

## AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is made and effective as of October 20, 2020.

### AMONG:

**BIG SKY PETROLEUM CORPORATION**, a corporation incorporated under the laws of British Columbia (“**Big Sky**”);

### AND:

**PURE EXTRACT TECHNOLOGIES INC.**, a corporation incorporated under the laws of British Columbia (“**Pure**”);

### AND:

**1270233 B.C. LTD.**, a corporation incorporated under the laws of British Columbia (“**Subco**”);

### RECITALS:

- A. Big Sky is a public company, with its common shares listed on the NEX Board of the TSX Venture Exchange under the symbol “BSP.H”.
- B. Pure is a privately held company that has holds a Standard Processing License issued by Health Canada to engage in extraction of cannabis oil and intends, among other things, to produce vape pens.
- C. Subco is a wholly-owned subsidiary of Big Sky.
- D. Big Sky, Pure and Subco propose a business combination whereby Pure and Subco will amalgamate under the provisions of Division 3 of Part 9 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) on the terms described in this Agreement (the “**Amalgamation**”) and will continue as one corporation (“**Amalco**”) which will be a wholly-owned subsidiary of Big Sky. Following completion of the Amalgamation, Big Sky will carry on through Amalco the business presently carried on by Pure.
- E. Each of Pure and Subco will require the approval of their respective shareholders for the Amalgamation pursuant to the requirements of the BCBCA.
- F. Concurrently with the closing of the Transaction (as hereinafter defined) and as part of the Transaction, Big Sky will: (i) change its name to “Pure Extracts Technologies Corp.” or such other name as may be mutually agreed upon between the Parties); (ii) de-list its common shares from the TSX Venture Exchange; and (iii) list its common shares on the Canadian Securities Exchange.

NOW THEREFORE IN CONSIDERATION of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

## ARTICLE 1 DEFINITIONS

1.1 In this Agreement, unless the context otherwise requires:

- (a) “**Affiliate**” means a corporation that is affiliated with another corporation within the meaning of section 2 of the BCBCA;
- (b) “**Agreement**” means this agreement, including the recitals and all Schedules to this agreement, as amended or supplemented from time to time, and “**hereby**”, “**hereof**”, “**herein**”, “**hereunder**”, “**herewith**” and similar terms refer to this Agreement and not to any particular provision of this Agreement;
- (c) “**Amalco**” has the meaning defined in Recital D;
- (d) “**Amalgamation**” has the meaning defined in Recital D;
- (e) “**Amalgamation Application**” means an amalgamation application for the Amalgamation in substantially the form set out in Schedule C hereto;
- (f) “**Amalgamation Resolution**” means the special resolution of the Pure Shareholders, substantially in the form of the resolution set out in Schedule B hereto, approving the Amalgamation, to be considered by Pure Shareholders at the Pure Meeting, or alternatively, to be passed as a consent resolution in writing of the Pure Shareholders;
- (g) “**Applicable Laws**” means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, including all applicable corporate and securities laws, regulations and rules, all policies thereunder and rules of applicable stock exchanges;
- (h) “**BCBCA**” has the meaning defined in Recital D;
- (i) “**Big Sky Financial Statements**” means the audited financial statements of Big Sky as at and for the year ended December 31, 2019 and the unaudited interim financial statements of Big Sky for the three months ended June 30, 2020;
- (j) “**Big Sky Listing Statement**” means a listing statement of Big Sky jointly prepared by the Parties in accordance with the requirements of CSE Form 2A;
- (k) “**Big Sky Options**” means stock options of Big Sky, including the 240,000 outstanding options of Big Sky, each such option entitling the holders to acquire one Big Sky Share at a price of \$0.088 per Big Sky Share on or before June 23, 2023 (on a pre-Consolidation basis);
- (l) “**Big Sky Option Plan**” means the stock option plan of Big Sky;
- (m) “**Big Sky Public Documents**” means all documents or information filed by or on behalf of Big Sky with the Canadian securities regulators in compliance with Applicable Laws;

- (n) **“Big Sky Shareholder”** means a holder of Big Sky Shares;
- (o) **“Big Sky Shares”** means the common shares of Big Sky;
- (p) **“Big Sky Warrants”** means the Big Sky share purchase warrants to be issued in exchange for the Pure Warrants and the Finders Warrants;
- (q) **“Business Day”** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver for the transaction of banking business;
- (r) **“Certificate of Amalgamation”** means the certificate to be issued by the Registrar pursuant to Subsection 281(a) of the BCBCA giving effect to the Amalgamation;
- (s) **“Change in Recommendation”** means the Pure board of directors failing to unanimously recommend or withdrawing, amending, modifying or qualifying, publicly proposing or stating its intention to do so, or failing to publicly reaffirm (without qualification) its recommendation of the Amalgamation, taking no position or a neutral position with respect to a Take-Over Proposal for Pure for more than two (2) Business Days after first learning of a Take-Over Proposal for Pure, or taking any other action that is or becomes disclosed publicly and which can reasonably be interpreted to indicate that the Pure board of directors do not support the Amalgamation and this Agreement or do not believe that the Amalgamation and this Agreement are in the best interests of the Pure Shareholders;
- (t) **“Change of Control”** means (a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of amalgamation, merger or consolidation) in one or a series of related transactions, of all or substantially all of the properties or assets of a Party and its subsidiaries taken as a whole other than to an affiliate thereof, or (b) the consummation of any transaction (including, without limitation, any amalgamation, merger or consolidation), the result of which is that any person becomes beneficial owner, directly or indirectly, of more than 50% of the voting securities of a Party, measured by voting power rather than number of shares;
- (u) **“Consolidation”** means the consolidation of the Big Sky Shares on the basis of one (1) new Big Sky Share for each six (6) old Big Sky Shares, to be completed prior to the Effective Time;
- (v) **“CSE”** means the Canadian Securities Exchange;
- (w) **“Depository”** means the transfer agent of Big Sky;
- (x) **“Dissent Rights”** means the rights of dissent in respect of the Amalgamation Resolution provided pursuant to Section 238 of the BCBCA;
- (y) **“Dissenting Shareholder”** means an Pure Shareholder who, in connection with the Amalgamation Resolution at the Pure Meeting which approves and adopts this Agreement, has sent to Pure a written objection and a demand for payment within the time limits and in the manner prescribed by Section 238 of the BCBCA respectively with respect to such Shareholder’s shares;

- (z) “**Effective Date**” means the effective date indicated upon the Certificate of Amalgamation;
- (aa) “**Effective Time**” means the effective time indicated upon the Certificate of Amalgamation;
- (bb) “**Encumbrance**” includes, without limitation, any mortgage, pledge, assignment, charge, lien, security interest, claim, trust, royalty or carried, participation, net profits or other interest and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (cc) “**Environmental Laws**” includes any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters;
- (dd) “**Exchange Ratio**” means 2.6666666 Post-Consolidation Big Sky Shares exchanged for each one (1) Pure Share;
- (ee) “**Financings**” means the private placements of Pure Convertible Notes;
- (ff) “**Finder’s Fee**” has the meaning ascribed thereto in Section 3.15;
- (gg) “**Finders Warrants**” means up to 2,333,333 warrants of Big Sky to be issued to finders in connection with the Financings;
- (hh) “**Founding Shareholder Shares**” means the 8,000,000 Post-Consolidation Big Sky Shares to be issued to the Pure Founding Shareholders;
- (ii) “**Fundco**” means 1205457 B.C. Ltd.;
- (jj) “**Governmental Authority**” includes any federal, provincial, municipal or other political subdivision, government department, commission, board, bureau, agency or instrumentality, domestic or foreign;
- (kk) “**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;
- (ll) “**Listing Date**” means the date that the Big Sky Shares commence trading on the CSE;
- (mm) “**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to any Person, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, privileges, liabilities or prospects, whether contractual or otherwise, of such Person and its Subsidiaries, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) a matter that has, prior to the date hereof, been publicly disclosed or disclosed to the other Parties; (ii) conditions affecting the cannabis industry as a whole; (iii) general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere; or (iv) any matter consented to, or that results from a matter that is consented to, in writing by the other Parties hereto;

- (nn) “**Meeting Deadline**” means a date within 60 days of the date of this Agreement, unless otherwise agreed by the Parties;
- (oo) “**Misrepresentation**” includes any untrue statement of a material fact, any omission to state a material fact that is required to be stated and any omission to state a material fact that is necessary to be stated in order for a statement not to be misleading;
- (pp) “**Name Change**” means the change of Big Sky’s name to “Pure Extracts Technologies Corp.” or such other name as may be mutually agreed upon between the Parties;
- (qq) “**Outside Date**” means December 31, 2020 unless otherwise agreed by the Parties;
- (rr) “**Parties**” means Big Sky, Pure, and Subco and “**Party**” means any one of them;
- (ss) “**Permitted Encumbrances**” has the meaning ascribed to such term in Section 8.1(u);
- (tt) “**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;
- (uu) “**Pure Circular**” means a management information circular of Pure to be provided to the Pure Shareholders in connection with the Pure Meeting, if applicable;
- (vv) “**Post-Consolidation Big Sky Shares**” means the Big Sky Shares as constituted following the completion of the Consolidation;
- (ww) “**Pure Convertible Notes**” means convertible promissory notes of Pure issued or to be issued to Fundco prior to the Effective Time, as follows:
  - (i) a Pure Convertible Note in the principal amount of \$240,000, which may be settled by Pure issuing to Fundco such number of Pure Shares and Pure Warrants that would result in Fundco receiving one Post-Consolidation Big Sky Share and one Big Sky Warrant pursuant to the Transaction for each \$0.02 principal amount of such Pure Convertible Note (the “**First Convertible Note**”);
  - (ii) a Pure Convertible Note in the principal amount of \$1,309,055, which may be settled by Pure issuing to Fundco such number of Pure Shares that would result in Fundco receiving one Post-Consolidation Big Sky Share pursuant to the Transaction for each \$0.075 principal amount of such Pure Convertible Note (the “**Second Convertible Note**”);
  - (iii) a Pure Convertible Note in the principal amount of up to \$2,471,792 which may be settled by Pure issuing to Fundco such number of Pure Shares that would result in Fundco receiving one Post-Consolidation Big Sky Share pursuant to the Transaction for each \$0.30 principal amount of such Pure Convertible Note (the “**Third Convertible Note**”); and
  - (iv) a Pure Convertible Note in the principal amount of a minimum of \$4,400,000 and up to \$10,000,000 which may be settled by Pure issuing to Fundco such number of Pure Shares that would result in Fundco receiving one Post-Consolidation Big

Sky Share pursuant to the Transaction for each \$0.30 principal amount of such Pure Convertible Note (the “**Fourth Convertible Note**”);

- (xx) “**Pure Founding Shareholders**” means the Pure Shareholders as of the date of this Agreement;
- (yy) “**Pure Meeting**” means the special meeting of Pure Shareholders, if applicable, and any adjournments thereof, to consider and, if determined advisable, approve the Amalgamation Resolution;
- (zz) “**Pure Options**” means up to 10,000,000 options of Pure, each such option entitling the holders to acquire one Pure Share;
- (aaa) “**Pure Performance Securities**” means the 4,500,000 rights held by the Pure Founding Shareholders, each exercisable at a price of \$0.0533333 per Pure Share until October 16, 2025, at any time following the completion of the listing on the CSE;
- (bbb) “**Pure Shareholder**” means a holder of Pure Shares;
- (ccc) “**Pure Shares**” means the common shares of Pure;
- (ddd) “**Pure Warrants**” means common share purchase warrants of Pure;
- (eee) “**Registrar**” means the Registrar of Corporations appointed pursuant to Section 400 of the BCBCA;
- (fff) “**Shares**” means the Big Sky Shares, the Post-Consolidation Big Sky Shares or the Pure Shares as the context requires;
- (ggg) “**Shareholders**” means either the Big Sky Shareholders or the Pure Shareholders as the context requires;
- (hhh) “**Subco Resolutions**” means special resolutions of Big Sky as the sole shareholder of Subco approving the Amalgamation to be passed as consent resolutions in writing by Big Sky;
- (iii) “**Subsidiary**” means, when used to indicate a relationship with another body corporate,
  - (i) a body corporate which is controlled by: (A) that other; or (B) that other and one or more bodies corporate, each of which is controlled by that other; or (C) two or more bodies corporate each of which is controlled by that other; or
  - (ii) a subsidiary of a body corporate that is the other’s subsidiary;
- (jjj) “**Superior Proposal**” has the meaning ascribed thereto in Section 10.4 hereof;
- (kkk) “**Take-Over Proposal**” means, other than pursuant to the Transaction, any takeover bid or offer for 20% or more of the issued and outstanding Shares of any Party or securities convertible into Shares of any Party, or any proposal, offer or agreement (whether or not subject to conditions) for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization or similar transaction or other business combination involving a Party or any Subsidiary of a Party or any proposal,

offer or agreement (whether or not subject to conditions) to acquire in any manner, or to require any Party to issue, 20% or more of a Party's outstanding Shares or securities convertible into a Party's Shares;

- (lll) “**Tax Act**” means the *Income Tax Act* (Canada), RSC 1985 c1 (5th supp), as amended, including the regulations promulgated thereunder;
- (mmm) “**Transaction**” means the Amalgamation;
- (nnn) “**TSXV**” means the TSX Venture Exchange;
- (ooo) “**U.S. person**” has the meaning as set forth in Regulation S under the *U.S. Securities Act*; and
- (ppp) “**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

1.2 The following Schedules are included and form part of this Agreement:

Schedule A –  
Articles of Amalco

Schedule B –  
Pure Resolution

Schedule C –  
Amalgamation Application

## **ARTICLE 2 INTERPRETATION**

- 2.1 The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.
- 2.2 Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph, clause, subclause or schedule by number or letter or both refer to the Article, Section, subsection, paragraph, clause, subclause or schedule, respectively, bearing that designation in this Agreement.
- 2.3 In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender shall include all genders.
- 2.4 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 2.5 References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

2.6 Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

2.7 All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting creditors rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief).

