

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

### **3.4 Conditions of Issue**

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

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (i) past services performed for the Company;
  - (ii) property;
  - (iii) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### **3.5 Share Purchase Warrants and Rights**

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

## **PART 4 SECURITIES REGISTERS**

### **4.1 Central Securities Register**

As required by and subject to the *Business Corporations Act*, the Company must maintain at its records office or at any other location inside or outside 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:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (c) if a non-transferable written acknowledgement 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 acknowledgement has been surrendered to the Company.

#### **5.2 Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, a 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.

#### **5.3 Signing of Instrument of Transfer**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or 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 acknowledgements deposited with the instrument of transfer:

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

#### **5.4 Enquiry as to Title Not Required**

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

#### **5.5 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 of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

## **PART 7 PURCHASE OR REDEMPTION OF SHARES**

### **7.1 Company Authorized to Purchase or Redeem 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, redeem or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

### **7.2 Purchase or Redemption When Insolvent**

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

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

### **7.3 Sale and Voting of Purchased Shares**

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

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

## **PART 8 BORROWING POWERS**

The Company, if authorized by the directors, may:

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

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

## **PART 9 ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

- (a) Subject to the *Business Corporations Act*, the Company may by resolution of the board of directors:
  - (i) 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;
  - (ii) 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;
  - (iii) subject to Article 2.1(2), alter the identifying name of any of its shares;
  - (iv) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
  - (v) 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;
  - (vi) 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; or
  - (vii) subject to Article 2.1(2), otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

### **9.2 Change of Name**

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

### **9.3 Consolidation and Subdivision**

The directors may, by directors' resolution, subdivide or consolidate all or any of the Company's issued and/or unissued shares.

### **9.4 Other Alterations**

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

## **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 Location of Shareholder Meetings**

The directors may, by director's resolution, approve a location outside of British Columbia for the holding of a meeting of shareholders.

### **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:

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

### **10.6 Record Date for Notice**

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

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

If no record date is set, the record date is 5:00 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 5:00 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 Class Meetings and Series Meetings of Shareholders**

Subject to the provisions of the *Business Corporations Act*, unless specified otherwise in these Articles or in the special rights and restrictions attached to any class or series of shares, the provisions of these Articles relating to



general meetings will apply, with the necessary changes and so far as they are applicable, to a class meeting or series meeting of shareholders holding a particular class or series of shares.

### **10.9 Failure to Give Notice and Waiver of Notice**

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

## **PART 11 PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 Special Business**

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

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

### **11.2 Special Majority**

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

### **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two (2) shareholders present in person at the meeting or represented by proxy holding, in the aggregate, at least five percent (5%) of the issued shares entitled to be voted at the meeting.

### **11.4 One Shareholder May Constitute Quorum**

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

- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and

- (b) that shareholder, present in person or by proxy, may constitute the meeting.

#### **11.5 Meetings by Telephone or Other Communications Medium**

A shareholder or proxy holder who is entitled to participate in, including vote at, a meeting of shareholders may participate in person or by telephone or other communications medium if all shareholders and proxy holders participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A shareholder who participates in a meeting in a manner contemplated by this Article **Error! Reference source not found.** 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. Nothing in this Article **Error! Reference source not found.** obligates the Company to take any action or provide any facility to permit or facilitate the use of any communications medium at a meeting of shareholders.

#### **11.6 Other Persons May Attend**

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), the auditor of the Company, the lawyers for 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.

#### **11.7 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.

#### **11.8 Lack of Quorum**

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

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

#### **11.9 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.

#### **11.10 Chair**

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

- (a) the chair of the board, if any;
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any;  
or
- (c) such other person designated by the directors.

#### **11.11 Selection of Alternate Chair**

If, at any meeting of shareholders, the person appointed under section 11.9 above is not present within 15 minutes after the time set for holding the meeting, or if such person is unwilling to act as chair of the meeting, or if such person has advised the secretary, if any, or any director present at the meeting, that such person will not be present at the meeting, the directors present must choose: one of their number, a senior officer or counsel to the Company to chair the meeting or if the director, senior officer or counsel present declines to take the chair or if the directors fail

to so choose or if no director, senior officer or counsel is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

#### **11.12 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.

#### **11.13 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 thirty days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

#### **11.14 Decisions by Show of Hands or Poll**

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.

