



**LOON ENERGY CORPORATION**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS AND MANAGEMENT INFORMATION  
CIRCULAR**

**to be held on January 4, 2022**



## NOTICE OF SPECIAL MEETING OF LOON SHAREHOLDERS

December 3, 2021

Dear Loon Shareholders:

You are invited to attend a special meeting (the "**Meeting**") of the holders ("**Loon Shareholders**") of common shares ("**Loon Shares**") of Loon Energy Corporation ("**Loon**" or the "**Corporation**") to be held at 10<sup>th</sup> Floor Bankers Hall West, 888 3<sup>rd</sup> Street South West, Calgary, Alberta T2P 5C5 on January 4, 2022 at 9:00 a.m. (Calgary time) in connection with the matters raised by the acquisition agreement dated November 30, 2021 (the "**Definitive Agreement**"). The Corporation entered into the Definitive Agreement with Optimind Pharma Inc. (the "**Target**") in respect of a reverse takeover transaction whereby the Corporation will acquire all of the issued and outstanding shares of Optimind (the "**Proposed Transaction**") and the businesses of the Corporation and the Target would combine to form an entity to be named "Optimind Pharma Inc."

At the meeting, you will be asked to consider, and if deemed advisable, approve the following resolutions, with or without variation:

1. a special resolution authorizing and approving, effective upon completion of the Proposed Transaction, an amendment to the articles of the Corporation to change the name of the Corporation from "Loon Energy Corporation" to "Optimind Pharma Corp." or such other name as the directors may approve (the "**Name Change Resolution**");
2. a special resolution authorizing and approving, conditional on and effective upon the completion of the Proposed Transaction, a consolidation of the issued and outstanding Loon Shares on the basis of up to a maximum of 1.75 existing Loon Shares for every one (1) new Loon Share (the "**Consolidation Resolution**"), which shall be determined in the context of the respective valuations of the Corporation and the Target;
3. a special resolution authorizing and approving, conditional on and effective upon the completion of the Proposed Transaction, the continuance of the Corporation out of the provincial jurisdiction of Alberta under the *Business Corporations Act* (Alberta) (the "**ABCA**") into the provincial jurisdiction of Ontario under the *Business Corporations Act* (Ontario) (the "**OBCA**") and the adoption of a new general by-law effective upon the issuance of the certificate of continuance (the "**Continuance Resolution**");
4. an ordinary resolution of the majority of the minority shareholders of the Corporation authorizing and approving the delisting of the Corporation's shares from the TSX Venture Exchange (the "**TSXV**") and moving the listing of the Corporation's shares to the Canadian Securities Exchange (the "**CSE**") (the "**Delisting and Transfer Resolution**"); and
5. to transact such other business that properly comes before the Meeting (or any postponement(s) or adjournment(s) of the Meeting thereof).

**Due to the coronavirus outbreak (COVID-19) and its unprecedented impact on public health and in consideration of the health and safety of our shareholders, team members and the broader community, as well as the restrictions on mass gatherings implemented by the Government of Alberta, the Corporation will be strictly restricting physical access to the Meeting to registered shareholders and formally appointed proxyholders and will not be permitting any others (including beneficial shareholders that hold their Loon Shares through a broker of other intermediary) to attend. Shareholders are strongly encouraged not to attend the Meeting in person and to carefully read the other information with respect to COVID-19 restrictions contained in the Notice of Meeting.**

The record date for determining Loon Shareholders entitled to receive this notice of special meeting and to vote at the Meeting (or any postponement or adjournment of the Meeting) is the close of business on December 3, 2021.

Particulars of the foregoing matters are set forth in the management information circular of the Corporation accompanying this notice (the "**Notice of Meeting**") and enclosed form of proxy (the "**Proxy**"). This Notice of Meeting and the accompanying Circular have been sent or been made available to each director of the Corporation, each shareholder of the Corporation entitled to notice of the Meeting, and the auditors of the Corporation.

If you are a non-registered holder of Loon Shares and have received these materials through your broker or through another intermediary, please follow the instructions set out in the voting instruction form or other instructions received from the financial intermediary to ensure that your Loon Shares will be voted at the Meeting.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF LOON**

(signed) "*Timothy Elliott*"

Interim Chief Executive Officer

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## MANAGEMENT INFORMATION CIRCULAR

**FOR THE SPECIAL MEETING OF THE HOLDERS OF LOON SHARES TO BE HELD ON JANUARY 4, 2022**

**THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF LOON ENERGY CORPORATION** (the “**Corporation**”, “**Loon**” or the “**Issuer**”) for use at the Special Meeting of the holders (the “**Loon Shareholders**”) of common shares (the “**Loon Shares**”) of the Corporation to be held at 10<sup>th</sup> Floor Bankers Hall West, 888 3<sup>rd</sup> Street South West, Calgary, Alberta T2P 5C5 on Tuesday, January 4, 2022 at 9:00 a.m. (Calgary time) and at any adjournment thereof (the “**Meeting**”) for the purposes set forth in the accompanying Notice of Special Meeting of Loon Shareholders. Information contained in this management information circular (the “**Information Circular**”) is given as at December 3, 2021.

### **Cautionary Statement Regarding Forward-Looking Information**

This Information Circular and the documents incorporated by reference herein may contain certain statements or disclosures that may constitute forward-looking information or statements (collectively, “**forward-looking information**”) under applicable securities laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that management of Loon anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as “**forecast**”, “**future**”, “**may**”, “**will**”, “**expect**”, “**anticipate**”, “**believe**”, “**could**”, “**potential**”, “**enable**”, “**plan**”, “**continue**”, “**contemplate**”, “*pro forma*” or other comparable terminology. Some of the specific forward-looking statements in this Information Circular include, but are not limited to, statements with respect to the securities of the Issuer anticipated to be issued pursuant to the settlement of outstanding debts to insiders of Loon.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information contained in this Information Circular. Those assumptions and factors are based on information currently available to Loon, including information obtained from third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this Information Circular in connection with the statements or disclosure containing the forward-looking information. You are cautioned that material factors and assumptions set out in this Information Circular are not exhaustive.

Loon Shareholders are cautioned not to place undue reliance on forward-looking information, as such information involves significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. Loon is not obligated to update or revise any of the forward-looking information in this Information Circular, whether as a result of new information, future events or otherwise, except as required by law.

### **Currency**

The financial information contained in this Information Circular is reported in Canadian dollars, unless otherwise indicated.

## GENERAL INFORMATION CONCERNING THE MEETING

### Solicitation of Proxies

The solicitation of proxies in connection with the Meeting is made on behalf of the management of the Corporation. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited by personal interview, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefore. The cost of any such solicitation will be borne by the Corporation.

### Record Date

The board of directors of the Corporation (the “**Loon Board**”) has fixed the record date for the Meeting as the close of business on December 3, 2021 (the “**Record Date**”). Only registered holders of Loon Shares on the Record Date are entitled to notice of the Meeting and to vote thereat, unless after the Record Date, a registered holder transfers its Loon Shares and the transferee, upon producing properly endorsed certificates evidencing such Loon Shares or otherwise establishing that it owns such Loon Shares, requests not later than 10 days before the Meeting that the transferee’s name be included in the list of Loon Shareholders entitled to vote, in which case such transferee shall be entitled to vote such Loon Shares at the Meeting.

### Appointment and Revocation of Proxies

Loon Shareholders may vote in person at the Meeting or they may appoint another person, who need not be a Loon Shareholder, as their proxy to attend and vote in their place. The persons named in the instrument of proxy are Timothy Elliott, the Interim Chief Executive Officer of the Corporation and Corporate Secretary.