2.8 This Agreement together with the agreements and documents herein referred to, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

### **ARTICLE 3 IMPLEMENTATION OF THE AMALGAMATION**

3.1 *Steps to be taken by Pure.*

- (a) Pure covenants and agrees with each of the other Parties:
  - (i) to convene and conduct the Pure Meeting in accordance with its articles and Applicable Laws as soon as reasonably practicable, and in any event on or before the Meeting Deadline;
  - (ii) in consultation with the other Parties, to fix and publish a record date for the purposes of determining its Shareholders entitled to receive notice of and vote at the Pure Meeting;
  - (iii) that it shall not, except as required for quorum purposes, as required by Applicable Laws, or otherwise as permitted under this Agreement, adjourn, postpone or cancel (or propose or permit the adjournment, postponement or cancellation of) the Pure Meeting without the prior written consent of the other Parties;
  - (iv) to advise the other Parties as they may reasonably request, as to the aggregate tally of the proxies received by it in respect of its Amalgamation Resolution; and
  - (v) to provide notice to the other Parties of the Pure Meeting and allow representatives of the other Parties to attend the Pure Meeting.
- (b) Notwithstanding the foregoing or any other provision of this Agreement, Pure may obtain Shareholder approval for its Amalgamation Resolution by a unanimous consent resolution in writing of its Shareholders in accordance with Applicable Laws and its articles, in which case such Party shall not be obligated to hold the Pure Meeting and the provisions of Section 3.1(a) shall not apply. In such event, Pure shall provide the other Parties with a reasonable opportunity to review and comment on the consent resolution and any related materials to be sent to its Shareholders to obtain their approval of such Amalgamation Resolution.



### 3.2 *Pure Circular*

- (a) If Pure determines that the Pure Meeting is necessary, as promptly as reasonably practicable following execution of this Agreement, Pure shall (i) prepare the Pure Circular together with any other documents required by Applicable Laws, (ii) file the Pure Circular in all jurisdictions where the same is required to be filed, (iii) mail the Pure Circular as required under Applicable Laws; and (iv) ensure that the Pure Circular complies in all material respects with all Applicable Laws and contains sufficient detail to permit its Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Pure Meeting.
- (b) Pure shall ensure that the Pure Circular complies in all material respects with all Applicable Laws, and, without limiting the generality of the foregoing, will ensure that the Pure Circular will not contain any misrepresentation (except that Pure shall not be responsible for any information relating to the other Parties and their Affiliates which has been provided by the other Parties specifically for inclusion in the Pure Circular or otherwise obtained from Big Sky Public Documents).
- (c) Pure shall disclose in the Pure Circular that its board of directors has unanimously determined that:
  - (i) its amalgamation pursuant to the Transaction is fair from a financial point of view to its Shareholders and is in the best interests of it and its Shareholders; and
  - (ii) its board of directors unanimously recommends that its Shareholders vote in favour of its Amalgamation Resolution, which recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.
- (d) Subject to Section 10.4, Pure (i) shall solicit proxies in favour of its Amalgamation Resolution, against any resolution submitted by any other of its Shareholders, and take all other actions that are reasonably necessary or desirable to obtain the approval of its Amalgamation Resolution by its Shareholders; (ii) shall cause its board of directors to recommend to its Shareholders that they vote in favour of the Amalgamation Resolution; (iii) shall cause its board of directors not to make a Change in Recommendation; and (iv) shall include in the Pure Circular a statement that each of its directors and executive officers intends to vote all of such Person's Shares in favour of its Amalgamation Resolution, subject to the other terms of this Agreement.
- (e) Each of the Parties shall provide the other Parties all information regarding themselves and their respective Affiliates, including any pro forma financial statements prepared in accordance with IFRS and Applicable Laws as required by Applicable Laws for inclusion in the Pure Circular or in any amendments or supplements thereto. Each of the Parties shall also use commercially reasonable efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Pure Circular and to the identification in the Pure Circular of each such advisor. Each of the Parties shall ensure that such information does not include any misrepresentation concerning it.
- (f) Each of the Parties and their respective legal counsel shall be given a reasonable opportunity to review and comment on the Pure Circular prior to the Pure Circular being filed with any Governmental Authority, and reasonable consideration shall be given to

any comments made by the other Parties and their respective legal counsel, provided, however, that all information relating solely to the other Parties and their respective Affiliates included in the Pure Circular shall be in form and content satisfactory to such Party, acting reasonably. Pure shall provide the other Parties with a final copy of the Pure Circular prior to the mailing to its Shareholders.

- (g) Pure shall promptly notify the other Parties if at any time before the Effective Date any of them becomes aware that the Pure Circular contains a misrepresentation, or that otherwise requires an amendment or supplement to the Pure Circular and the Parties shall co-operate in the preparation of any such amendment or supplement to the Pure Circular as may be required or appropriate, and Pure, as applicable, shall promptly mail or otherwise publicly disseminate any such amendment or supplement to the Pure Circular to its Shareholders and, if required by Applicable Laws, file the same with any Governmental Authority and as otherwise required.
- (h) If the board of directors of Pure decides to obtain Pure Shareholder approval for the Amalgamation Resolution by a unanimous consent resolution in writing of the Pure Shareholders pursuant to Section 3.1(b), it shall not be required to prepare the Pure Circular, but (subject to Section 10.4) shall take such steps as are reasonably required to obtain the approval of the Pure Shareholders for the Amalgamation Resolution by the Meeting Deadline in compliance with Applicable Laws.

### *3.3 Preparation of Filings.*

- (a) Each of the Parties shall co-operate and use their reasonable commercial efforts in good faith to take, or cause to be taken, all reasonable actions, including the preparation of any applications for regulatory approvals and other orders, registrations, consents, filings, rulings, exemptions, no-action letters, circulars and approvals required in connection with this Agreement and the Transaction and the preparation of any required documents, in each case as reasonably necessary to discharge their respective obligations under this Agreement and the Transaction, and to complete any of the transactions contemplated by this Agreement, including their obligations under Applicable Laws.
- (b) Subject to obtaining the approval of their respective Shareholders to their respective Amalgamation Resolution and subject to the satisfaction or waiver of the conditions herein contained in favour of any of them, Pure agrees that it shall, with the co-operation and participation of Big Sky, use its reasonable commercial efforts to make such arrangements with the Registrar as may be necessary or desirable to permit:
  - (i) the filing with the Registrar of its Amalgamation Application to be made effective at the Effective Time (and in any event, on or before the Outside Date); and
  - (ii) the obtaining of its Certificate of Amalgamation in that regard.

### *3.4 Steps to be taken by Big Sky.*

- (a) Big Sky covenants in favour of the other Parties that it will expeditiously make applications for the de-listing of the Big Sky Shares (or Post-Consolidation Big Sky Shares, as applicable) from the TSXV and for the listing of the Big Sky Shares (or Post-Consolidation Big Sky Shares, as applicable) on the CSE and that it will comply with

CSE policies so that the Post-Consolidation Big Sky Shares issuable in connection with the Transaction and any other transactions contemplated hereby are accepted for listing by the CSE pursuant to such policies.

- (b) Big Sky agrees that, on the Effective Date and subject to the satisfaction or waiver of the conditions herein contained in favour of Big Sky, Big Sky shall provide to the Depositary an irrevocable direction to issue the Post-Consolidation Big Sky Shares issuable pursuant to the Transaction to Pure Shareholders as contemplated herein.
- (c) Big Sky shall use commercially reasonable efforts to obtain shareholder approval for the Transaction and the delisting from the TSXV by way of written consent of shareholders representing at least 50% of the Pure Shares, or if unable to obtain such written consent shall convene and conduct the a shareholder meeting in accordance with its articles and Applicable Laws as soon as reasonably practicable, and in any event on or before the Meeting Deadline to obtain shareholder approval for the Transaction and delisting.
- (d) Subco and Big Sky shall, as applicable, cause the Subco Resolutions to be passed as consent resolutions of Big Sky as sole shareholder of Subco by the Meeting Deadlines, in accordance with Applicable Law and on terms satisfactory to Pure acting reasonably.

### *3.5 The Big Sky Listing Statement*

- (a) As promptly as reasonably practicable following execution of this Agreement, Big Sky shall (i) finalize the Big Sky Listing Statement together with any other documents required by the policies of the CSE, (ii) file the final Big Sky Listing Statement with the CSE together with any other documents required by the policies of the CSE, and (iii) use its commercially reasonable efforts to have the Big Sky Listing Statement accepted for filing by the CSE.
- (b) Big Sky shall ensure that the Big Sky Listing Statement complies in all material respects with the policies of the CSE, and, without limiting the generality of the foregoing, will ensure that the Big Sky Listing Statement will not contain any misrepresentation (except that Big Sky shall not be responsible for any information relating to Pure or their respective Affiliates, which has been provided by Pure specifically for inclusion in the Big Sky Listing Statement or otherwise obtained from Pure).
- (c) Pure shall provide to Big Sky all information regarding itself and its Affiliates, including but not limited to any:
  - (i) audited and unaudited financial statements; and
  - (ii) information necessary to prepare pro forma financial statements;in accordance with IFRS and Applicable Laws as required by CSE policies for inclusion in the Big Sky Listing Statement or in any amendments or supplements to such Big Sky Listing Statement. Pure shall also use commercially reasonable efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Big Sky Listing Statement and to the identification in the Big Sky Listing Statement of each such advisor. Pure shall ensure that such information does not include any misrepresentation concerning it.

- (d) Pure and its legal counsel shall be given a reasonable opportunity to review and comment on the Big Sky Listing Statement prior to the Big Sky Listing Statement being filed with the CSE, and reasonable consideration shall be given to any comments made by each of Pure and its legal counsel, provided, however, that all information relating solely to each of the other Parties and their respective Affiliates included in the Big Sky Listing Statement shall be in form and content satisfactory to such Party, acting reasonably. Big Sky shall provide Pure with a final copy of the Big Sky Listing Statement prior to the filing with the CSE.
- (e) Each of the Parties shall promptly notify each of the other Parties if at any time before the Effective Date it becomes aware that the Big Sky Listing Statement contains a misrepresentation, or that otherwise requires an amendment or supplement to the Big Sky Listing Statement and the Parties shall co-operate in the preparation of any amendment or supplement to the Big Sky Listing Statement as required or appropriate, and Big Sky shall promptly file any amendment or supplement to the Big Sky Listing Statement with the CSE.

3.6 *Implementation of the Amalgamation.* Pure and Subco agree to complete the Amalgamation pursuant to Division 3 of Part 9 of the BCBCA and to continue as one corporation as a Subsidiary of Big Sky upon the following terms and conditions:

- (a) the name of Amalco shall be “Pure Extracts Manufacturing Corp.” or such other name as mutually agreed upon between the Parties;
- (b) the registered office of Amalco shall be located at 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7;
- (c) the articles of Amalco shall be substantially in the form set forth in Schedule A;
- (d) each issued and outstanding Pure Share (other than Pure Shares held by Dissenting Shareholders) shall be exchanged for Post-Consolidation Big Sky Shares at the Exchange Ratio, and each outstanding Pure Warrant and Pure Option shall be exchanged for Big Sky Warrants and Big Sky Options in accordance with its terms and giving effect to the Exchange Ratio;
- (e) the directors of Amalco shall be Doug Benville and Sean Bromley and such Persons shall hold office until the first annual or general meeting of the shareholders of Amalco or until their successors are duly appointed or elected. The subsequent directors shall be elected each year thereafter as provided for in the Articles of Amalco. The management and operation of the business and affairs of Amalco shall be under the control of its board of directors as it is constituted from time to time;
- (f) Doug Benville shall be the President and Chief Executive Officer and Yana Popova shall be the Chief Financial Officer of Amalco; and
- (g) there shall be no restrictions on the business that Amalco may carry on.