#### **11.15 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.

#### **11.16 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.

#### **11.17 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.

#### **11.18 Manner of Taking Poll**

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

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

### **11.19 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.

### **11.20 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 a meeting of the shareholders must determine the dispute, and his or her determination made in good faith is final and conclusive.

### **11.21 Casting of Votes**

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

### **11.22 Demand for Poll**

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

### **11.23 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.

### **11.24 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 such ballots and proxies 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:

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

### **12.2 Votes of Persons in Representative Capacity**

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

### **12.3 Votes by Joint Holders**

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

- (a) any one of the joint shareholders may vote at any meeting of the shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

- (b) if more than one of the joint shareholders is present at any meeting of the shareholders, personally or by proxy, and more than one of the joint shareholders 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 the shareholders by written instrument, fax or any other method of transmitting legibly recorded messages and:

- (a) for that purpose, the instrument appointing a representative must:
  - (i) be received at the registered office of the Company or at any other place specified for the receipt of proxies, in the notice calling the meeting, at least the number of business days for the receipt of proxies specified in the notice, or if no number of days is specified in the notice, at least, two business days before the day set for the holding of the meeting; or
  - (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
  - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

#### **12.6 Proxy Provisions Do Not Apply to All Companies**

Article 12.9 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. Sections 12.7 to 12.15 apply to the Company only insofar as they are not inconsistent with any applicable securities legislation and any regulations and rules made and promulgated under such legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commission or similar authorities appointed under that legislation.

#### **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 the 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 instrument of 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 Form of Proxy**

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

●  
(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 undersigned):\_\_\_\_\_.

Signed *[month, day, year]*

\_\_\_\_\_  
*[Signature of shareholder]*

\_\_\_\_\_  
*[Name of shareholder- printed]*

**12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must be by written instrument, fax or any other method of transmitting legibly messages and must:

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

Subject to Article 12.12, every proxy may be revoked by an instrument in writing that is :

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

**12.12 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.12 must be signed as follows:

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

### **12.13 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*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (a) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the most recently set of:
  - (i) a number fixed from time to time by the board of directors; and
  - (ii) the number of directors set under Article 14.4;
- (c) if the Company is not a public company, the most recently set of:
  - (i) a number fixed from time to time by the board of directors; and
  - (ii) the number of directors set under Article 14.4.

### **13.2 Change in Number of Directors**

If the number of directors is set under Articles 13.1(b)(i) or 13.1(c)(i):

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

### **13.3 Directors' Acts Valid Despite Vacancy**

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

### **13.4 Qualifications of Directors**

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

### **13.5 Remuneration of Directors**

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

### **13.6 Reimbursement of Expenses of Directors**

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

### **13.7 Special Remuneration for Directors**

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

### **13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants 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:

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

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

### **14.3 Failure to Elect or Appoint Directors**

If:

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

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



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

#### **14.4 Places of Retiring Directors Not Filled**

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

#### **14.5 Directors May Fill Casual Vacancies,**

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

#### **14.6 Remaining Directors Power to Act**

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

#### **14.7 Shareholders May Fill Vacancies**

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

#### **14.8 Additional Directors**

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

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

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

#### **14.9 Ceasing to be a Director**

A director ceases to be a director when:

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

#### **14.10 Removal of Director by Shareholders**

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

#### **14.11 Removal of Director by Directors**

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

### **PART 15 POWERS AND DUTIES OF DIRECTORS**

#### **15.1 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.

#### **15.2 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 16 DISCLOSURE OF INTEREST OF DIRECTORS**

#### **16.1 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*.

#### **16.2 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.

#### **16.3 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.

#### **16.4 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*.

#### **16.5 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.

#### **16.6 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.

#### **16.7 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.

#### **16.8 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 17 PROCEEDINGS OF DIRECTORS**

#### **17.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as the directors 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.