**A LOON SHAREHOLDER SUBMITTING A PROXY HAS THE RIGHT TO APPOINT A PERSON OR COMPANY TO REPRESENT THE LOON SHAREHOLDER AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE INSTRUMENT OF PROXY FURNISHED BY THE CORPORATION. TO EXERCISE THIS RIGHT, THE LOON SHAREHOLDER SHOULD INSERT THE NAME OF THE DESIRED REPRESENTATIVE IN THE BLANK SPACE PROVIDED IN THE INSTRUMENT OF PROXY AND STRIKE OUT THE MANAGEMENT DESIGNEES PROVIDED IN THE INSTRUMENT OF PROXY OR SUBMIT ANOTHER APPROPRIATE PROXY.**

In order to be effective, the proxy must be mailed so as to be deposited at the office of the Corporation's registrar and transfer agent, Computershare Trust Company of Canada (“**Computershare**”), at Suite 800, 324- 8<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 2Z2, at any time, not less than 48 hours prior to the Meeting or any adjournment or adjournments thereof, excluding Saturdays, Sundays and statutory holidays. The instrument appointing a proxy shall be in writing under the hand of the Loon Shareholder or his attorney, or, if such Shareholder is a corporation, under its corporate seal or executed by a director, officer or attorney thereof duly authorized.

A Loon Shareholder who has submitted a proxy may revoke it by instrument in writing executed by the Loon Shareholder or his attorney authorized in writing, or, if the Loon Shareholder is a corporation, under its corporate seal or executed by a director, officer or attorney thereof duly authorized and deposited:

- (a) at the registered office of the Corporation, 400 - 444 7 Avenue SW, Calgary, Alberta T2P 0X8, at any time up to and including the last business day preceding the Day of the Meeting, or any adjournment or adjournments thereof, at which the proxy is to be used;
- (b) with the chairman of the Meeting on the day of the Meeting or any adjournment or adjournments thereof; or
- (c) in any other manner permitted by law.

In addition, a proxy may be revoked by the Loon Shareholder personally attending the Meeting and voting its Loon Shares.

Beneficial Loon Shareholders (as defined below) who wish to revoke their proxy must arrange for their respective broker/intermediary to revoke the proxy on their behalf within the time specified by such broker/intermediary.

#### **Exercise of Discretion by Proxy holders**

All Loon Shares represented at the Meeting by properly executed proxies will be voted. Where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Loon Shares represented by the proxy will be voted for or against the matters in accordance with such specification. **IN THE ABSENCE OF ANY SUCH SPECIFICATION, SUCH LOON SHARES WILL BE VOTED “FOR” ALL OF THE MATTERS SET FORTH IN THE CIRCULAR.**

The instrument of proxy confers discretionary authority upon the management designees, or other persons named as proxy therein, with respect to amendments to or variations of matters identified in the Notice of Meeting, this Information Circular and any other matters which may properly come before the Meeting. In the event that other matters come before the Meeting, the management designees in the instrument of proxy intend to vote in accordance with the discretion of the management of the Corporation.

#### **ADVICE TO BENEFICIAL HOLDERS OF SECURITIES**

**The information set forth in this section is of significant importance to many public Loon Shareholders, as a substantial number of the public Loon Shareholders do not hold Loon Shares in their own name.**

Loon Shareholders who do not hold their Loon Shares in their own name (referred to in this Information Circular as “**Beneficial Loon Shareholders**”) should note that only proxies deposited by Loon Shareholders whose names appear on the records of the Corporation as the registered holders of Loon Shares can be recognized and acted upon at the Meeting. If Loon Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases, those Loon Shares will not be registered in the Shareholder’s name on the records of the Corporation. Such Loon Shares will likely be registered under the name of the Beneficial Loon Shareholder’s broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Loon Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Loon Shareholder. **Without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker’s clients. Therefore, Beneficial Loon Shareholders should ensure that instructions respecting the voting of their Loon Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Loon Shareholders in advance of a shareholders’ meeting. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Loon Shareholders in order to ensure that their Loon Shares are voted at the Meeting. Often, the instrument of proxy supplied to a Beneficial Loon Shareholder by its broker (or the agent of the broker) is similar to the instrument of proxy provided to registered Loon Shareholders of the Corporation. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Loon Shareholder. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically prepares a Voting Information Form (“**VIF**”) and mails the VIF to the Beneficial Loon Shareholders and asks Beneficial Loon Shareholders to return the VIF to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting. **A Beneficial Loon Shareholder receiving a VIF from Broadridge cannot use that VIF to vote Loon Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Loon Shares voted at the Meeting.**

Although a Beneficial Loon Shareholder may not be recognized directly at the Meeting for the purposes of voting Loon Shares registered in the name of its broker (or an agent of the broker), a Beneficial Loon Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Loon Shares in that capacity. Beneficial Loon Shareholders who wish to attend the Meeting and indirectly vote their Loon Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the VIF provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

## VOTING LOON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Loon Shares and an unlimited number of preferred shares, issuable in series.

As at the Record Date and as of the date hereof, there are 10,250,270 Loon Shares issued and outstanding and entitled to vote at the Meeting on the basis of one vote for each Loon Share held. No preferred shares are issued or outstanding as at the Record Date or as of the date hereof.

To the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the only Loon Shareholders of the Corporation that beneficially own, or control or direct, directly or indirectly, 10% or more of the Loon Shares are:

- (a) Michael Stein owns 3,610,990 Loon Shares (representing approximately 35.2% of the issued and outstanding Loon Shares); and
- (b) Timothy Elliot owns 2,012,460 Loon Shares (representing approximately 19.6% of the issued and outstanding Loon Shares)

As of the date hereof, the directors and executive officers of the Corporation own, or control or direct, directly or indirectly, 5,623,450 Loon Shares, representing approximately 54.9% of the issued and outstanding Loon Shares.

## MATTERS TO BE ACTED UPON AT THE MEETING

The following are the matters to be acted upon at the Meeting.

### 1. NAME CHANGE

The Corporation entered into an acquisition agreement dated November 30, 2021 (the "**Definitive Agreement**") with Optimind Pharma Inc. (the "**Target**") in respect of a reverse takeover transaction whereby the Corporation will acquire all of the issued and outstanding shares of Optimind (the "**Proposed Transaction**") and pursuant to which the businesses of the Corporation and Optimind would combine to form an entity to be named "Optimind Pharma Inc.".

At the Meeting, Loon Shareholders, will be asked to pass a special resolution in the form set out below (the "**Name Change Resolution**") approving, effective upon the completion of the Proposed Transaction, an amendment to the articles of the Corporation to change the name of the Corporation from "Loon Energy Corporation" to "Optimind Pharma Corp." or such other name as the directors may approve.

Management of the Corporation believes that it is appropriate for the Corporation to change its name as part of the Proposed Transaction with Optimind Pharma Inc. The Board Believes that changing the name of the Corporation is in the best interest of Loon Shareholders, and therefore recommends that Loon Shareholders vote in favour of the Name Change Resolution.