3.7 *Effect of Pure Certificate of Amalgamation.* On the Effective Date, subject to the BCBCA:

- (a) the Amalgamation and the continuance of Pure and Subco as one corporation under the terms and conditions prescribed in this Agreement shall be effective;

- (b) the property of each of Pure and Subco shall continue to be the property of Amalco;
- (c) Amalco shall continue to be liable for the obligations of each of Pure and Subco;
- (d) any existing cause of action, claim or liability to prosecution with respect to any of Pure or Subco shall be unaffected;
- (e) any civil, criminal or administrative action or proceeding pending by or against any of Pure or Subco may be continued to be prosecuted by or against Amalco;
- (f) any conviction against, or ruling, order or judgment in favour of or against, any of Pure or Subco may be enforced by or against Amalco; and
- (g) the Notice of Articles contained in the Amalgamation Application shall be deemed to be the Notice of Articles of Amalco and the Pure Certificate of Amalgamation shall be deemed to be the Certificate of Incorporation of Amalco.

3.8 *General Effects of the Amalgamation.* On the Effective Date:

- (a) subject to Section 3.12 and Section 3.14, each Pure Shareholder (other than Dissenting Shareholders) shall receive that number of fully paid and non-assessable Post-Consolidation Big Sky Shares equal to the product determined by multiplying the number of Pure Shares held by such Pure Shareholder by the Exchange Ratio, following which all such Pure Shares shall be cancelled;
- (b) Big Sky shall receive one (1) fully paid and non-assessable Amalco common share for each one (1) Subco common share held by Big Sky, following which all such Subco common shares shall be cancelled;
- (c) Big Sky shall receive one (1) fully paid and non-assessable Amalco common share for each one (1) Post-Consolidation Big Sky Share issued pursuant to Section 3.8(a);
- (d) no fractional Post-Consolidation Big Sky Shares shall be issued to holders of Pure Shares; in lieu of any fractional entitlement, the number of Post-Consolidation Big Sky Shares issued to each former Pure Shareholder shall be rounded down to the next greater whole number of Post-Consolidation Big Sky Shares without any additional compensation;
- (e) Big Sky shall add an amount to the paid-up capital maintained in respect of the Big Sky Shares equal to the aggregate paid-up capital for income tax purposes of the Pure Shares immediately prior to the Effective Time (less the paid-up capital of any Pure Shares held by Dissenting Shareholders who do not exchange their Pure Shares for Big Sky Shares on the Amalgamation);
- (f) Amalco shall add an amount to the paid-up capital maintained in respect of the Amalco common shares such that the paid-up capital of the Amalco common shares shall be equal to the aggregate paid-up capital for income tax purposes of the Subco common shares and Pure Shares immediately prior to the Effective Time; and

- (g) each outstanding Pure Warrant and Pure Option shall be exchanged for Big Sky Warrants and Big Sky Options, respectively, in accordance with its terms and giving effect to the Exchange Ratio.
- 3.9 *Pure Performance Securities* – In accordance with their terms, at the Effective Time each of the Pure Performance Securities will cease to represent a right to acquire Pure Shares and will instead provide the right to acquire Post-Consolidation Big Sky Shares adjusted to reflect the Exchange Ratio, all in accordance with the adjustment provisions provided in the certificates representing such securities. For greater certainty, at the Effective Time each Pure Performance Security will represent the right to purchase 2.6666666 Post-Consolidation Big Sky Shares at an exercise price adjusted from \$0.0533333 to \$0.02, such that in aggregate the Pure Performance Securities will represent the right to purchase 12,000,000 Post-Consolidation Big Sky Shares.
- 3.10 *Resale Restrictions – Founding Shareholder Shares and Pure Performance Securities.* In addition to any resale restrictions placed on the Founding Shareholder Shares and the Big Sky Shares underlying the Pure Performance Securities under the policies of the CSE or applicable securities regulations,
- (a) the Founding Shareholder Shares and Pure Performance Securities (including the Big Sky Shares underlying the Pure Performance Securities) held by Sean Dewitt (or his holding company) will be subject to the resale restrictions set forth in a the Settlement Agreement among Pure, the Pure Founding Shareholders, Fundco and Big Sky dated September 24, 2020,
  - (b) the Founding Shareholder Shares and Pure Performance Securities (including the Big Sky Shares underlying the Pure Performance Securities) held by Doug Benville (or his holding company) will be subject to escrow under CSE policies, adjusted to reflect the following initial vesting schedule:
    - (i) 10% - on the Listing Date
    - (ii) 15% - 7 months following the Listing Date
    - (iii) 15% - 12 months following the Listing Date
    - (iv) 15% - 18 months following the Listing Date
    - (v) 15% - 24 months following the Listing Date
    - (vi) 15% - 30 months following the Listing Date
    - (vii) 15% - 36 months following the Listing Date, and
  - (c) the Founding Shareholder Shares and Pure Performance Securities (including the Big Sky Shares underlying the Pure Performance Securities), other than those held by Sean Dewitt and Doug Benville (or their respective holding companies), will be subject to voluntary hold periods in accordance with the following release schedules:
    - (i) 10% - 3 months following the Listing Date
    - (ii) 15% - 7 months following the Listing Date
    - (iii) 15% - 9 months following the Listing Date
    - (iv) 15% - 12 months following the Listing Date
    - (v) 20% - 15 months following the Listing Date
    - (vi) 25% - 18 months following the Listing Date(the “**18 Month Release Schedule**”)

- 3.11 *Resale Restrictions –Financings.* The Big Sky Shares and Big Sky Warrants to be issued in connection with the settlement of the Pure Convertible Notes (following conversion of the Pure Shares and Pure Warrants pursuant to the Pure Convertible Notes) will be subject to the following voluntary hold periods:
- (a) 50% of the Big Sky Shares and 100% of the Big Sky Warrants issued pursuant to the First Convertible Note conversion will be subject to the 18 Month Release Schedule;
  - (b) 100% of the Big Sky Shares issued pursuant to the Second Convertible Note will be subject to the 18 Month Release Schedule;
  - (c) 95% of the Big Sky Shares issued pursuant to the Third Convertible Note conversion will not be available for resale until six (6) months from the Listing Date; and
  - (d) 100% of the Big Sky Shares issued pursuant to the Fourth Convertible Note will not be available for resale until four (4) months from the Listing Date.
- 3.12 *Amalgamation Application and Filing.* Subject to the provisions hereof, Pure and Subco will jointly file, with the Registrar, the Amalgamation Application and such other documents as may be required by the BCBCA to give effect to the Amalgamation as contemplated herein on or before the Outside Date or such later date as may be agreed to by the Parties.
- 3.13 *Share Certificates.* On the Effective Date:
- (a) the register of transfers of Pure Shares shall be closed;
  - (b) subject to Section 3.14, the Pure Shareholders shall cease to be holders of Pure Shares and shall be deemed to be the registered holders of the Post-Consolidation Big Sky Shares to which they are entitled, calculated in accordance with the provisions hereof;
  - (c) certificates representing Post-Consolidation Big Sky Shares issuable to each Pure Shareholder pursuant to the Amalgamation will, as soon as practicable, but no later than five (5) Business Days following the Effective Date be forwarded by the Depositary to that holder, at the address specified in the central securities register of Pure, by first class mail (postage prepaid);
  - (d) Big Sky, as the registered holder of Subco common shares, shall cease to be the holder of Subco common shares and shall be deemed to be the registered holder of the Amalco common shares; and
  - (e) all share certificates formerly representing Pure Shares shall be deemed cancelled and any former non-certificated entry or position on the central securities register of Pure shall be cancelled.
- 3.14 Subject to the satisfaction of the conditions in Article 6 and Article 7, Big Sky covenants that on the Effective Date it will issue the Post-Consolidation Big Sky Shares, Big Sky Warrants and Big Sky Options to Pure Shareholders, holders of Pure Warrants and holders of Pure Options, respectively, as specified in this Article 3.

3.15 *Dissenting Shareholders.*

- (a) Each Pure Shareholder may exercise Dissent Rights in connection with the Amalgamation pursuant to and in the manner set forth in Section 238 of the BCBCA. Pure shall give Big Sky (i) prompt notice of any written notices of exercise of Dissent Rights, withdrawals of such notices, and any other instruments served pursuant to the BCBCA and received by Pure; and (ii) the opportunity to participate in all negotiations and proceedings with respect to such rights. Without the prior written consent of Big Sky, except as required by Applicable Law, Pure shall not make any payment with respect to any such rights or offer to settle or settle any such rights.
- (b) Pure Shares which are held by a Dissenting Shareholder shall not be converted as prescribed by Section 3.8. However, if a Dissenting Shareholder fails to perfect or effectively withdraw its claim under Section 238 of the BCBCA or forfeits its right to make a claim under Section 238 of the BCBCA or if its rights as a Pure Shareholder are otherwise reinstated, such Pure Shareholder's Pure Shares shall thereupon be deemed to have been converted as of the Effective Date as prescribed by Section 3.8.

3.16 *Finders Warrants.* The Parties acknowledge and agree that in connection with the Financings Big Sky will issue up to 2,333,333 warrants to eligible finders, each of which will be exercisable at \$0.50 per Post-Consolidation Big Sky Shares for a period of 24 months from the Effective Date.

3.17 *Finder's Fee.* The Parties acknowledge and agree that in connection with the Transaction the Parties will pay a finder's fee of 5,000,000 Post-Consolidation Big Sky Shares to a designee of Fundco.

3.18 *Recommendation of the Pure Board of Directors.* Pure represents and warrants to Big Sky that its board of directors has unanimously determined that:

- (a) the Amalgamation is fair from a financial point of view to the Pure Shareholders and is in the best interests of Pure and its Shareholders; and
- (b) the board of directors of Pure will unanimously recommend that Pure Shareholders vote in favour of the Pure Resolution, which recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.

**ARTICLE 4  
CSE APPROVALS**

4.1 *Preparation of Filings.* Each of the Parties shall co-operate and use their reasonable commercial efforts in good faith to take, or cause to be taken, all reasonable actions, including the preparation of the Big Sky Listing Statement and any applications for CSE or other regulatory approvals and other orders, registrations, consents, filings, rulings, exemptions, no-action letters, circulars and approvals required in connection with this Agreement and the Transaction and the preparation of any required documents, in each case as reasonably necessary to discharge their respective obligations under this Agreement, the Transaction,



and to complete any of the transactions contemplated by this Agreement, including their obligations under Applicable Laws.

## **ARTICLE 5 CLOSING CONDITIONS OF PURE**

5.1 The obligation of Pure to complete the Transaction is subject to the fulfilment of the following conditions precedent on or before the Effective Date or such other time as is specified below:

- (a) the representations and warranties made by each of Big Sky and Subco in this Agreement shall be true in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties which refer to another date, which shall be true as of that date), and each of Big Sky and Subco shall have provided to Pure a certificate of an officer certifying as to such matters on the Effective Date and Pure shall have no actual knowledge to the contrary;
- (b) each of Big Sky and Subco shall have complied in all material respects with their respective covenants in this Agreement and each of Big Sky and Subco shall have provided to Pure a certificate of an officer certifying as to such compliance as of the Effective Date and Pure shall have no actual knowledge to the contrary;
- (c) before giving effect to the transactions contemplated herein, there shall have been no Material Adverse Change in respect of Big Sky or Subco or their respective assets or businesses since the date hereof;
- (d) immediately prior to the Effective Time, other than the Big Sky Options and the Post-Consolidation Big Sky Shares and Big Sky Warrants issuable pursuant to this Agreement, there shall be no option, right or privilege (including, without limitation, whether by law, pre-emptive right, contract or otherwise) to purchase, subscribe for, convert into, exchange for or otherwise require the issuance of, nor any agreement, option, right or privilege capable of becoming any such agreement, option, right or privilege, any of the unissued shares or other securities of any of the other Parties;
- (e) each of Big Sky and Subco shall have furnished Pure with certified copies of the resolutions duly passed by their respective boards of directors approving this Agreement and the consummation of the transactions contemplated herein, and including, in Big Sky's case, the conditional allotment of the aggregate number of Post-Consolidation Big Sky Shares required to be issued in accordance with the terms of this Agreement upon the Amalgamation taking effect;
- (f) Big Sky shall have furnished Pure with a certified copy of the Subco Resolutions approving the Amalgamation;
- (g) Big Sky shall have obtained shareholder approval for the delisting from the TSXV and the Transaction by way of written consent;
- (h) Big Sky shall have taken all steps required to effect the Name Change and the Consolidation prior to the Effective Time;
- (i) Big Sky shall not have amended, modified, changed or replaced any of its employment agreement terms, severance policies, or other employment agreements from the date

hereof until the Effective Time except as provided herein or with the prior written consent of Pure;

- (j) Big Sky shall have delivered to the Depositary an irrevocable direction authorizing and directing the Depositary to deliver Post-Consolidation Big Sky Shares pursuant to the Amalgamation, to the Pure Shareholders who are entitled to receive such consideration in accordance with Section 3.12 and upon completion of the Amalgamation;
- (k) the Post-Consolidation Big Sky Shares to be delivered pursuant to the Amalgamation shall be issued as fully paid and non-assessable common shares in the capital of Big Sky, free and clear of all Encumbrances, liens, charges, demands of whatsoever nature, except those pursuant to any relevant CSE policies or applicable securities laws; and
- (l) Big Sky shall have taken all steps required to reconstitute the board of directors of Big Sky such that Ben Nikolaevsky, Doug Benville, Yana Popova, Sean Bromley and Dwight Duncan, shall have been appointed in their place.