#### **17.2 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.

#### **17.3 Chair of Meetings**

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

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (c) any other director chosen by the directors if:
  - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

- (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
- (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that the chair of the board and the president will not be present at the meeting.

#### **17.4 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 17.4 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.

#### **17.5 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.

#### **17.6 Notice of Meetings,**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, 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 by any method set out in Article 23.1 or orally or by telephone.

#### **17.7 When Notice Not Required**

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

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

#### **17.8 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 does not invalidate any proceedings at that meeting.

#### **17.9 Waiver of Notice of Meetings**

Any 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 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.

#### **17.10 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.

### **17.11 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.

### **17.12 Consent Resolutions in Writing**

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

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article 17 may be evidence by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one entire document. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is deemed to effective on the date stated in the consent in writing and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be 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 such meetings.

## **PART 18 EXECUTIVE AND OTHER COMMITTEES**

### **18.1 Appointment and Powers of Executive Committee**

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

- (a) the power to fill vacancies in the board of directors;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **18.2 Appointment and Powers of Other Committees**

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - (i) the power to fill vacancies in the board of directors;
  - (ii) the power to remove a director;
  - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (iv) the power to appoint or remove officers appointed by the directors; and

- (c) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **18.3 Obligations of Committees**

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

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

### **18.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

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

### **18.5 Committee Meetings**

Subject to Article 18.3(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 18.1 or 18.2:

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

## **PART 19 OFFICERS**

### **19.1 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.

### **19.2 Functions, Duties and Powers of Officers**

The directors may, for each officer:

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

### **19.3 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.

### **19.4 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 20 INDEMNIFICATION**

### **20.1 Definitions**

In this Article 20:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director, officer, or former officer 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, former director, officer or former officer of the Company:
  - (i) is or may be joined as a party; or
  - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

### **20.2 Mandatory Indemnification of Directors and Former Directors**

Subject to the *Business Corporations Act*, the Company may indemnify a director, former director, officer or former officer 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 may, 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 officer is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

### **20.3 Indemnification of Other Persons**

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

### **20.4 Non-Compliance with *Business Corporations Act***

The failure of a director, former director, officer or former 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.

### **20.5 Company May Purchase Insurance**

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

- (a) is or was a director, alternate director, officer, employee or agent of the Company;

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

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **PART 21 DIVIDENDS**

### **21.1 Payment of Dividends Subject to Special Rights**

The provisions of this Article Part 21 are subject to Article 2.1 and to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **21.2 Declaration of Dividends**

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

### **21.3 No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 21.2.

### **21.4 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 5:00 p.m. on the date on which the directors pass the resolution declaring the dividend.

### **21.5 Manner of Paying Dividend**

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

### **21.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as the directors deem advisable, and, in particular, may:

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

### **21.7 When Dividend Payable**

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



### **21.8 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.

### **21.9 Receipt by Joint Shareholders**

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

### **21.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

### **21.11 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.

### **21.12 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.

### **21.13 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 22 DOCUMENTS, RECORDS AND REPORTS**

### **22.1 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*.

### **22.2 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 23 NOTICES**

### **23.1 Method of Giving Notice**

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

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

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

### **23.2 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 23.1 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.

### **23.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

### **23.4 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.

### **23.5 Notice to Trustees**

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

- (a) mailing the record, addressed to such person:
  - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (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 24 SEAL**

### **24.1 Who May Attest Seal**

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

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

### **24.2 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 24.1, the impression of the seal may be attested by the signature of any director or officer.

### **24.3 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 the directors 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 25 PROHIBITIONS**

### **25.1 Definitions**

In this Article Part 25:

- (a) “designated security” means:
  - (i) a voting security of the Company;
  - (ii) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (b) “security” has the meaning assigned in the *Securities Act* (British Columbia);
- (c) “voting security” means a security of the Company that:
  - (i) is not a debt security, and

- (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

**25.2 Application**

Article 25.3 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.

**25.3 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.

Full Name and signature of incorporator	Date of Signing
_____ Incorporator	_____