Accordingly, at the Meeting, Loon Shareholders will be asked to consider and, if thought appropriate, approve, the Name Change Resolution, substantially in the form set forth below:

**"BE IT RESOLVED** as a special resolution that:

- (a) Loon Energy Corporation, be and is hereby authorized, subject to any necessary regulatory approvals and effective upon the completion of the Proposed Transaction, to amend the Corporation's articles to change the name of the Corporation from "Loon Energy Corporation" to "Optimind Pharma Corp." or such other name that the Directors in their sole discretion determine, as more particularly described in the Corporation's management information circular dated December 3, 2021 (the "**Circular**");



- (b) notwithstanding that this resolution has been duly passed by the Corporation's shareholders, the Directors of the Corporation be, and they hereby are, authorized and empowered to revoke this resolution at any time prior to the amendment of the Corporation's articles and to determine not to proceed with changing the name of the Corporation; and
- (c) any one director or officer of Loon Energy Corporation is hereby authorized and empowered to execute or cause to be executed, whether under the seal of Loon Energy Corporation or otherwise and to deliver or cause to be delivered, all such documents and instruments and to do or cause to be done all such other acts and things as such director or officer may determine to be necessary or desirable in order to carry out the intent of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents and other instruments or the doing of any such act or thing."

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the resolution authorizing and approving the Name Change Resolution. In order to be approved, the special resolution must be passed by at least 66 and 2/3% of the votes cast by shareholders at the Meeting in person or by proxy.**

## **2. CONSOLIDATION**

At the Meeting, Loon Shareholders, will be asked to pass a special resolution in the form set out below (the "**Consolidation Resolution**") approving a share consolidation (the "**Consolidation**") pursuant to the Proposed Transaction with the Target. Pursuant to the Letter of Intent, Loon will acquire all of the issued and outstanding securities of the Target. In connection with completion of the Proposed Transaction, Loon will delist from the TSXV and the resulting issuer will seek the listing of its Loon Shares on the CSE. The Board believes that effecting the Consolidation is in the best interest of Loon Shareholders as it will allow the Proposed Transaction to proceed thereby improving the Corporation's liquidity, marketability and the Loon Shareholders' profitability.

If approved and implemented, the Consolidation will occur simultaneously for all of the Loon Shares and the consolidation ratio will be the same for all of such Loon Shares. Except for any variances attributable to fractional shares, the change in the number of issued and outstanding Loon Shares that will result from the Consolidation will cause no change in the capital attributable to the Loon Shares and will not materially affect any shareholder's percentage ownership in the Corporation, even though such ownership will be represented by a smaller number of Loon Shares. In addition, the Consolidation will not materially affect any shareholder's proportionate voting rights. Each Loon Share outstanding after the Consolidation will be entitled to one vote and will be fully paid and non-assessable.

### *Certain Risks Associated with the Consolidation*

There can be no assurance that the total market capitalization of the Corporation's Loon Shares (the aggregate value of all Loon Shares at the then market price) immediately after the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-share market price of the Loon Shares following the Consolidation will be higher than the per share market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Loon Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of a Consolidation and the liquidity of the Loon Shares could be adversely affected. There can be no assurance that, if the Consolidation is implemented, the margin terms associated with the purchase of Loon Shares will improve or that the Corporation will be successful in receiving increased attention from institutional investors.

### *Principal Effects of the Consolidation*

The Corporation currently has 10,250,270 Loon Shares issued and outstanding and expects to issue up to another 2,442,105 Loon Shares as part of certain option exercises and debt settlements to be completed immediately prior to the Consolidation. The principal effect of the Consolidation will be that the number of Loon Shares issued and outstanding will be reduced to approximately 7,500,000 Loon Shares or the equivalent of a \$1,500,000 valuation for the Corporation in respect of completion of the Transaction. The implementation of the Consolidation would not affect the total shareholders' equity of the Corporation or any components of shareholders' equity as reflected on the

Corporation's financial statements except: (i) to change the number of issued and outstanding Loon Shares; and (ii) to change the stated capital of the Loon Shares to reflect the Share Consolidation.

#### *Fractional Shares*

No fractional Loon Shares will be issued in connection with the Consolidation and, in the event that a Shareholder would otherwise be entitled to receive a fractional Loon Share upon the Consolidation, such fraction will be rounded down to the nearest whole number.

#### *Tax Effect*

The Consolidation will not give rise to a capital gain or loss under the *Income Tax Act* (Canada) for a shareholder who holds such Loon Shares as capital property. The adjusted cost base to the shareholder of the new Loon Shares immediately after the consolidation will be equal to the aggregate adjusted cost base to the shareholder of the old Loon Shares immediately before the Consolidation.

#### *Notice of Consolidation and Letter of Transmittal*

If the Corporation effects the Consolidation, a letter of transmittal will be mailed to the shareholders. This letter of transmittal which will need to be duly completed and submitted by any shareholder wishing to receive share certificates representing the post-Consolidation Loon Shares to which he, she or it is entitled if the Corporation completes the Consolidation. This letter of transmittal can be used for the purpose of surrendering certificates representing the currently outstanding Loon Shares to the Corporation's registrar and transfer agent in exchange for new share certificates representing whole post-Consolidation Loon Shares of the Corporation. After the Consolidation, current issued share certificates representing pre-Consolidation Loon Shares of the Corporation will (i) not constitute good delivery for the purposes of trades of post-Consolidation Loon Shares; and (ii) be deemed for all purposes to represent the number of post-Consolidation Loon Shares to which the Shareholder is entitled as a result of the Consolidation. No delivery of a new certificate to a Shareholder will be made until the Shareholder has surrendered his, her or its current issued certificates. **Please do not send the letter of transmittal until the Corporation announces by press release that the Consolidation will become effective. The press release will contain instructions as to when the existing share certificates and the letter of transmittal are to be mailed to shareholders and sent to Computershare Trust Company of Canada, the Corporation's registrar and transfer agent.**

#### *Percentage Shareholdings*

The Consolidation will not affect any shareholder's percentage ownership in the Corporation, even though such ownership will be represented by a smaller number of Loon Shares. Instead, the Consolidation will reduce proportionately the number of Loon Shares held by all shareholders.

#### *Implementation*

The implementation of the special resolution is conditional upon the Corporation obtaining the necessary regulatory consents. The special resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the proposed Consolidation, without further approval of the Corporation's shareholders. In particular, the Board may determine not to present the special resolution to the Meeting or, if the special resolution is presented to the Meeting and approved, may determine after the meeting not to proceed with completion of the proposed Consolidation and filing the articles of amendment. If the Board does not implement the Consolidation within 12 months of the Meeting, the authority granted by the special resolution to implement the Consolidation on these terms would lapse and be of no further force or effect.

#### *Effect on Non-registered Shareholders*

Non-registered shareholders holding their Loon Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Corporation for registered shareholders. If you hold your Loon Shares with such a bank, broker or other nominee and if you have any questions in this regard, you are encouraged to contact your nominee.

Accordingly, at the Meeting, Loon Shareholders will be asked to consider and, if thought appropriate, approve, the Consolidation Resolution, substantially in the form set forth below:

**"BE IT RESOLVED**, as a special resolution that:

- (a) conditional on and effective upon the completion of the Proposed Transaction, the Loon Shares shall be consolidated on the basis of up to a maximum of 1.75 existing Loon Shares for every one (1) new Loon Share, which shall be determined in the context of the valuations of the Corporation and the Target;
- (b) the directors are hereby authorized to determine the ratio for the Consolidation within the maximum range set out herein;
- (c) in the event that the Consolidation would otherwise result in the issuance of a fractional Loon Share, no fractional Loon Share shall be issued and such fraction will be rounded down to the nearest whole number;
- (d) any one director or officer of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such documents and instruments and take all such other actions as such director or officer may determine necessary or desirable to implement this special resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and instruments or the taking of such actions; and
- (e) notwithstanding the approval of the shareholders of the Corporation as herein provided, the directors of the Corporation may, in their sole discretion, revoke or abandon the Consolidation and any or all of the actions authorized by this special resolution before it is acted upon without further approval of the shareholders of the Corporation."