The foregoing conditions precedent are for the benefit of Pure and may be waived, in whole or in part, by Pure in writing at any time. If any of the said conditions precedent shall not be complied with or waived by Pure on or before the date required for the performance thereof, Pure may, in addition to the other remedies it may have at law or equity, rescind and terminate this Agreement by written notice from Pure to the other Parties pursuant to Article 11.

## **ARTICLE 6 CLOSING CONDITIONS OF BIG SKY**

6.1 The obligation of Big Sky to complete the Transaction is subject to fulfilment of the following conditions precedent on or before the Effective Date or such other time as is specified below:

- (a) the representations and warranties made by Pure in this Agreement shall be true in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties which refer to another date, which shall be true as of that date) and Pure shall have provided to Big Sky a certificate of an officer certifying as to such matters on the Effective Date and Big Sky shall have no knowledge to the contrary;
- (b) Pure shall have complied in all material respects with its covenants in this Agreement and Pure shall have provided to Big Sky a certificate of an officer certifying as to such compliance as of the Effective Date and Big Sky shall have no actual knowledge to the contrary;
- (c) before giving effect to the transactions contemplated by this Agreement, there shall have been no Material Adverse Change in respect of Pure or their respective assets or businesses since the date hereof;
- (d) immediately prior to the Effective Time, with the exception of the Pure Convertible Notes (or the Pure Shares and Pure Warrants issuable on conversion of the Pure Convertible Notes), the Pure Options and the rights to receive Finders Warrants issued in connection with the Financings, there shall be no option, right or privilege (including, without limitation, whether by law, pre-emptive right, contract or otherwise) to purchase, subscribe for, convert into, exchange for or otherwise require the issuance of, nor any agreement, option, right or privilege capable of becoming any such agreement, option,

right or privilege, any of the unissued shares or other securities of any of the other Parties;

- (e) Pure shall have furnished Big Sky with certified copies of the resolutions duly passed by its board of directors approving this Agreement and the consummation of the transactions contemplated hereby;
- (f) Pure shall have furnished Big Sky with a certified copy of the Amalgamation Resolution, duly passed by not less than 66⅔% of the votes cast by a quorum of the Pure Shareholders at the Pure Meeting, or alternately, a unanimous consent resolution in writing of the Pure Shareholders approving the Amalgamation Resolution;
- (g) Big Sky shall have obtained shareholder approval for the delisting from the TSXV and the Transaction by way of written consent;
- (h) all rights of first refusal or similar contractual obligations relating to the Pure assets shall have been waived, terminated or otherwise expired;
- (i) the board of directors of Pure shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations referred to in Section 3.15; and
- (j) Pure shall not have amended, modified, changed or replaced any of its employment agreement terms, severance policies, or other employment agreements from the date hereof until the Effective Time without the prior written consent of Big Sky.

The foregoing conditions precedent are for the benefit of Big Sky and may be waived, in whole or in part, by Big Sky in writing at any time. If any of the said conditions precedent shall not be complied with or waived by Big Sky on or before the date required for the performance thereof, Big Sky may, in addition to the other remedies it may have at law or equity, rescind and terminate this Agreement by written notice to Pure pursuant to Article 11.

## **ARTICLE 7 MUTUAL CLOSING CONDITIONS**

7.1 The obligations of each of the Parties to complete the transactions contemplated herein are subject to fulfilment of the following conditions precedent on or before the Effective Date or such other time as is specified below:

- (a) the Pure Resolution shall have been passed by Pure Shareholders on or before the Outside Date in form and substance satisfactory to each of the Parties, acting reasonably;
- (b) the Subco Resolutions shall have been passed by Big Sky on or before the Outside Date in form and substance satisfactory to each of the Parties, acting reasonably;
- (c) Big Sky shall have received all shareholder approvals, if any, required in connection with the Transaction;
- (d) the Amalgamation Application filed with the Registrar shall be in form and substance satisfactory to each of the Parties, acting reasonably;

- (e) the Big Sky Shares shall have been delisted by the TSXV and Big Sky shall have obtained the conditional approval of the CSE for the listing and posting for trading on the CSE of the Big Sky Shares, subject only to the satisfaction of the customary listing conditions of the CSE;
- (f) the Effective Date shall have occurred on or prior to the Outside Date;
- (g) there shall be no action taken under any existing Applicable Law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority or similar agency, domestic or foreign, that:
  - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated herein; or
  - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;
- (h) holders of not greater than 15% of the outstanding Pure Shares, respectively, shall have exercised Dissent Rights that have not been withdrawn as at the Effective Date;
- (i) each of the Parties shall have obtained all consents, approvals and authorizations (including, without limitation, all stock exchange, securities commission and other regulatory approvals) required or necessary in connection with the transactions contemplated herein on terms and conditions reasonably satisfactory to each of Big Sky and Pure, acting reasonably; and
- (j) the Financings shall have been completed.

The foregoing conditions are for the mutual benefit of the Parties and may be waived, in whole or in part, by mutual agreement of all of the Parties, at any time. If any of the said conditions precedent shall not be complied with or waived as aforesaid on or before the date required for the performance thereof, any Party may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to the other Parties, pursuant to Article 11.

## **ARTICLE 8 REPRESENTATIONS AND WARRANTIES OF PURE**

8.1 Pure represents, warrants and covenants to each of the other Parties that:

- (a) Pure is duly organized and validly existing under the laws of the jurisdiction of its incorporation, has the capacity, power and authority to own or lease its property and assets and to carry on its business as now conducted by it;
- (b) Pure is duly qualified to carry on business in each jurisdiction in which the nature of its business or the property or assets owned or leased by it makes such qualification necessary, except where the failure to be so qualified is not material;
- (c) Pure does not have any Subsidiaries;
- (d) Pure has complied with and is in compliance with all laws or regulations applicable to the operation of its business, including all Applicable Laws, except where failure to do so is

not material, and Pure has all licenses, permits, orders or approvals of, and have made all required registrations with, any government or regulatory body that are material to the conduct of its business;

- (e) Pure has all requisite corporate power and authority to enter into this Agreement and all documents to be delivered pursuant hereto and, subject to the terms hereof, to perform its obligations hereunder and thereunder;
- (f) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
  - (i) result in the breach of or violate any term or provision of the notice of articles, articles or governing documents of Pure;
  - (ii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, licence, permit or authority to which Pure is a party or by which Pure is bound or to which any of its property is subject;
  - (iii) result in the creation of any Encumbrance upon any of the assets of Pure;
  - (iv) give to any Person any material interest or right, including the right of purchase, termination, cancellation or acceleration under any such agreement, instrument, license, permit or authority; or
  - (v) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to any of Pure, or the Pure Shares or the assets of Pure,

except to the extent such results or occurrences as set forth in this Section 8.1(f) collectively are not material;

- (g) this Agreement has been duly authorized, executed and delivered by Pure and all documents to be executed and delivered by Pure pursuant hereto to any other Party shall be duly executed and delivered and this Agreement constitutes, legal, valid and binding obligations of Pure enforceable against it in accordance with its terms except as the enforcement thereof may be limited by bankruptcy, insolvency and other Applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;
- (h) other than the Finder's Fee or finders' fees that may be incurred in connection with the Financings, Pure has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agents commission, financial advisory fees or other similar forms of compensation with respect to the transactions contemplated herein;
- (i) there are no actions, suits, other legal, administrative or arbitration proceedings or government investigations commenced, or to the knowledge of Pure contemplated, at law or in equity or before or by any court or other Governmental Authority and which involve or affect Pure or any of its assets, which is material and, to the best of the knowledge,

information and belief of Pure, there are no grounds upon which any such actions, suits or proceedings may be commenced with a reasonable likelihood of success;

- (j) as of the date hereof the authorized capital of Pure consists of an unlimited number of common shares. As of the date hereof, 3,000,000 Pure Shares are validly issued and outstanding as fully paid and non-assessable;
- (k) except for the Pure Convertible Notes, the Pure Options and rights to receive Finders Warrants in connection with the Financings, no Person has any agreement, option, right or privilege (including, without limitation, whether by law, pre-emptive right, contract or otherwise) to purchase, subscribe for, convert into, exchange for or otherwise require the issuance of, nor any agreement, option, right or privilege capable of becoming any such agreement, option, right or privilege, any of the unissued shares or other securities of Pure;
- (l) the minute books of Pure are true and correct in all material respects and contain the minutes of all meetings and all resolutions of the directors and shareholders on the date hereof;
- (m) no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Pure and Pure is not in default of any requirement of Applicable Laws which is material;
- (n) since January 1, 2020, Pure has:
  - (i) not amended its articles or other governing documents;
  - (ii) not disposed of any property or assets out of the ordinary course of business;
  - (iii) conducted its business in all material respects in the usual, ordinary and regular course and consistent with past practices;
  - (iv) not suffered any Material Adverse Change, financial or otherwise, in its business, assets, rights, properties, condition (financial or otherwise), liabilities, capitalization, operations, prospects or results of operation or any occurrences or circumstances which have resulted or might reasonably be expected to result in a Material Adverse Change thereto;
  - (v) not made any change in its accounting principles and practices as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained;
  - (vi) maintained in effect salary and other compensation levels in accordance with its then existing salary administration program;
  - (vii) neither paid any bonuses or other payments nor entered into any agreements, whether in writing or verbal, providing for payments to be made to any of its employees, consultants, officers or directors in respect of loss of office or loss of employment in connection with the transactions contemplated hereby;

- (viii) not entered into any agreement or transactions with any director, officer, employee, consultant or any party not at arm's length with it;
  - (ix) not issued any guarantees or made any commitments outside the normal course of business other than as disclosed elsewhere in this Agreement or in writing to Big Sky prior to the date hereof;
  - (x) not entered into or closed any hedge, swap or other like transaction; and
  - (xi) not incurred any material liabilities of any nature, whether accrued, contingent or otherwise or which would be required by IFRS to be reflected on the balance sheet of Pure;
- (o) there are no contracts or arrangements to which Pure is a party with any director, officer, employee or consultant of Pure, or any associate or Affiliate of any such director, officer, employee or consultant, nor is there any indebtedness owing by Pure to any such parties or by any such parties to Pure;
- (p) Pure is not aware of any defects, failures or impairments in the title of Pure to its assets, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any Person, which in aggregate could have a Material Adverse Effect, financial or otherwise, on the business, assets, or anticipated cash-flow of Pure;
- (q) Pure has duly and timely filed, in proper form, returns in respect of taxes under the Tax Act, the *Income Tax Act* (British Columbia), the income tax legislation of any other province of Canada, or any foreign country in which it carries on business or to the jurisdiction of which it is otherwise subject (including but not limited to the United States), and the *Excise Tax Act* (Canada) for all prior periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes owing with respect to periods ending on or prior to December 31, 2019, have been paid or accrued on the books of Pure, calculated in accordance with Canadian generally acceptable accounting principles, and all payments by Pure to any non-resident have been made in accordance with all applicable legislation in respect of withholding tax; and Pure has withheld from each payment made to any of its officers, directors, former directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;
- (r) there are no outstanding agreements or waivers material to Pure extending the statutory period of limitations applicable to any federal, provincial or other income tax return for any period and there are no issued, or to the knowledge of Pure proposed, assessments or reassessments respecting Pure pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority;
- (s) Pure is not a "reporting issuer" and does not have equivalent status in any province or territory of Canada;
- (t) except to the extent that any violations or other matters referred to in this paragraph are not material:
- (i) Pure is not in violation of any applicable Environmental Laws;

- (ii) Pure has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
- (iii) to the best of the knowledge of Pure, there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes which have not been rectified or are in the process of being rectified on any of the real property owned or leased by Pure or under any of their control;
- (iv) to the best of the knowledge of Pure, there have been no releases, deposits or discharges, in violation of Environmental Laws, of any hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Pure;
- (v) to the best of the knowledge of Pure, no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Pure;
- (vi) Pure has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law; and
- (vii) Pure holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of the type owned by it, none of them have received any notification pursuant to any Environmental Laws that any work, repairs, construction or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any licence, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;
- (u) the assets of Pure are free and clear of all mortgages, pledges, liens, charges, burdens and Encumbrances (other than those in favour of its lenders, those Encumbrances incurred in the ordinary course of business and those burdens and Encumbrances which do not and will not, individually or in the aggregate, have a Material Adverse Effect on the ownership or operation of its assets and properties (“**Permitted Encumbrances**”)) and other than Permitted Encumbrances, none of them has done any act or suffered or permitted any action to be done whereby any Person has acquired or may acquire an interest in or to its material properties or assets, nor has any of them done any act, omitted to do any act or permitted any act to be done that may adversely affect or defeat its title to any of its material properties or assets;
- (v) Pure is not a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Person, firm or corporation;
- (w) all of the data and information in respect of Pure provided or disclosed to the other Parties or any of their respective officers, employees, agents or other representatives by or on behalf of Pure was and is accurate and correct in all material respects as of the date on which such information was provided;



- (x) Pure has no obligations or liabilities to pay any amount to its employees, consultants, officers and directors other than salary to employees in the ordinary course, to the Effective Date, in each case in amounts consistent with its historic practices;
- (y) Pure has duly and timely satisfied all of the obligations required to be satisfied, performed and observed by it under, and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default by it under any leases, or any other agreement pertaining to the assets of Pure which would be material;
- (z) Pure holds all registered and/or beneficial interests in any property or equipment used in or by it in the conduct of its business;
- (aa) Pure has made available to the other Parties true and complete copies of all contracts that are material to Pure and to which it is a party, each of which is a valid and binding obligation of Pure, and to the knowledge of Pure, of the other parties thereto, enforceable in accordance with its terms and Pure has not terminated, cancelled, renewed or modified in any material respect, any terms or conditions of any material contracts and no proposal or discussions with third parties for such termination, cancellation, modification, amendment or waiver is ongoing. Such agreements do not contain any “change of control” provision, which would be triggered or affected by the transactions contemplated hereby. Pure has performed in all material respects the obligations required to be performed by it and is entitled to all the benefits under such material contracts. Pure has not violated or breached, in any material respect, any terms or conditions of such material contracts and there exists no default or event of default or event, occurrence, condition or act, which with the giving of notice, lapse of time or the happening of any other event or condition, would become a default or event of default by Pure under any such material contract; and
- (bb) Pure has no shareholders who are U.S. persons.