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the resolution authorizing and approving the Consolidation Resolution. In order to be approved, the special resolution must be passed by at least 66 and 2/3% of the votes cast by shareholders at the Meeting in person or by proxy.**

### **3. CONTINUANCE FROM ALBERTA TO ONTARIO**

#### ***Introduction***

At the Meeting, Loon Shareholders, will be asked to pass a special resolution in the form set out below (the "**Continuance Resolution**"), to approve the continuance (the "**Continuance**") out of the provincial jurisdiction of Alberta under the *Business Corporations Act* (Alberta) (the "**ABCA**") into the provincial jurisdiction of Ontario under the *Business Corporations Act* (Ontario) (the "**OBCA**") and the adoption of a new general by-law effective upon the issuance of the certificate of continuance (the "**Certificate of Continuance**").

The Board may determine not to implement the Continuance after the Meeting, after receipt of necessary shareholder and regulatory approvals, or after filing the prescribed continuation application with the Registrar of Companies appointed under the OBCA, but prior to the issue of a Certificate of Discontinuance under the ABCA or a Certificate of Continuation under the OBCA without further action on the part of Loon Shareholders.

The Continuance, if approved, will change the legal domicile of the Corporation and will affect certain of the rights of shareholders as they currently exist while the ABCA applies to the Corporation. Accordingly, shareholders should consult their own independent legal advisors regarding implications of the Continuance which may be of a particular importance to them.

### ***Reasons for Continuance and Constatng Documents***

The Target has notified the Corporation of its desire to continue the Corporation into Ontario following the completion of the Proposed Transaction. Upon completion of the Continuance, the Corporation will cease to be governed by the ABCA and will thereafter be deemed to have been formed under the OBCA. As part of the Continuance, the current by-laws of the Corporation will be repealed and the Corporation will adopt by-laws which are suitable for an OBCA corporation. The proposed by-laws of the Corporation have been attached to this Circular as Appendix A.

### ***Procedure for the Continuance***

In order to effect the Continuance, the following steps must be taken:

- (a) Loon Shareholders must approve the Continuance Resolution at the Meeting, authorizing the Corporation to, among other things, file the continuation application ("**Certificate of Continuance**") with the director appointed under the OBCA (the "**OBCA Director**"). The Application for the Certificate of Continuance requires that the Corporation send the following documents to the OBCA Director: (i) articles of continuance (the "**Articles of Continuance**"); (ii) a notice of directors; and (iii) a notice of registered office, all in the form that the Director fixes;
- (b) the registrar appointed under the ABCA (the "**ABCA Registrar**") must approve the proposed Continuance under the OBCA, upon being satisfied that the Continuance is effected in compliance with section 189 of the ABCA;
- (c) the Corporation must file a notice of continuance with the ABCA Registrar satisfying the ABCA Registrar that the Corporation has continued under the OBCA. The ABCA Registrar will then issue the certificate of discontinuance (the "**Certificate of Discontinuance**");
- (d) on the date shown on the Certificate of Continuance, (i) the Corporation becomes a corporation to which the OBCA applies as if it had been incorporated under the OBCA; (ii) the Articles of Continuance are deemed to be the articles of incorporation of the continued corporation; and (iii) the Certificate of Continuance is deemed to be the certificate of incorporation of the continued corporation; and
- (e) on the date shown on the Certificate of Discontinuance, the Corporation becomes a corporation under the laws of Ontario as if it had been incorporated under the OBCA.

### ***Effects of the Continuance***

#### ***General***

Upon issue of a Certificate of Continuation for the Corporation under the OBCA, the Corporation will cease to be a corporation governed by the ABCA and will be governed by the OBCA. The Continuance does not create a new legal entity and will not prejudice or affect the continuity of the Corporation. The Continuance will not result in any change in the business of the Corporation. Upon completion of the Continuance, there is no change in: (i) the ownership of corporate property; (ii) liability for the obligations of the Corporation; (iii) the existence of a cause of action, claim or liability to prosecution; (iv) enforcement against the Corporation of any civil, criminal, administrative action or proceedings pending; and (v) the enforceability of any conviction against, or ruling, order or judgment in favour of or against the Corporation. Furthermore, the Loon Shares issued before the Continuance will continue to be Loon Shares of the Corporation, as a company governed by the OBCA. The Continuance does not relieve a holder of Loon Shares of any liability in respect of such Loon Shares.

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

As a corporation existing under the ABCA, the incorporation documents of the Corporation consist of a "certificate of incorporation", "articles of incorporation", and "by-laws". The incorporation documents of the Corporation set out, among other things, the name of the Corporation, the authorized share capital of the Corporation, the minimum and

maximum number of directors and any restrictions on the business of the Corporation. The by-laws of the Corporation set out the rules for the conduct of the Corporation. Upon Continuance becoming effective, the incorporation documents filed under the ABCA will be replaced by the Articles of Continuance and a new general by-law of the Corporation will be adopted.

#### *Authorized Capital*

The number of Loon Shares that the Corporation is authorized to issue will remain unaltered at an unlimited number of Loon Shares. The rights, privileges, restrictions and conditions which presently attach to the Loon Shares will be substantially the same as the rights, privileges, restrictions and conditions which will attach to such Loon Shares after the Continuance as set out in the Articles of Continuance.

#### *Number of Directors*

Under the OBCA, the articles of a corporation may provide for a minimum and maximum number of directors. The shareholders may adopt an amendment to the articles of a corporation to increase or, subject to the provisions of the OBCA, decrease the minimum or maximum number of directors. Subject to certain restrictions, the OBCA permits the directors to appoint additional directors to fill vacancies.

#### ***Certain Corporate Differences between the ABCA and the OBCA***

If the Continuance Resolution is approved by Loon Shareholders and the Continuance is completed, the Corporation will be governed by the OBCA instead of the ABCA. While the rights of shareholders under the OBCA are broadly similar to those under the ABCA, there are a number of variations in the rights afforded to shareholders under the two pieces of legislation.

The following is a summary of certain similarities and differences between the OBCA and the ABCA on matters pertaining to shareholder rights. This summary is not exhaustive and is of a general nature only and is not intended to be, and should not be construed to be, legal advice to shareholders. Accordingly, shareholders should consult their own legal advisors with respect to the corporate law consequences of the Continuance.

#### *Charter Documents*

Under the ABCA, a corporation may resolve to alter its notice of articles or articles by a special resolution of its shareholders, unless the ABCA specifies a different type of resolution or unless the ABCA does not specify the type of resolution and the articles of the corporation specify a different type of resolution.

Under the OBCA, a corporation may from time to time amend its articles by special resolution of its shareholders, except where, among other things, the directors of a corporation are authorized by the articles to divide any class of unissued shares into series and determine the designation, rights, privileges, restrictions and conditions thereof, in which case the directors may authorize the amendment of the articles to provide for such designation, rights, privileges, restrictions and conditions. A special resolution must be passed by at least two-thirds of the votes cast thereon. The directors of a corporation may, subject to any restriction in the articles, by-laws or a unanimous shareholder agreement of a corporation, make, amend, or repeal any by-laws of such corporation, but any such action of the directors is subject to the later confirmation by resolution passed by a majority of the votes cast by the shareholders entitled to vote on the resolution.

#### *Rights of Dissent*

Under both the ABCA and the OBCA, shareholders have substantially the same rights of dissent if a corporation resolves to effect certain fundamental changes. Under the OBCA, shareholders have an additional dissent right if a corporation resolves to amend its articles to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of shares of such corporation, and shareholders of a class or series have additional dissent rights, subject to certain exemptions, if a corporation resolves to amend its articles in circumstances where the class or series is entitled to a separate vote.