**ARTICLE 9**  
**REPRESENTATIONS AND WARRANTIES OF BIG SKY AND SUBCO**

9.1 Each of Big Sky and Subco jointly and severally represent, warrant and covenant to the other Parties that:

- (a) each of Big Sky and Subco is duly organized and validly existing under the laws of the jurisdiction of its organization, has the capacity, power and authority to own or lease its property and assets and to carry on its business as now conducted by it;
- (b) each of Big Sky and Subco is duly qualified to carry on business in each jurisdiction in which the nature of its business or the property or assets owned or leased by it makes such qualification necessary, except where the failure to be so qualified is not material;
- (c) Big Sky does not have any Subsidiaries other than Subco. Big Sky beneficially owns directly all of the issued and outstanding securities of Subco. All of the outstanding shares in the capital of Subco are: (i) validly issued and fully-paid and all such shares are owned free and clear of all Encumbrances of any kind or nature whatsoever; and (ii) are

free of any other material restrictions including any restriction on the right to vote, sell or otherwise dispose of shares;

- (d) each of Big Sky and Subco has complied with and is in compliance with all laws or regulations applicable to the operation of its business, including all Applicable Laws, except where failure to do so is not material, and each of Big Sky and Subco has all licenses, permits, orders or approvals of, and have made all required registrations with any government or regulatory body that are material to the conduct of its business;
- (e) each of Big Sky and Subco has all requisite corporate power and authority to enter into this Agreement and all documents to be delivered pursuant hereto and, subject to the terms hereof, to perform its obligations hereunder and thereunder;
- (f) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto, the performance of the terms hereof and thereof and the consummation of the transactions contemplated herein and therein do not and will not:
  - (i) result in the breach of or violate any term or provision of the articles, by-laws or governing documents of any of Big Sky and Subco;
  - (ii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, licence, permit or authority to which Big Sky and Subco is a party or by which any of them are bound or to which any of their property is subject;
  - (iii) result in the creation of any Encumbrance upon any of the assets of Big Sky and Subco;
  - (iv) give to any Person any material interest or right, including the right of purchase, termination, cancellation or acceleration under any such agreement, instrument, license, permit or authority; or
  - (v) violate any provision of law or administrative regulation or any judicial or administrative order, award, judgment or decree applicable to any of Big Sky and Subco or their respective assets,

except to the extent such results or occurrences as set forth in this Section 9.1(f) collectively are not material;

- (g) this Agreement has been duly authorized, executed and delivered by each of Big Sky and Subco and all documents to be executed and delivered by Big Sky and Subco pursuant hereto to any other Party shall be duly executed and delivered and this Agreement constitutes, legal, valid and binding obligations of each of Big Sky and Subco enforceable against them in accordance with their respective terms except as the enforcement thereof may be limited by bankruptcy, insolvency and other Applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;
- (h) except for the Finder's Fee, Big Sky has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agents commission, financial

advisory fees or other similar forms of compensation with respect to the transactions contemplated herein;

- (i) there are no actions, suits, other legal, administrative or arbitration proceedings or government investigations commenced, or to the knowledge of Big Sky contemplated, at law or in equity or before or by any court or other Governmental Authority and which involve or affect Big Sky or the Big Sky assets which is material and, to the best of the knowledge, information and belief of Big Sky, there are no grounds upon which any such actions, suits or proceedings may be commenced with a reasonable likelihood of success;
- (j) as of the date hereof, the authorized capital of Big Sky consists of an unlimited number of common shares of which 12,427,064 Big Sky Shares are validly issued and outstanding as fully paid and non-assessable (on a pre-Consolidation basis);
- (k) Big Sky will, at the Effective Time, have reserved a sufficient number of Post-Consolidation Big Sky Shares for issuance in connection with the Transaction, which Post-Consolidation Big Sky Shares will, upon issue, be validly issued as fully paid and non-assessable common shares in the capital of Big Sky;
- (l) the authorized capital of Subco consists of an unlimited number of common shares, of which as at the date hereof, one (1) common share is issued and outstanding, which is issued as fully paid and non-assessable and which is legally and beneficially owned by Big Sky;
- (m) except for the Big Sky Options, no Person has any agreement, option, right or privilege (including, without limitation, whether by law, pre-emptive right, contract or otherwise) to purchase, subscribe for, convert into, exchange for or otherwise require the issuance of, nor any agreement, option, right or privilege capable of becoming any such agreement, option, right or privilege, any of the unissued shares or other securities of Big Sky;
- (n) no Person has any agreement, option, right or privilege (including, without limitation, whether by law, pre-emptive right, contract or otherwise) to purchase, subscribe for, convert into, exchange for or otherwise require the issuance of, nor any agreement, option, right or privilege capable of becoming any such agreement, option, right or privilege, any of the unissued shares or other securities of Subco;
- (o) the respective minute books of each of Big Sky and Subco are true and correct in all material respects and contain the minutes of all meetings and all resolutions of the directors and shareholders thereof;
- (p) the Big Sky Financial Statements have been prepared in accordance with IFRS applied on a basis consistent with that of prior periods (except as stated therein) and present fairly, in all materials respects, the financial position of Big Sky, as of the dates provided therein and the results of its operations and the changes in financial position for the periods then ended in accordance with IFRS as at the dates thereof;
- (q) no securities commission, stock exchange or similar regulatory authority has issued any order preventing or suspending trading of any securities of Big Sky and Subco and none of Big Sky and Subco are in default of any requirement of Applicable Laws which is material;

- (r) the information and statements set forth in the Big Sky Public Documents were true, correct and complete in all material respects and did not contain any Misrepresentation, as of their respective dates, and Big Sky has not filed any confidential material change reports which continue to be confidential;
- (s) since the date of the Big Sky Financial Statements, Big Sky has:
  - (i) not amended its notice of articles, articles or other governing documents;
  - (ii) not disposed of any property or assets out of the ordinary course of business;
  - (iii) conducted its business in all material respects in the usual, ordinary and regular course and consistent with past practice;
  - (iv) not suffered any Material Adverse Change, financial or otherwise, in its business, assets, rights, properties, condition (financial or otherwise) liabilities, capitalization, operations, prospects or results of operation (taken as a whole) or any occurrences or circumstances which have resulted or might reasonably be expected to result in a Material Adverse Change thereto;
  - (v) not made any change in its accounting principles and practices as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained;
  - (vi) maintained in effect salary and other compensation levels in accordance with its then existing salary administration program; and
  - (vii) neither paid any bonuses or other payments nor entered into any agreements, whether in writing or verbal, providing for payments to be made to any employees, consultants, officers or directors of Big Sky in respect of loss of office or loss of employment in connection with the transactions contemplated hereby;
  - (viii) not entered into any agreement or transactions with any director, officer, employee, consultant or any party not at arm's length with Big Sky;
  - (ix) not issued any guarantees or made any commitments outside the normal course of business other than as disclosed elsewhere in this Agreement or in writing to Subco prior to the date hereof;
  - (x) not entered into or closed any hedge, swap or other like transaction; and
  - (xi) not incurred any material liabilities of any nature, whether accrued, contingent or otherwise or which would be required by IFRS to be reflected on the balance sheet of Big Sky;
- (t) there are no contracts or arrangements to which any of Big Sky and Subco is a party with any director, officer, employee or consultant of Big Sky and Subco, or any associate or Affiliate of any such director, officer, employee or consultant, nor is there any

indebtedness owing by Big Sky and Subco to any such parties or by any such parties to Big Sky and Subco;

- (u) Big Sky has duly and timely filed, in proper form, returns in respect of taxes under the Tax Act, the income tax legislation of any other province of Canada or any foreign country in which it carries on business or to the jurisdiction of which it is otherwise subject for all prior periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes owing with respect to periods ending on or prior to December 31, 2018, have been paid or accrued on the books of Big Sky, calculated in accordance with Canadian generally acceptable accounting principles and all payments by Big Sky to any non-resident of Canada have been made in accordance with all applicable legislation in respect of withholding tax; and Big Sky has withheld from each payment made to any of its officers, directors, former directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;
- (v) there are no outstanding agreements or waivers material to Big Sky extending the statutory period of limitations applicable to any federal, provincial or other income tax return for any period and there are no proposed or issued assessments or reassessments respecting Big Sky material to Big Sky or the Big Sky assets pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority;
- (w) Big Sky is not a party to any written contract of employment or collective bargaining agreement and there are no currently existing employment benefit plans, arrangements or agreements, other than the Big Sky Option Plan, to which Big Sky is a party or by which it is bound;
- (x) Big Sky is a "reporting issuer" or has equivalent status in each of Alberta, British Columbia, Manitoba, New Brunswick and Nova Scotia, the Big Sky Shares are listed on the NEX Board of the TSXV and Big Sky is not in default of any requirement of Applicable Laws that remains outstanding;
- (y) the Big Sky assets are free and clear of all mortgages, pledges, liens, charges, burdens and Encumbrances (other than Permitted Encumbrances), and other than Permitted Encumbrances it has done no act or suffered or permitted no action to be done whereby any Person has acquired or may acquire an interest in or to its material properties or assets, nor has it done any act, omitted to do any act or permitted any act to be done that may adversely affect or defeat its title to any of its material properties or assets;
- (z) none of Big Sky and Subco is a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Person, firm or corporation, or in respect of any assets currently held by them, or formerly held by them and transferred, sold or otherwise disposed of or abandoned by them;
- (aa) all of the data and information in respect of Big Sky provided or disclosed to the other Parties or any of their respective officers, employees, agents or other representatives by or on behalf of Big Sky was and is accurate and correct in all material respects as of the date on which such information was provided;

- (bb) Big Sky has no obligations or liabilities to pay any amount to its employees, consultants, officers and directors other than salary to employees in the ordinary course and quarterly payments to the directors, to the Effective Date, in each case in amounts consistent with its historic practices;
- (cc) Big Sky has made available to the other Parties true and complete copies of all contracts that are material to Big Sky and to which it is a party, each of which is a valid and binding obligation of Big Sky, and to the knowledge of Big Sky, of the other parties thereto, enforceable in accordance with its terms and Big Sky has not terminated, cancelled, renewed or modified in any material respect, any terms or conditions of any material contracts and no proposal or discussions with third parties for such termination, cancellation, modification, amendment or waiver is ongoing. Such agreements do not contain any “change of control” provision, which would be triggered or affected by the transactions contemplated hereby. Big Sky has performed in all material respects the obligations required to be performed by it and is entitled to all the benefits under such material contracts. Big Sky has not violated or breached, in any material respect, any terms or conditions of such material contracts and there exists no default or event of default or event, occurrence, condition or act, which with the giving of notice, lapse of time or the happening of any other event or condition, would become a default or event of default by Big Sky under any such material contract;
- (dd) Big Sky is not a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada); and
- (ee) Subco does not have any assets, or liabilities, has not carried on any business since its incorporation, and this Agreement is the only agreement to which any of them is or at any time has been a party.