### *Record Date for Notice of and Voting at Shareholders' Meetings*

Under both the ABCA and the OBCA, the directors of a corporation may set a date as the record date for the purpose of, among other things, determining shareholders entitled to notice of and to vote at a meeting of shareholders. Under the ABCA, subject to certain exceptions, the record dates for notice of and voting at a meeting of shareholders must not be more than 50 days or less than 21 days prior to the date of the meeting. Under the OBCA, subject to certain exceptions, the records dates for notice of and voting at a meeting of shareholders must not be more than 60 days or less than 30 days prior to the date of the meeting.

### *Place of Shareholders' Meetings*

Under the ABCA, a general meeting of a corporation must be held in Alberta, unless the location is provided for in the articles of the corporation or, if the articles do not restrict the corporation from approving a location outside of Alberta for the holding of the general meeting, the location for the meeting is (a) approved by the resolution of the shareholders required by the articles for that purpose, (b) if no resolution is required for that purpose by the articles, approved by ordinary resolution of the shareholders, or (c) approved in writing by the Alberta Registrar before the meeting is held. Under the OBCA, subject to the articles and any unanimous shareholder agreement, a meeting of the shareholders of a corporation may be held at such place in or outside Ontario as the directors determine.

### *Quorum for Shareholders' Meetings*

Under both the ABCA and the OBCA, unless the by-laws of the corporation otherwise provide, the holders of a majority of the shares entitled to vote at a meeting of shareholders, whether present in person or represented by proxy, constitute a quorum.

### *Share Capital*

Under the ABCA and the OBCA, there are no provisions for the shares of a corporation to have par value and, accordingly, the proposed Articles of Continuance provide for only non-par value shares.

### *Residency of Directors*

Under both the ABCA and the OBCA there are no requirements that directors be Canadian residents in order to qualify for membership on the corporation's board of directors.

### *Number of Directors*

Under both the ABCA and the OBCA, the number of directors is, in the case of a distributing corporation, the greater of (a) three, and (b) the number of directors elected or appointed in accordance with the ABCA or the OBCA, as the case may be, and the articles of the corporation. Under the ABCA, if the articles of a corporation so provide, the directors of a corporation may appoint one or more additional directors, if, after such appointment, the total number of directors would not then be greater than one and one-third times the number of directors elected at the annual meeting of shareholders. Under the OBCA, where a special resolution so empowers the directors to determine the number of directors within the minimum and maximum number of directors provided for in the articles, the directors may appoint one or more.

### *Cumulative Voting*

Under the ABCA, shareholders do not have cumulative voting rights with respect to the election of directors. Under the OBCA, cumulative voting rights are permitted, but are not required. Under the OBCA, if the articles provide for cumulative voting rights in the election of directors, the articles must fix the number of directors instead of providing for a minimum and maximum number of directors. There is no provision for cumulative voting in the proposed Articles of Continuance. Accordingly, at future meetings of the Corporation, upon a vote with respect to the election of directors, shareholders may cast one vote for each Loon Share held by that Loon Shareholder.

### *Removal of Directors*

Under the ABCA, directors of a corporation may generally be removed by an ordinary resolution of the shareholders. Under the OBCA, subject to provisions regarding cumulative voting, directors of a corporation may generally be removed by an ordinary resolution of the shareholders.

### *Right to Dissent to the Continuance Resolution*

**The following description of dissent rights to which dissenting shareholders are entitled is not a comprehensive statement of the procedures to be followed by a dissenting shareholder who seeks payment of the fair value of such dissenting shareholder's Loon Shares and is qualified in its entirety by the reference to the full text of Section 191 of the ABCA, which is attached to this Circular as Appendix B. The ABCA requires strict adherence to the procedures established therein and failure to do so may result in the loss of all dissenters' rights. Accordingly, each shareholder who might desire to exercise dissent rights should carefully consider and comply with the provisions of the section and consult such shareholder's legal advisors.**

Shareholders are entitled to dissent in respect of the Continuance in accordance with section 191 of the ABCA. Provided the Continuance becomes effective, each dissenting shareholder will be entitled to be paid the fair value of their Loon Shares in respect of which such shareholder dissents in accordance with section 191 of the ABCA. **Persons who are beneficial owners of Loon Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of such Loon Shares are entitled to dissent.**

Accordingly, beneficial owners of Loon Shares desiring to exercise dissent rights must make arrangements for the Loon Shares beneficially owned by such person to be registered in his, her or its name, or alternatively, make arrangements for the registered holder of the Loon Shares to dissent on their behalf.

A Loon Shareholder is not entitled to dissent with respect to their Loon Shares if they vote any of such Loon Shares in favour of any resolution authorizing the Continuance. Further, a dissenting shareholder may only exercise dissent rights with respect to all the Loon Shares held by such shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

All notices to the Corporation pursuant to section 191 of the ABCA should be addressed to the Corporation at Suite 400 - 444 7 Avenue SW, Calgary, Alberta T2P 0X8, Attention: Harvey McKenzie, Chief Financial Officer and Corporate Secretary or by telephone or text to (416) 400-8003 or by email to [hmmckenzie@outlook.com](mailto:hmmckenzie@outlook.com). In order to be effective, a written notice of dissent must be received no later than the commencement of the Meeting or any adjournment thereof. The Corporation may elect not to proceed with the Continuance if any notices of dissent are received.

### *Board Recommendation and Resolution*

Notwithstanding the approval by the shareholders, the Board may, in its discretion and without further shareholder action, revoke the Continuance Resolution and not implement the Continuance. In the event that the Proposed Transaction is not completed, the Continuance will not proceed.

The Board recommends that Loon Shareholders vote in favour of the Continuance Resolution. Accordingly, at the Meeting, Loon Shareholders will be asked to consider and, if thought appropriate, approve, the Continuance Resolution, substantially in the form set forth below:

**"BE IT RESOLVED** as a special resolution that:

- (a) conditional on and effective upon the completion of the Proposed Transaction, the Corporation be and is hereby authorized to make an application to the Registrar of Corporations of Alberta for the issuance of a consent to file Articles of Continuance with the Director under the *Business Corporations Act* (Ontario) (the "OBCA") to continue the Corporation as if it had been incorporated

under the OBCA, and to make an application to the Registrar of Corporations of Alberta for the issuance of a certificate of discontinuance;

- (b) the Corporation be authorized to file Articles of Continuance with the Director under the OBCA to continue the Corporation as if it had been incorporated under the OBCA;
- (c) the Articles of Continuance shall make any amendments to the Corporation's Articles necessary to make the articles of continuance conform to the provisions of the OBCA, and may make such other amendments as would be permitted under the OBCA if the Corporation had been incorporated under the OBCA;
- (d) effective upon the issuance of the certificate of continuance, and without affecting the validity of any act of the Corporation under its existing by-laws (the "**Existing By-Laws**"), the Existing By-Laws are hereby repealed and replaced with a new By-Law No. 1 of the Corporation, the full text of which is attached as Appendix A to the management circular of the Corporation dated December 3, 2021 (the "**New By-Laws**"), together with such changes or amendments thereto as any director or officer of the Corporation deems appropriate, the conclusive evidence of such determination being the execution of the New By-Laws by a director or officer of the Corporation;
- (e) any director or officer of the Corporation is hereby authorized, empowered and instructed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution of such document or the doing of such act or thing; and
- (f) notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and they hereby are, authorized and empowered to revoke this special resolution at any time before it is acted on and to determine not to proceed with the continuance of the Corporation under the OBCA without further approval of the shareholders of the Corporation."

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the resolution authorizing and approving the Continuance Resolution. In order to be approved, the special resolution must be passed by at least 66 and 2/3% of the votes cast by shareholders at the Meeting in person or by proxy.**

#### **4. APPROVAL OF TRANSFER TO THE CANADIAN SECURITIES EXCHANGE**

The Corporation's shares are currently listed on the TSXV. As part of the Proposed Transaction, the Target has requested the Corporation delist its shares from the TSXV and apply to list the shares on the CSE (the "**Delisting and Transfer Resolution**"). The Board recommends that Loon Shareholders vote in favour of the Delisting and Transfer Resolution as it is a required condition for the completion of the Proposed Transaction.

Under the TSXV's policies, the voluntary delisting of the Corporation's Loon Shares requires the approval of a majority of the minority shareholders of the Corporation and as such, an aggregate of 5,623,450 Loon Shares, will be excluded from the vote. Accordingly, at the Meeting, Loon Shareholders will be asked to consider and, if thought appropriate, approve, the Delisting and Transfer Resolution, substantially in the form set forth below:

**"BE IT RESOLVED** as an ordinary resolution of the majority of the minority shareholders and subject to regulatory approval that: the Board of Directors of the Corporation be and are hereby authorized to take all steps and complete all documents necessary to delist the Corporation's shares from the TSX Venture Exchange and to list the Corporation's shares on the Canadian Securities Exchange."



## **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as otherwise disclosed herein, the management of the Corporation is not aware of any material interest, direct or indirect, of any informed person of the Corporation or any proposed nominee as a director of the Corporation, or any associate or affiliate of any such person in any transaction since the commencement of the Corporation's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **ADDITIONAL INFORMATION**

Additional information respecting the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information respecting the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for the fiscal year ended December 31, 2020. Loon Shareholders can access this information on SEDAR or by request to Harvey McKenzie, Chief Financial Officer of the Corporation, at the following address: 400 - 444 7 Avenue SW, Calgary, Alberta T2P 0X8, or by telephone or text to (416) 400-8003 or by email to [hmkkenzie@outlook.com](mailto:hmkkenzie@outlook.com).

## **DIRECTORS' APPROVAL**

**The contents and the sending of this Information Circular to the shareholders of the Corporation have been approved by the Board of Directors of the Corporation.**

BY ORDER OF THE BOARD OF DIRECTORS OF  
LOON ENERGY CORPORATION

(Signed) "*Timothy Elliott*"

**TIMOTHY ELLIOTT**  
Interim Chief Executive Officer

## APPENDIX A

### BY-LAW NO. 1

A by-law relating generally to the  
transaction of the business and affairs of

#### LOON ENERGY CORPORATION

(hereinafter called the "**Corporation**")

#### CONTENTS

1. Interpretation
2. Business of the Corporation
3. Directors
4. Committees
5. Officers
6. Protection of Directors, Officers and Others
7. Shares
8. Dividends and Rights
9. Meetings of Shareholders
10. Information Available to Shareholders
11. Divisions and Departments
12. Notices
13. Borrowing Powers of the Directors
14. Effective Date

**BE IT ENACTED** as a by-law of the Corporation as follows:

#### ARTICLE I INTERPRETATION

##### 1.1 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

- (a) "**Act**" means the *Business Corporations Act* (Ontario) and the regulations made pursuant thereto, as from time to time amended, and every statute that may be substituted therefor and, in the case of such substitution, any reference in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
- (b) "**appoint**" includes "**elect**" and vice versa;
- (c) "**board**" means the board of directors of the Corporation;
- (d) "**by-laws**" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (e) "**meeting of shareholders**" includes an annual meeting of shareholders and a special meeting of shareholders; "**special meeting of shareholders**" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

- (f) **"non-business day"** means Saturday, Sunday and any other day that is a holiday as defined in the *Legislation Act* (Ontario);
- (g) **"recorded address"** means in the case of a shareholder, his address as recorded in the securities register; and in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one; and in the case of a director, officer, auditor or member of a committee of the board, his latest address as recorded in the records of the Corporation;
- (h) **"signing officer"** means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by paragraph 2.4 or by a resolution passed pursuant thereto;
- (i) all terms contained in the by-laws and which are defined in the Act shall have the meanings given to such terms in the Act; and
- (j) the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and neuter genders; and the word **"person"** shall include individuals, bodies corporate, corporations, companies, partnerships, syndicates, trusts, unincorporated organizations and any number or aggregate of persons.

## ARTICLE II BUSINESS OF THE CORPORATION

### 2.1 Registered Office

The registered office of the Corporation shall be in the municipality or geographic township located in Ontario as specified in its Articles, and at such place therein as the directors of the Corporation may from time to time by resolution determine.

### 2.2 Corporate Seal

The corporate seal of the Corporation, if any, shall be such seal as the directors of the Corporation may from time to time by resolution adopt.

### 2.3 Banking Arrangements

The banking business of the Corporation or any part thereof shall be transacted with such chartered banks, trust companies or other financial institutions as the board may by resolution from time to time determine.

Cheques on the bank accounts, drafts drawn or accepted by the Corporation, promissory notes given by it, acceptances, bills of exchange, orders for the payment of money and other instruments of a like nature may be made, signed, drawn, accepted or endorsed, as the case may be, by such officer or officers, person or persons as the board may by resolution from time-to-time name for that purpose.

Cheques, promissory notes, bills of exchange, orders for the payment of money and other negotiable paper may be endorsed for deposit to the credit of the Corporation's bank account by such officer or officers, person or persons, as the board may by resolution from time-to-time name for that purpose, or they may be endorsed for such deposit by means of a stamp bearing the Corporation's name.

### 2.4 Execution of Instruments

Any instruments in writing may be signed in the name of and on behalf of the Corporation by two persons, one of whom holds the office of Chairman of the Board, Chief Executive Officer, President, Vice-President or director and the other of whom holds one of the said offices or the office of Secretary, Chief Financial Officer or Treasurer or any one of the foregoing officers together with any one director of the Corporation and/or any other officer or officers,

person or persons appointed as aforesaid by resolution of the board, and any instrument in writing so signed shall be binding upon the Corporation without any further authorization or formality. In the event that the Corporation has only one officer and director, that person alone may sign any instruments in writing in the name of and on behalf of the Corporation. The board shall have power from time to time by resolution to appoint any one officer or director or any other officer or officers or any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing. The corporate seal, if any, may be affixed to any instruments in writing on the authority of any of the persons named in this section.

The signature or signatures of any of the aforesaid person or persons may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon any contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation on which the signature or signatures of any of the foregoing officers or directors or persons authorized as aforesaid shall be so reproduced pursuant to special authorization by resolution of the board, shall be deemed to have been manually signed by such officers or directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers or directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation.

The term "**instruments in writing**" as used herein shall, without limiting the generality thereof, include contracts, documents, deeds, mortgages, hypothecs, charges, security interests, conveyances, transfers and assignments of property (real or personal, immovable or movable), agreements, tenders, releases, proxies, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, stocks, bonds, debentures or other securities and all paper writings.

## 2.5 Investments

In particular, without limiting the generality of the foregoing, execution as provided in paragraph 2.4 hereof shall be adequate to sell, assign, transfer, exchange, convert or convey any securities, rights and warrants.

## 2.6 Voting Securities in Other Companies

All securities carrying voting rights in any other body corporate held from time to time by the Corporation may be voted at all meetings of holders of such securities in such manner and by such person or persons as the board of the Corporation from time to time determines. In the absence of action by the board, the proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation instruments of proxy and arrange for the issuance of voting certificates and other evidence of the right to vote in such names as they may determine.