#### **ARTICLE 10 MUTUAL COVENANTS**

- 10.1 Each of Big Sky and Pure covenant and agree that, until the earlier of the Effective Date or the date on which this Agreement is terminated and unless otherwise contemplated herein:
- (a) other than as contemplated herein or as otherwise approved by the other Parties in writing, none of them will, directly or indirectly, do or permit to occur, any of the following:
    - (i) except for (A) payables existing at the date hereof, and (B) legal, audit and printing costs in connection with the transactions contemplated by this Agreement, including, as applicable, the Pure Meeting, or with the consent of the other Parties, acting reasonably, make, commit, or allow commitments to make, any expenditures exceeding, in the aggregate, \$25,000 other than in the ordinary course of business;
    - (ii) other than securities issuable as contemplated by this Agreement (including securities issuable pursuant to the Financings, the Finders Warrants and the Finder’s Fee) or securities issuable on conversion of convertible securities outstanding as of the date of this Agreement, issue, sell, pledge, lease, dispose of, encumber or agree to issue, sell, pledge, lease, dispose of or encumber any additional shares of, or any options, warrants, calls, conversion privileges or

rights of any kind to acquire any shares or other securities of, any capital stock or other securities;

- (iii) split, combine or reclassify any outstanding Shares or declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to any of their respective Shares;
- (iv) redeem, purchase or offer to purchase any of their respective Shares or other securities;
- (v) reorganize, amalgamate, arrange or merge with any other Person;
- (vi) reduce its stated capital;
- (vii) acquire or agree to acquire (by merger, amalgamation, arrangement, acquisition of securities or assets or otherwise) any Person or division or any assets or properties other than in the ordinary course of business consistent with past practices;
- (viii) other than securities issuable as contemplated by this Agreement, incur or commit to incur any indebtedness for borrowed money or issue any debt securities;
- (ix) enter into or modify any employment, severance, collective bargaining or similar agreements or arrangements with, or grant any bonuses, salary increases, benefit increases, severance or termination pay to, any officers, directors, employees or consultants other than pursuant to agreements and arrangements previously entered into or in accordance with this Agreement;
- (x) adopt or amend any bonus, profit sharing, incentive, compensation, stock option, pension, retirement, deferred compensation, employment or other employee benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any employee;
- (xi) enter into any transaction not in the ordinary course of business or pay any dividends or make any distributions to their respective Shareholders;
- (xii) conduct any activity or operations that would be otherwise detrimental to the completion of the Transaction;
- (xiii) other than pursuant to commitments entered into prior to the date of the Agreement and disclosed to the other Parties in writing prior to the date hereof, pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practices;
- (xiv) enter into or close any hedge, swap or other like transaction;
- (xv) make any payment to any director, officer or employee outside of their ordinary and usual compensation for services provided;

- (xvi) grant any officer, director or employee an increase in compensation in any form or take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements;
  - (xvii) disclose to any Person other than its officers, directors, key employees and professional advisors, any confidential information relating to the other Parties, except for confidential information required to be disclosed by law or otherwise known to it or the public;
  - (xviii) take any action that would render, or that reasonably may be expected to render, any material representation or warranty made by it in this Agreement untrue at any time prior to the Transaction becoming effective unless as otherwise contemplated herein; and
  - (xix) except as may be required by law or to secure any approvals, consents or authorizations necessary to carry out the transactions contemplated by this Agreement, and subject always to Section 14.1, issue any public statements with respect to the transactions contemplated by this Agreement without the prior consent and approval of the other Parties.
- (b) Each of Big Sky and Pure shall:
- (i) use its reasonable commercial efforts to fulfill or cause the fulfillment of the conditions set forth in Articles 5, 6 and 7, as applicable, as soon as reasonably possible to the extent the fulfillment of the same is within its control;
  - (ii) conduct its business only in and not take any action except in, the usual, ordinary and regular course of business and consistent with past practice and not take any action which may reasonably be expected to result in a Material Adverse Change, including, without limiting the generality of the foregoing, the entering into of employment, consultancy or severance agreements or other arrangements with any of its directors or officers without the other Parties' written consent or as contemplated herein;
  - (iii) maintain insurance on and in respect of all its assets in like kind to, and in an amount not less than the amount of, insurance with respect to its assets in effect on the date hereof;
  - (iv) use its reasonable commercial efforts to preserve intact its business organization and goodwill, to keep available the services of its officers and employees and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;
  - (v) provide to the other Parties reports on its operations and affairs as may be reasonably requested from time to time by the other Parties;
  - (vi) cooperate with the other Parties to enable an orderly integration of its business with those of the other Parties after the Effective Date;
  - (vii) promptly notify the other Parties orally and in writing of any Material Adverse Change, and of any material governmental or third party complaints,



investigations or hearings (or communications indicating that the same may be contemplated) which is material to it;

- (viii) make available and cause to be made available to the other Parties, their respective agents and advisors, as the other Parties may reasonably request, all documents and agreements (including without limitation, any correspondence between it and its advisors, or any governmental body and all minute books) and access to its premises, records, computer systems and employees in any way relating to or affecting its financial status and such other documents or agreements as may be necessary to enable the other Parties to verify the truth of its representations and warranties herein and compliance by it with the terms and conditions hereof, except where it is contractually precluded from making such document or agreement available, and cooperate with the other Parties in securing access for the other Parties to any such documentation not in its possession or under its control;
- (ix) if applicable, conduct the Pure Meeting in compliance with its articles and any instrument governing such meeting, and as otherwise required by Applicable Laws, or alternatively, take such steps as are required to obtain the approval of its Shareholders by a unanimous consent resolution in writing in accordance with Applicable Law and its articles;
- (x) if applicable, solicit proxies to be voted at the Pure Meeting in favour of the matters to be considered at such meeting;
- (xi) if applicable, prepare (in consultation with the other Parties), file and distribute to its Shareholders in a timely and expeditious manner, the notice of meeting and information circular for the Pure Meeting, as required by law, in all jurisdictions where the same is required, complying in all material respects with all Applicable Laws, or alternately, prepare (in consultation with the other Parties) and distribute to its Shareholders in a timely and expeditious manner such materials as are required to obtain the approval of its Shareholders by a consent resolution in writing in accordance with Applicable Law and its articles;
- (xii) indemnify and save harmless the other Parties and the respective directors, officers and agents of the other Parties from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which the other Parties, or any director, officer or agent thereof, may be subject or which the other Parties, or any director, officer or agent thereof, may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of any Misrepresentation or alleged Misrepresentation in the Big Sky Listing Statement or in the notice of meeting for the Pure Meeting or other materials delivered to its Shareholders to obtain their approval, other than Misrepresentations respecting the other Parties, their respective business and assets contained in information provided to it by the other Parties for inclusion in such materials;
- (xiii) make other necessary filings and applications under applicable Canadian federal and provincial laws and regulations required on its part in connection with the

transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws and regulations;

- (xiv) use its reasonable commercial efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made thereon except as otherwise contemplated herein.

- 10.2 Subject to the provisions of Sections 10.3 and 10.4, none of Big Sky and Pure shall, directly or indirectly, through officers, directors, employees, Affiliates, representatives, advisors, agents, investment bankers, consultants or otherwise, take any action to solicit, initiate, encourage, or participate in any discussions or negotiations with any Person, provide any non-public information to any Person or otherwise assist or cause or facilitate anyone else to solicit, initiate, encourage, or participate in any discussions or negotiations with any Person, or provide any nonpublic information to any Person or otherwise assist with respect to: (A) any transaction that may constitute a Take-over Proposal; or (B) any other transaction, the consummation of which would, or could reasonably be expected to, impede, interfere with, prevent or delay the transactions contemplated by this Agreement or which would or could reasonably be expected to reduce the benefits to the other Parties under this Agreement and will not waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any of its rights or other benefits under any confidentiality agreements existing as of the date hereof, including, without limitation, any standstill provisions thereunder; provided, however, that subject to Sections 10.3 and 10.4 hereof, the board of directors of any Party may consider, negotiate, accept, approve or recommend to its Shareholders, or enter into an agreement, understanding or arrangement in respect of, an unsolicited Superior Proposal (as defined herein).
- 10.3 Prior to considering, negotiating, accepting, approving or recommending to its Shareholders or entering into an agreement, understanding or arrangement in respect of, an unsolicited Superior Proposal, each Party shall:
  - (a) advise the other Parties in writing of the existence and terms of any such offer or proposal and provide copies thereof to the other Parties as soon as reasonably possible following its receipt thereof;
  - (b) provide copies of any information provided to the Person making the Superior Proposal, which has not already been made available to the other Parties; and
  - (c) if requested by any of the other Parties, prior to accepting, recommending, approving or entering into any agreement to implement the Superior Proposal, to negotiate in good faith with the other Parties and their respective legal and financial advisors for a period of up to three (3) Business Days to permit the other Parties, if practicable, to propose such adjustments in the terms and conditions of this Agreement as may be necessary or advisable such that, in the bona fide opinion of such Party's board of directors, the Take-Over Proposal is no longer a Superior Proposal. In the event that the other Parties propose to so amend this Agreement to provide substantially equivalent or superior value to that provided under the Superior Proposal, no Party shall accept, recommend, approve or enter into any agreement to implement the Superior Proposal.

- 10.4 Subject to compliance with Section 10.3 hereof, if prior to the completion of the Transaction, a bona fide Take-Over Proposal is proposed, offered or made to a Party or to a Party's Shareholders which, in the bona fide opinion of a Party's board of directors (after receiving legal and financial advice) would result in a financially superior transaction, directly or indirectly, for its Shareholders than that contemplated by the Transaction (any such Take-Over Proposal being referred to herein as a "**Superior Proposal**"), a Party's board of directors may withdraw, modify or change its approval of the transactions contemplated by this Agreement if, in the opinion of such board of directors acting reasonably and upon the written advice of its legal counsel, such withdrawal, modification or change is required by the fiduciary duties of its board of directors under Applicable Laws.

## **ARTICLE 11 TERMINATION**

- 11.1 This Agreement may, prior to the filing of the Amalgamation Application, be terminated by mutual written agreement of the Parties.
- 11.2 Notwithstanding any other rights contained herein, any of Big Sky and Pure may terminate this Agreement provided that it is not materially in default of any of its representations, warranties or covenants under this Agreement, upon notice to the other Parties:
- (a) if the Amalgamation Resolution does not receive the requisite Shareholder approval in accordance with Applicable Laws on or before the Meeting Deadlines;
  - (b) in the event the Transaction has not become effective on or before the Outside Date, unless otherwise agreed to by the Parties;
  - (c) if a Material Adverse Change in respect of any other Party shall have occurred after the date of this Agreement;
  - (d) if any other Party shall be in breach of any of its covenants, agreements or representations and warranties contained herein and such breaching Party fails to cure such breach within fourteen (14) Business Days after receipt of written notice thereof from any other Party (except that no cure period shall be provided for a breach which by its nature cannot be cured);
  - (e) upon any Party accepting a Superior Proposal pursuant to Section 10.4 hereof; or
  - (f) if any condition of Closing that is for its benefit has not been satisfied or waived on or before the Outside Date.
- 11.3 The exercise by any Party of any right of termination hereunder shall be without prejudice to any other remedy available to such Party.
- 11.4 If this Agreement is validly terminated pursuant to any provision of this Agreement, each Party shall return all materials and copies of all materials delivered to it by the other Parties or their agents, as the case may be, and, except for the obligations set forth in Section 13.1 and Article 17 (which shall survive any termination of this Agreement and continue in full force and effect), no Party shall have any further obligations to any other Party hereunder with respect to this Agreement; provided, however, that nothing contained in this Section 11.4 shall relieve or have the effect of relieving any Party in any way from liability or

damages incurred or suffered by any other Party as a result of a breach of this Agreement or as a result of any representation or warranty of any other Party set out in this Agreement being materially untrue or incomplete. The covenants contained in this Section 11.4 shall survive any termination of this Agreement and continue in full force and effect.

## **ARTICLE 12 AMENDMENT**

- 12.1 This Agreement may, at any time and from time to time before or after the date of approval of the Amalgamation Resolutions be amended by written agreement of the Parties without further notice to or authorization on the part of their respective securityholders, and any such amendment may, without limitation:
- (a) change the time for performance of any of the obligations or acts of the Parties;
  - (b) waive any inaccuracies or modify any representation, term or provision contained herein or in any document delivered pursuant hereto; or
  - (c) waive compliance with or modify any of the covenants or conditions herein contained and waive or modify performance of any of the obligations of the Parties;

provided that any such amendment may not reduce or materially adversely affect the consideration to be received by any Party's Shareholders.

## **ARTICLE 13 COSTS**

- 13.1 Except as contemplated herein, each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

## **ARTICLE 14 DISCLOSURE**

- 14.1 Upon execution of this Agreement, the Parties shall issue a joint press release which announces that the Parties have entered into a formal agreement providing for the implementation of the Transaction. No Party shall disclose, by press release, any aspect of the transactions contemplated hereby, without prior written consent of the other Parties. Notwithstanding the foregoing, if any Party is required by law, stock exchange rules or policies or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will inform, to the extent reasonably feasible, the other Parties as to the wording of such disclosure prior to its being made.