## 2.7 Solicitors

Any one of the Chief Executive Officer, President or Chief Financial Officer shall have power from time to time to instruct solicitors to institute or defend actions or other legal proceedings for the Corporation without any specific resolution or retainer or instructions from the board; provided, however, that the board may give instructions superseding or varying such instructions.

## 2.8 Custody of Securities

The directors may from time to time by resolution provide for the deposit and custody of securities of the Corporation.

All share certificates, bonds, debentures, debenture stock certificates, notes or other obligations or securities belonging to the Corporation may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the name of more than one nominee shall be held in the names of the nominees jointly with right of

survivorship) and may be endorsed in blank with endorsement guaranteed in order to enable transfers to be completed and registration to be effected.

## 2.9 Charging Assets

The board may from time to time charge, hypothecate, mortgage or pledge any or all of the assets of the Corporation not only by means of bonds and debentures by way of fixed charge or charges or by way of floating charge or charges, but also by any other instrument or instruments for the purposes of securing any past or existing or new or future liability direct or indirect of the Corporation or for the purpose of securing any bonds, debentures or other securities or liabilities of the Corporation or of any other body corporate.

## 2.10 Invalidity of Any Provisions of this By-Law

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

## 2.11 Fiscal Year

The fiscal year of the Corporation shall terminate on such day in each year as is from time to time established by the board.

# ARTICLE III DIRECTORS

## 3.1 Number of Directors and Quorum

The number of directors of the Corporation shall be the number of directors as specified in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation shall be the number of directors determined from time to time by special resolution or, if a special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. Notwithstanding the above, the Corporation shall not have fewer than three directors, one-third of which may not be officers or employees of the Corporation. The quorum for the transaction of business at any meeting of the board shall be a majority of the number of directors or minimum number of directors required by the articles, but in no case shall a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be.

## 3.2 Qualification

No person shall be qualified for election as a director if he is less than 18 years of age; if he is of unsound mind or incapable of managing property and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder.

## 3.3 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if the special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. The voting on the election shall be by show of hands unless a ballot is demanded by any shareholder. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

### 3.4 Removal of Directors

Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by a quorum of the directors.

### 3.5 Vacancy of Office

A director ceases to hold office when: (i) he dies; (ii) he is removed from office by the shareholders; (iii) he ceases to be qualified for election as a director; or (iv) his written resignation is received by the Corporation provided that, if a time subsequent to its date of receipt by the Corporation is specified in such written resignation, the resignation shall become effective at the time so specified.

### 3.6 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or maximum number of directors or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors then in office fail to call such meeting, or if there are no directors then in office, any shareholder may call the meeting.

### 3.7 Action by the Board

The board shall manage or supervise the management of the business and affairs of the Corporation. The powers of the board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

### 3.8 Meeting by Telephone

If all the directors of the Corporation present or participating in the meeting consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

### 3.9 Place of Meetings

Meetings of the board may be held at any place within or outside Ontario.

### 3.10 Calling of Meetings

Subject to the Act, meetings of the board shall be held from time to time on such day and at such time and at such place as the board, the Chairman of the Board (if any), the Chief Executive Officer, the President, the Chief Financial Officer or any two directors may determine and the Secretary, when directed by the board, the Chairman of the Board (if any), the Chief Executive Officer, the President, the Chief Financial Officer or any two directors shall convene a meeting of the board.

### 3.11 Notice of Meeting

Notice of the date, time and place of each meeting of the board shall be given in the manner provided in paragraph 12.1 to each director not less than 48 hours (exclusive of any part of a non-business day) before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

A director may in any manner waive notice of or otherwise consent to a meeting of the board. Attendance of a director at such a meeting is a waiver of notice of meeting except where the attendance is for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

### 3.12 First Meeting of New Board

Provided a quorum of directors is present, each newly elected board may, without notice, hold its first meeting immediately following the meeting of shareholders at which such board is elected.

### 3.13 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

### 3.14 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

### 3.15 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the Chairman of the Board, the President or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman.

### 3.16 Votes to Govern

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

### 3.17 Conflict of Interest

A director or officer of the Corporation who is a party to, is a director or officer of, or has a material interest in, another person who is a party to a material contract or transaction (in either case a "**Conflict of Interest Transaction**"), whether proposed or made, with the Corporation shall, in accordance with the Act, disclose in writing to the Corporation or request to have entered in the minutes of meetings of the directors or of meetings of committees of directors, the nature and extent of his interest in the Conflict of Interest Transaction. Except as permitted by the Act, a director so interested shall not attend any part of a meeting during which a Conflict of Interest Transaction is discussed, nor vote on any motion to approve the Conflict of Interest Transaction. A general notice to the directors by a director or officer of the Corporation declaring that he is a director or officer of, or has a material interest in, a person and is to be regarded as interested in any contract made or transaction entered into with that person is a sufficient disclosure of interest in relation to any Conflict of Interest Transaction with that person.

### 3.18 Effect of Disclosure

Where the Corporation enters into a Conflict of Interest Transaction, a director or officer is not accountable to the Corporation or the shareholders of the Corporation for any profit or gain realized from the Conflict of Interest Transaction and the Conflict of Interest Transaction is neither void nor voidable, by reason only of that relationship (or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the Conflict of Interest Transaction), if the director or officer disclosed his interest therein in the manner prescribed by the Act, the directors approved the Conflict of Interest Transaction and the Conflict of Interest Transaction was reasonable and fair to the Corporation at the time it was approved. Notwithstanding the foregoing, a director or officer of the Corporation, acting honestly and in good faith, is not accountable to the Corporation or to the shareholders of the Corporation for any profit or gain realized from any Conflict of Interest Transaction and the Conflict of Interest Transaction is not void or voidable by reason only of the interest of the director or officer of the Corporation therein, if (a) the Conflict of Interest Transaction was approved or confirmed by special resolution at a meeting of the shareholders of the Corporation, (b) disclosure of the interest of the director or officer of the Corporation in the Conflict of Interest Transaction was made to the shareholders of the Corporation in a manner sufficient to indicate its nature before the Conflict of Interest Transaction was approved or confirmed, and (c) the Conflict of Interest Transaction was reasonable and fair to the Corporation at the time it was approved or confirmed. Nothing in this paragraph 3.18 shall be construed as an affirmative statement that, in any particular situation or situations, a director or officer of the Corporation shall be accountable to the Corporation or the shareholders of the Corporation for any profit or gain realized from a Conflict of Interest Transaction or that a Conflict of Interest Transaction is void or voidable due to a failure of the officer or director to comply with the procedures set forth in this paragraph 3.18.

### 3.19 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the shareholders or of the board or any committee thereof or otherwise in the performance of their duties. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

## **ARTICLE IV COMMITTEES**

### 4.1 Committee of Directors

The board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

### 4.2 Transaction of Business

The powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Ontario.

### 4.3 Audit Committee

The board shall elect annually from among its number an audit committee to be composed of not fewer than three directors of whom a majority shall not be officers or employees of the Corporation or its affiliates, subject to the restrictions imposed by applicable legislation. The audit committee shall have the powers and duties provided in the Act, and such other applicable legislation.