## **ARTICLE 15 NOTICES**

- 15.1 Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party to any other Party shall be in writing and may be given by delivering same or sending same by email transmission or by hand delivery addressed to the Party to whom the notice is to be given at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be

deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day and, if not, the next succeeding Business Day) and if sent by email transmission be deemed to have been given and received at the time of receipt unless actually received after 4:00 p.m. at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

15.2 The address for service of each of the Parties shall be as follows:

if to Big Sky and Subco:

Big Sky Petroleum Corporation  
*[Contact Information Redacted]*

with a copy to

Forooghian + Company Law Corporation  
*[Contact Information Redacted]*

if to Pure:

Pure Extract Technologies Inc.  
*[Contact Information Redacted]*

with a copy to

McMillan LLP  
*[Contact Information Redacted]*

## ARTICLE 16 STANDSTILL

16.1 Prior to termination of this Agreement, neither Big Sky nor Pure, as the case may be, will, nor shall any of their representatives directly or indirectly, alone or jointly or in concert with any other Person:

- (a) acquire or agree to acquire, or make any proposal or make any offer to acquire, in any manner, either directly or indirectly, any assets or securities of any other Party or any Subsidiary thereof, including, without limitation, commencing any “take-over bid” or “exempt take-over bid” (as such terms are defined in the *Securities Act* (British

Columbia)) for any securities of any other Party (provided that the provisions hereof shall not be interpreted to prohibit any Party or its Affiliates from continuing to conduct business with any other Party in the ordinary course and consistent with past practice);

- (b) solicit proxies from, or otherwise attempt to influence the conduct of, holders of securities of any other Party;
- (c) form, join or in any way participate as a “control person” as such term is defined in the *Securities Act* (British Columbia) with respect to the equity of any other Party; or
- (d) engage in any discussions or negotiations or enter into any agreement, commitment or understanding, or otherwise act jointly or in concert with any Person to propose or effect any business combination, equity or asset transaction of any nature or kind with respect to any other Party or its Affiliates, or to influence the conduct of any other Party, its Affiliates or its directors.

## ARTICLE 17 PRIVACY ISSUES

17.1 For the purposes of this Article 17, the following definitions shall apply:

- (a) “**applicable law**” means, in relation to any Person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of and the terms of all judgments, orders and decrees issued by any authorized authority by which such Person is bound or having application to the transaction or event in question, including applicable privacy laws;
- (b) “**applicable privacy laws**” means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (British Columbia);
- (c) “**authorized authority**” means, in relation to any Person, transaction or event, any (a) federal provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and
- (d) “**Personal Information**” means information about an individual.

17.2 The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the “**Disclosed Personal Information**”).

- 17.3 No Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Transaction.
- 17.4 Each Party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Transaction, and that the disclosure of the Disclosed Personal Information relates solely to the carrying on of the business and the completion of the Transaction.
- 17.5 Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with Applicable Law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- 17.6 Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a *bona fide* need to access such information in order to complete the Transaction.
- 17.7 Each Party shall promptly notify the other Parties to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully co-operate with one another, with the Persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.
- 17.8 Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of any Party, the other Parties shall forthwith cease all use of the Personal Information acquired by any of them in connection with this Agreement and will return to the other Parties or, at another Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

## **ARTICLE 18 TIME**

- 18.1 Time shall be of the essence in this Agreement.

## **ARTICLE 19 ENTIRE AGREEMENT**

- 19.1 This Agreement, from the date hereof constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof, and is not intended to confer upon any other Person any rights or remedies hereunder.

**ARTICLE 20  
SEVERABILITY**

- 20.1 If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:
- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
  - (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

**ARTICLE 21  
FURTHER ASSURANCES**

- 21.1 Each Party shall, from time to time, and at all times hereafter, at the request of any other Party, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

**ARTICLE 22  
GOVERNING LAW**

- 22.1 This Agreement shall be governed by, and be construed in accordance with the laws of the Province of British Columbia and applicable laws of Canada but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of British Columbia.
- 22.2 Each Party hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under or in relation to this Agreement.

**ARTICLE 23|  
EXECUTION IN COUNTERPARTS**

- 23.1 This Agreement may be executed in identical counterparts and by electronic means, each of which is and is hereby conclusively deemed to be an original and counterparts collectively are to be conclusively deemed one instrument.

**ARTICLE 24  
WAIVER**

- 24.1 No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.



**ARTICLE 25**  
**ENUREMENT AND ASSIGNMENT**

- 25.1 This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns. This Agreement may not be assigned by any Party without the prior consent of the other Parties.

*(Signature page follows)*

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

**BIG SKY PETROLEUM  
CORPORATION**

**PURE EXTRACT TECHNOLOGIES INC.**

By: "Sean Bromley"  
Authorized Signatory

By: "Doug Benville"  
Authorized Signatory

**1270233 B.C. LTD.**

By: "Yana Popova"  
Authorized Signatory

**SCHEDULE A  
ARTICLES OF AMALCO**

Number:

**BUSINESS CORPORATIONS ACT**

**ARTICLES**

**of**

**PURE EXTRACTS MANUFACTURING CORP.**

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Number:

***BUSINESS CORPORATIONS ACT***

**ARTICLES**

**Of**

**PURE EXTRACTS MANUFACTURING CORP.  
(the “Company”)**

**PART 1**

**INTERPRETATION**

**Definitions**

1.1 In these Articles, unless the context otherwise requires:

- (a) “**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;
- (b) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (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 the shareholder;
- (e) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (f) “**seal**” means the seal of the Company, if any;
- (g) “**share**” means a share in the share structure of the Company; and
- (h) “**special majority**” means the majority of votes described in §11.2 which is required to pass a special resolution.

## **Act and Interpretation Act Definitions Applicable**

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

## **PART 2**

### **SHARES AND SHARE CERTIFICATES**

#### **Authorized Share Structure**

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

#### **Form of Share Certificate**

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

#### **Shareholder Entitled to Certificate or Acknowledgment or Written Notice**

2.3 Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all. If a shareholder is the registered owner of uncertificated shares, the Company must send to a holder of an uncertificated share a written notice containing the information required by the Act within a reasonable time after the issue or transfer of such share.

#### **Delivery by Mail**

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

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

2.5 If a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, the Company must, on production of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as are deemed fit:

- (a) cancel the share certificate or acknowledgment; and

- (b) issue a replacement share certificate or acknowledgment.

### **Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

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

- (a) proof satisfactory to it of the loss, theft or destruction; and
- (b) any indemnity the directors consider adequate.

### **Splitting Share Certificates**

2.7 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.

### **Certificate Fee**

2.8 There must be paid to the Company, in relation to the issue of any share certificate under §2.5, §2.6 or §2.7, the amount, if any, not exceeding the amount prescribed under the Act, determined by the directors.

### **Recognition of Trusts**

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

## **PART 3**

### **ISSUE OF SHARES**

#### **Directors Authorized**

3.1 Subject to the Act and the rights, if any, of the holders of issued shares of the Company, the Company may allot, issue, 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 consideration (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.

### **Commissions and Discounts**

3.2 The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person's purchase or agreement to purchase shares of the Company from the Company or any other person's procurement or agreement to procure purchasers for shares of the Company.

### **Brokerage**

3.3 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.

### **Conditions of Issue**

3.4 Except as provided for by the 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 §3.1.

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

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

## **PART 4**

### **SHARE REGISTERS**

#### **Central Securities Register**

4.1 As required by and subject to the Act, the Company must maintain in British Columbia a central securities register and may appoint an agent to maintain such register. The directors may appoint one or more agents, including the agent appointed to keep the central securities register, as transfer agent for shares or any class or series of shares and the same or another agent as registrar for shares or such class or series of 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.



## **PART 5**

### **SHARE TRANSFERS**

#### **Registering Transfers**

5.1 A transfer of a share must not be registered unless the Company or the transfer agent or registrar for the class or series of shares to be transferred has received:

- (a) except as exempted by the Act, a duly signed proper instrument of transfer in respect of the share;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

#### **Form of Instrument of Transfer**

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

#### **Transferor Remains Shareholder**

5.3 Except to the extent that the Act otherwise provides, the transferor of a share is deemed to remain the holder of it until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

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

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

- (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.

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

5.5 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 transferred, of any interest in such shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

### **Transfer Fee**

5.6 There must be paid to the Company, in relation to the registration of a transfer, the amount, if any, determined by the directors.

## **PART 6**

### **TRANSMISSION OF SHARES**

#### **Legal Personal Representative Recognized on Death**

6.1 In case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the Company shall receive the documentation required by the Act.

#### **Rights of Legal Personal Representative**

6.2 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 Act and the directors have been deposited with the Company. This §6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the name of the shareholder and the name of another person in joint tenancy.

## **PART 7**

### **PURCHASE, REDEEM OR OTHERWISE ACQUIRE SHARES**

#### **Company Authorized to Purchase, Redeem or Otherwise Acquire Shares**

7.1 Subject to §7.2, the special rights or restrictions attached to the shares of any class or series and the 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 determined by the directors.

#### **Purchase When Insolvent**

7.2 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.

### **Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares**

7.3 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.

### **Company Entitled to Purchase, Redeem or Otherwise Acquire Share Fractions**

7.4 The Company may, without prior notice to the holders, purchase, redeem or otherwise acquire for fair value any and all outstanding share fractions of any class or kind of shares in its authorized share structure as may exist at any time and from time to time. Upon the Company delivering the purchase funds and confirmation of purchase or redemption of the share fractions to the holders' registered or last known address, or if the Company has a transfer agent then to such agent for the benefit of and forwarding to such holders, the Company shall thereupon amend its central securities register to reflect the purchase or redemption of such share fractions and if the Company has a transfer agent, shall direct the transfer agent to amend the central securities register accordingly. Any holder of a share fraction, who upon receipt of the funds and confirmation of purchase or redemption of same, disputes the fair value paid for the fraction, shall have the right to apply to the court to request that it set the price and terms of payment and make consequential orders and give directions the court considers appropriate, as if the Company were the "acquiring person" as contemplated by Division 6, Compulsory Acquisitions, Section 300 under the Act and the holder were an "offeree" subject to the provisions contained in such Division, *mutatis mutandis*.

## **PART 8**

### **BORROWING POWERS**

- 8.1 The Company, if authorized by the directors, may:
- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
  - (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as 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**

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

9.1 Subject to §9.2 and the Act, the Company may by special resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) decrease the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act,

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

#### **Special Rights or Restrictions**

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

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

and alter its Notice of Articles and Articles accordingly.

### **Change of Name**

9.3 The Company may

- (a) if the Company is a public company, by directors' resolution, authorize an alteration to its Notice of Articles, in order to change its name;
- (b) if the Company is not a public company, by special resolution, authorize an alteration to its Notice of Articles, in order to change its name, and
- (c) by ordinary or directors' resolution, authorize an alteration to its Notice of Articles, in order to adopt or change any translation of that name.

### **Other Alterations**

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

## **PART 10**

### **MEETINGS OF SHAREHOLDERS**

#### **Annual General Meetings**

10.1 Unless an annual general meeting is deferred or waived in accordance with the 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.

#### **Resolution Instead of Annual General Meeting**

10.2 If all the shareholders who are entitled to vote at an annual general meeting consent in writing by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this §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.

#### **Calling of Meetings of Shareholders**

10.3 The directors may, at any time, call a meeting of shareholders.

#### **Notice for Meetings of Shareholders**

10.4 The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an

amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if the Company is a public company, 21 days;
- (b) otherwise, 10 days.

### **Record Date for Notice**

10.5 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 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 the Company is a public company, 21 days;
- (b) otherwise, 10 days.

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

### **Record Date for Voting**

10.6 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 Act, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

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

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

### **Notice of Special Business at Meetings of Shareholders**

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

- (a) state the general nature of the special business; and

(b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

- (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
- (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

### **Place of Meetings**

10.9 In addition to any location in British Columbia, any general meeting may be held in any location outside British Columbia approved by a resolution of the directors.

## **PART 11**

### **PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

#### **Special Business**

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

### **Special Majority**

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

### **Quorum**

11.3 Subject to the special rights or restrictions attached to the shares of any class or series of shares, and to §11.4, the quorum for the transaction of business at a meeting of shareholders is at least one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, holds at least 5% of the issued shares entitled to be voted at the meeting.

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

11.4 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.

### **Persons Entitled to Attend Meeting**

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

### **Requirement of Quorum**

11.6 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.

### **Lack of Quorum**

11.7 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.

### **Lack of Quorum at Succeeding Meeting**

11.8 If, at the meeting to which the meeting referred to in §11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons



present and being, or representing by proxy one or more shareholders, entitled to attend and vote at the meeting shall be deemed to constitute a quorum.

### **Chair**

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

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

### **Selection of Alternate Chair**

11.10 If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present may choose either one of their number or the lawyer of the Company to be chair of the meeting. If all of the directors present decline to take the chair or fail to so choose or if no director is present or the lawyer of the Company declines to take the chair, 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.

### **Adjournments**

11.11 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.

### **Notice of Adjourned Meeting**

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

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

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

### **Declaration of Result**

11.14 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 §11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **Motion Need Not be Seconded**

11.15 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.

### **Casting Vote**

11.16 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.

### **Manner of Taking Poll**

11.17 Subject to §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.

### **Demand for Poll on Adjournment**

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

### **Chair Must Resolve Dispute**

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

### **Casting of Votes**

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

### **No Demand for Poll on Election of Chair**

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

### **Demand for Poll Not to Prevent Continuance of Meeting**

11.22 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.

### **Retention of Ballots and Proxies**

11.23 The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder 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**

#### **Number of Votes by Shareholder or by Shares**

12.1 Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under §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.

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

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

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

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

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

### **Legal Personal Representatives as Joint Shareholders**

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

### **Representative of a Corporate Shareholder**

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

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

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

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

12.6 If and for so long as the Company 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, then §12.7 to §12.15 are not mandatory, however the directors of the Company are authorized to apply all or part of such sections or to adopt alternative procedures for proxy form, deposit and revocation procedures to the extent that the directors deem necessary in order to comply with securities laws applicable to the Company.

### **Appointment of Proxy Holders**

12.7 Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or

more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

### **Alternate Proxy Holders**

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

### **Proxy Holder Need Not Be Shareholder**

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

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

### **Deposit of Proxy**

12.10 A proxy for a meeting of shareholders must:

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

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages, including through Internet or telephone voting or by email, if permitted by the notice calling the meeting or the information circular for the meeting.

### **Validity of Proxy Vote**

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

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

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

**Form of Proxy**

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

[name of company]  
(the “Company”)

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

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

\_\_\_\_\_

Signed [month, day, year]

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

\_\_\_\_\_  
[Name of shareholder—printed]

**Revocation of Proxy**

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

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

**Revocation of Proxy Must Be Signed**

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

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or the shareholder’s legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under §12.5.

### **Production of Evidence of Authority to Vote**

12.15 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**

#### **First Directors; Number of Directors**

13.1 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 Act. The number of directors, excluding additional directors appointed under §14.8, is set at:

- (a) subject to §(b) and §(c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the most recently set of:
  - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors in office pursuant to §14.4;
- (c) if the Company is not a public company, the most recently set of:
  - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors in office pursuant to §14.4.

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

13.2 If the number of directors is set under §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; or
- (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 then the directors, subject to §14.8, may appoint directors to fill those vacancies.

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

13.3 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.

### **Qualifications of Directors**

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

### **Remuneration of Directors**

13.5 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.

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

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

### **Special Remuneration for Directors**

13.7 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, he or she may be paid remuneration fixed by the directors, or at the option of the directors, fixed by ordinary resolution, and such remuneration will be in addition to any other remuneration that he or she may be entitled to receive.

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

13.8 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**

#### **Election at Annual General Meeting**

14.1 At every annual general meeting and in every unanimous resolution contemplated by §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 §(a), but are eligible for re-election or re-appointment.

#### **Consent to be a Director**

14.2 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 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 Act.

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

14.3 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 §10.2, on or before the date by which the annual general meeting is required to be held under the Act; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by §10.2, to elect or appoint any directors;

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

- (c) when his or her successor is elected or appointed; and
- (d) when he or she otherwise ceases to hold office under the Act or these Articles.

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

14.4 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 but their term of office shall expire when 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.

#### **Directors May Fill Casual Vacancies**

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

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

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

### **Shareholders May Fill Vacancies**

14.7 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.

### **Additional Directors**

14.8 Notwithstanding §13.1 and §13.2, between annual general meetings or by unanimous resolutions contemplated by §10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this §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 §14.8.

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

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

14.9 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 §14.10 or §14.11.

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

14.10 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.

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

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

## **PART 15**

### **POWERS AND DUTIES OF DIRECTORS**

#### **Powers of Management**

15.1 The directors must, subject to the 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 Act or by these Articles, required to be exercised by the shareholders of the Company.

#### **Appointment of Attorney of Company**

15.2 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**

### **INTERESTS OF DIRECTORS AND OFFICERS**

#### **Obligation to Account for Profits**

16.1 A director or senior officer who holds a disclosable interest (as that term is used in the 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 Act.

#### **Restrictions on Voting by Reason of Interest**

16.2 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.

### **Interested Director Counted in Quorum**

16.3 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.

### **Disclosure of Conflict of Interest or Property**

16.4 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 Act.

### **Director Holding Other Office in the Company**

16.5 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.

### **No Disqualification**

16.6 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.

### **Professional Services by Director or Officer**

16.7 Subject to the 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.

### **Director or Officer in Other Corporations**

16.8 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 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**

#### **Meetings of Directors**

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

### **Voting at Meetings**

17.2 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.

### **Chair of Meetings**

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

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

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

17.4 A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person; or
- (b) by telephone or by other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other.

A director who participates in a meeting in a manner contemplated by this §17.4 is deemed for all purposes of the Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **Calling of Meetings**

17.5 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.

### **Notice of Meetings**

17.6 Other than for meetings held at regular intervals as determined by the directors pursuant to §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 and the alternate directors by any method set out in §23.1 or orally or by telephone.

### **When Notice Not Required**

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

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

### **Meeting Valid Despite Failure to Give Notice**

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

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

17.9 Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and 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. Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **Quorum**

17.10 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 a majority of the 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.

### **Validity of Acts Where Appointment Defective**

17.11 Subject to the 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.

### **Consent Resolutions in Writing**

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

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

A consent in writing under this §17.12 may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this §17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **PART 18**

### **EXECUTIVE AND OTHER COMMITTEES**

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

18.1 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.

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

18.2 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 §(a) any of the directors' powers, except:
  - (i) the power to fill vacancies in the board of directors;
  - (ii) the power to remove a director;
  - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in §(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **Obligations of Committees**

18.3 Any committee appointed under §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.

### **Powers of Board**

18.4 The directors may, at any time, with respect to a committee appointed under §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.

### **Committee Meetings**

18.5 Subject to §18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under §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**

#### **Directors May Appoint Officers**

19.1 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.



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

- 19.2 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.

### **Qualifications**

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

### **Remuneration and Terms of Appointment**

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

## **PART 20**

### **INDEMNIFICATION**

#### **Definitions**

- 20.1 In this Part 20:
- (a) “**eligible party**”, in relation to a company, means an individual who:
    - (i) is or was a director, alternate director or officer of the Company;
    - (ii) is or was a director, alternate director or officer of another corporation
      - (A) at a time when the corporation is or was an affiliate of the Company, or
      - (B) at the request of the Company; or
    - (iii) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity,

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

- (b) “**eligible penalty**” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (c) “**eligible proceeding**” means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director, alternate director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Company or an associated corporation
- (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;
- (d) “**expenses**” has the meaning set out in the Act and includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding; and
- (e) “**proceeding**” includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

### **Mandatory Indemnification of Eligible Parties**

20.2 Subject to the Act, the Company must indemnify each eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this §20.2.

### **Indemnification of Other Persons**

20.3 Subject to any restrictions in the Act, the Company may agree to indemnify and may indemnify any person (including an eligible party) against eligible penalties and pay expenses incurred in connection with the performance of services by that person for the Company.

### **Authority to Advance Expenses**

20.4 The Company may advance expenses to an eligible party to the extent permitted by and in accordance with the Act.

### **Non-Compliance with Act**

20.5 Subject to the Act, the failure of an eligible party of the Company to comply with the Act or these Articles or, if applicable, any former *Companies Act* or former Articles does not, of itself, invalidate any indemnity to which he or she is entitled under this Part 20.

### **Company May Purchase Insurance**

20.6 The Company may purchase and maintain insurance for the benefit of any eligible party (or the heirs or legal personal representatives of any eligible party) against any liability incurred by any eligible party.

**PART 21**  
**DIVIDENDS**

**Payment of Dividends Subject to Special Rights**

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

**Declaration of Dividends**

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

**No Notice Required**

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

**Record Date**

21.4 The directors must 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.

**Manner of Paying Dividend**

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

**Settlement of Difficulties**

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

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

**When Dividend Payable**

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

**Dividends to be Paid in Accordance with Number of Shares**

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

### **Receipt by Joint Shareholders**

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

### **Dividend Bears No Interest**

21.10 No dividend bears interest against the Company.

### **Fractional Dividends**

21.11 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.

### **Payment of Dividends**

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

### **Capitalization of Retained Earnings or Surplus**

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

## **PART 22**

### **ACCOUNTING RECORDS AND AUDITOR**

#### **Recording of Financial Affairs**

22.1 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 Act.

#### **Inspection of Accounting Records**

22.2 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.

#### **Remuneration of Auditor**

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

## PART 23

### NOTICES

#### Method of Giving Notice

23.1 Unless the Act or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by:

- (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.

#### Deemed Receipt of Mailing

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

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in §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;
- (b) faxed to a person to the fax number provided by that person under §23.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (c) emailed to a person to the e-mail address provided by that person under §23.1 is deemed to be received by the person to whom it was e-mailed on the day that it was emailed.

### **Certificate of Sending**

23.3 A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with §23.1 is conclusive evidence of that fact.

### **Notice to Joint Shareholders**

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

### **Notice to Legal Personal Representatives and Trustees**

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

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

### **Undelivered Notices**

23.6 If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to §23.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

## **PART 24**

### **SEAL**

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

24.1 Except as provided in §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.

### Sealing Copies

24.2 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 §24.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

### Mechanical Reproduction of Seal

24.3 The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under §24.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## PART 25

### PROHIBITIONS

#### Definitions

25.1 In this 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 §(a) or §(b);
- (b) “**security**” has the meaning assigned in the *Securities Act* (British Columbia); and
- (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.

**Application**

25.2 §25.3 does not apply to the Company if and for so long as it is a public company, a private company which is no longer eligible to use the private issuer exemption under the *Securities Act* (British Columbia) or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or a company to which the Statutory Reporting Company Provisions apply.

**Consent Required for Transfer of Shares or Designated Securities**

25.3 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.

<b>Full name and signature of a director</b>	<b>Date of signing</b>
<hr/> Doug Benville	



**SCHEDULE B  
PURE RESOLUTION**

“BE IT RESOLVED, as a special resolution that:

1. the amalgamation (the “**Amalgamation**”) pursuant to the provisions of the *Business Corporations Act* (British Columbia) substantially in the form as provided for in the amalgamation agreement dated October 19, 2020 among Pure Extract Technologies Inc. (“**Pure**”), Big Sky Petroleum Corporation, and 1270233 B.C. Ltd. (the “**Amalgamation Agreement**”) is hereby adopted, approved and authorized;
2. the Amalgamation Agreement with such amendments or variations thereto as may be approved by any director or officer of Pure, such approval to be evidenced conclusively by their execution and delivery of such Amalgamation Agreement be and is hereby confirmed, ratified and approved;
3. notwithstanding that this resolution has been duly passed by the shareholders of Pure, the board of directors of Pure may agree to amend the Amalgamation Agreement (to the extent permitted in the Amalgamation Agreement) or decide not to proceed with the Amalgamation or revoke this resolution at any time prior to the issuance of the certificate giving effect to the Amalgamation without further approval of the shareholders of Pure; and
4. any one director or officer of Pure, for and on behalf of Pure be and is hereby authorized to execute and deliver Articles of Amalgamation and all other documents and instruments and take all such other actions as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents and instruments and the taking of any such documents and instruments and the taking of any such actions.”

**SCHEDULE C  
AMALGAMATION APPLICATION**

# AMALGAMATION APPLICATION

BUSINESS CORPORATIONS ACT, section 275

Telephone: 1 877 526-1526  
www.bcreg.ca

Mailing Address: PO Box 9431 Stn Prov Govt  
Victoria BC V8W 9V3

Courier Address: 200 – 940 Blanshard Street  
Victoria BC V8W 3E6

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

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

**A INITIAL INFORMATION** – *When the amalgamation is complete, your company will be a BC limited company.*

What kind of company(ies) will be involved in this amalgamation?

(Check all applicable boxes.)

- BC company
- BC unlimited liability company

**B NAME OF COMPANY** – *Choose one of the following:*

The name \_\_\_\_\_ is the name reserved for the amalgamated company. The name reservation number is: \_\_\_\_\_,

**OR**

The company is to be amalgamated with a name created by adding “B.C. Ltd.” after the incorporation number,

**OR**

The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

\_\_\_\_\_

The incorporation number of that company is: \_\_\_\_\_

*Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.*

**C AMALGAMATION STATEMENT** – *Please indicate the statement applicable to this amalgamation.*

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

**OR**

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

**D AMALGAMATION EFFECTIVE DATE** – Choose **one** of the following:

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

YYYY / MM / DD

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

YYYY / MM / DD

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

**E AMALGAMATING CORPORATIONS**

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1.		
2.		
3.		
4.		
5.		

**F FORMALITIES TO AMALGAMATION**

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

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

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

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

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
1. PURE EXTRACT TECHNOLOGIES INC.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
2. 1270233 B.C. LTD.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
4.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
5.	X	

# NOTICE OF ARTICLES

## A NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.

## B TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada.

## C DIRECTOR NAME(S) AND ADDRESS(ES)

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME

FIRST NAME

MIDDLE NAME

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

LAST NAME

FIRST NAME

MIDDLE NAME

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

LAST NAME

FIRST NAME

MIDDLE NAME

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

LAST NAME

FIRST NAME

MIDDLE NAME

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

**D REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE

PROVINCE

POSTAL CODE

**BC**

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE

PROVINCE

POSTAL CODE

**BC****E RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE

PROVINCE

POSTAL CODE

**BC**

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE

PROVINCE

POSTAL CODE

**BC****F AUTHORIZED SHARE STRUCTURE**

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)