#### 4.4 Advisory Committees

The board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

#### 4.5 Procedure

Unless otherwise determined by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

### **ARTICLE V OFFICERS**

#### 5.1 Appointment

The Chairman of the Board may, but need not be, an officer of the Corporation. The board may from time to time appoint a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Chief Financial Officer, a Treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. An officer may but need not be a director and one person may hold more than one office. All officers shall sign such contracts, documents, or instruments in writing as require their respective signatures. In the case of the absence or inability to act of any officer or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

#### 5.2 Chairman of the Board

The Chairman of the Board, if appointed, shall be a director and shall, when present, preside at all meetings of the board and committees of the board. The Chairman of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to him by the board. During the absence or disability of the Chairman of the Board, his duties shall be performed and his powers exercised by the Chief Executive Officer. The board of directors may determine that the Chairman of the Board shall not be an officer of the Corporation and shall act solely in a non-executive capacity. A non-executive Chairman of the Board shall possess and exercise such authority and powers and perform such duties as may be determined by the by-laws and by the board.

#### 5.3 President

The President shall be, unless and until the board designates any other officer of the Corporation, to be the Chief Executive Officer of the Corporation, shall be the Chief Executive Officer and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the board may specify. The President shall be vested with and may exercise all the powers and shall perform all the duties of the Chairman of the Board if none be appointed or if the Chairman of the Board is absent or unable or refuses to act.

#### 5.4 Vice-President

Each Vice-President shall have such powers and duties as the board or the President may specify. The Vice-President or, if more than one, the Vice-President designated from time to time by the board or by the President, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of the board and that a Vice-President who is not a director and shareholder shall not preside as chairman at any meeting of shareholders.

## 5.5 Secretary

The Secretary shall give, or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board may specify.

## 5.6 Chief Financial Officer

The Chief Financial Officer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as Chief Financial Officer and of the financial position of the Corporation; and he shall have such other powers and duties as the board may specify.

## 5.7 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

## 5.8 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

## 5.9 Term of Office

The board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his successor is appointed or until the earlier of his resignation or death.

## 5.10 Terms of Employment and Remuneration

The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be so determined.

## 5.11 Conflict of Interest

An officer shall disclose his interest in any material contract or transaction or proposed material contract or transaction with the Corporation in accordance with paragraph 3.17.

## 5.12 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the powers to subdelegate) as may be thought fit.

## 5.13 Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine, but no director shall be liable for failure to require any such bond or for the

insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

## **ARTICLE VI PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

### **6.1 Submission of Contracts or Transactions to Shareholders for Approval**

The board in its discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

### **6.2 For the Protection of Directors and Officers**

In supplement of and not by way of limitation upon any rights conferred upon directors by the provisions of the Act, it is declared that no director shall be disqualified by his office from, or vacate his office by reason of, holding any office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation either as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which he is in any way directly or indirectly interested either as vendor, purchaser or otherwise nor shall any director be liable to account to the Corporation or any of its shareholders or creditors for any profit arising from any such office or place of profit; and, subject to the provisions of the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any director shall be in any way directly or indirectly interested shall be voided or voidable and no director shall be liable to account to the Corporation or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of the fiduciary relationship existing or established thereby. Subject to the provisions of the Act and to paragraph 3.17, no director shall be obliged to make any declaration of interest or refrain from voting in respect of a contract or proposed contract with the Corporation in which such director is in any way directly or indirectly interested.

### **6.3 Limitation of Liability**

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any persons, firm or corporation including any person, firm or corporation with whom or in which any moneys, securities or effects shall be lodged or deposited for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly, in good faith and in the best interests of the Corporation and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation, the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

#### 6.4 Indemnity

Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires.

#### 6.5 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in paragraph 6.4 against such liabilities and in such amounts as the board may from time to time determine and are permitted by the Act.

### **ARTICLE VII SHARES**

#### 7.1 Allotment

The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

#### 7.2 Commissions

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

#### 7.3 Registration of Transfers

Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles.

#### 7.4 Transfer Agents and Registrars

The board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a securities register and one or more branch securities registers. An agent may be designated as transfer agent or registrar according to their functions and one agent may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

#### 7.5 Non-recognition of Trusts

Subject to the provisions of the Act, the Corporation may treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

## 7.6 Share Certificates

Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as the board shall from time to time approve, including the issuance of book-based securities, DRS advices and/or DRS statements delivered by mail, email, or other means by the Corporation's transfer agent. Any share certificate shall be signed in accordance with paragraph 2.4 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

## 7.7 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding \$5.00, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board or any duly appointed transfer agent may from time to time prescribe, whether generally or in any particular case.

## 7.8 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

## 7.9 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

# **ARTICLE VIII DIVIDENDS AND RIGHTS**

## 8.1 Dividends

Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

## 8.2 Dividend Cheques

A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all

of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

### 8.3 Non-receipt of Payment

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

### 8.4 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

### 8.5 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **ARTICLE IX MEETINGS OF SHAREHOLDERS**

### 9.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year as the board, the Chairman of the Board (if any), the Chief Executive Officer, or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

### 9.2 Special Meetings

The board, the Chairman of the Board (if any) or the President shall have power to call a special meeting of shareholders at any time.

### 9.3 Place of Meetings

Meetings of shareholders shall be held at such place in or outside Ontario as the board shall so determine.

### 9.4 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 12.1 not less than 21 days nor more than 50 days before the date of the meeting or as otherwise prescribed by applicable laws, to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state or be

accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

#### 9.5 Nomination of Directors

Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) by any person (a "**Nominating Shareholder**") (i) who, at the close of business on the date of the giving of the notice provided for below in this paragraph 9.5 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this paragraph 9.5.

- (a) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation in accordance with this paragraph 9.5.
- (b) To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this paragraph (b). In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
- (c) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person; (ii) the principal occupation or employment of the person; (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (iv) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below in paragraph 9.5(e)); and (b) as to the Nominating Shareholder giving the notice, any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.
- (d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this paragraph 9.5; provided, however, that nothing in this paragraph 9.5 shall be deemed to preclude discussion by a shareholder (as distinct from nominating

directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

- (e) For purposes of this paragraph 9.5, (i) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and (ii) "**Applicable Securities Laws**" means the *Securities Act* (Ontario) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the provinces and territories of Canada.
- (f) Notwithstanding paragraphs 12.1 and 12.7, notice given to the Secretary of the Corporation pursuant to this paragraph 9.5 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

#### 9.6 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to paragraph 9.7, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

#### 9.7 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, or as otherwise prescribed by applicable laws, as a record date for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange on which its shares are traded. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

#### 9.8 Meetings without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- (i) if all the shareholders entitled to vote thereat are present in person or represented by proxy waive notice of or otherwise consent to such meeting being held; and



- (ii) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held, so long as such shareholders, auditor and directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

#### 9.9 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: the Chief Executive Officer, the President or a Vice-President who is a director and a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the Secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

#### 9.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

#### 9.11 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be 2 persons present in person, each being a shareholder entitled to vote thereat, or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 10% of the issued shares of the Corporation enjoying voting rights at such meeting.

#### 9.12 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in paragraph 9.6, every person who is named in such list shall be entitled to vote the shares shown opposite his name. At any meeting of shareholders for which the Corporation has not prepared the list referred to in paragraph 9.6, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

#### 9.13 Proxies

Shareholders of the Corporation shall be entitled to vote in person or, if the shareholder is a body corporate, association or other unincorporated entity, by a representative authorized by a resolution of the directors of such body corporate, association or other unincorporated entity, entitled to vote at a meeting of shareholders, may by means of a proxy, appoint a proxyholder or alternate proxyholder, who need not be a shareholder of the Corporation, as the nominee thereof to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy. Signatures on instruments of proxy need not be witnessed and may be in writing or by electronic signature by the shareholder or by an attorney who is authorized by a document that is signed in writing or by electronic signature. The chairman of any meeting of shareholders shall determine the authenticity of all signatures on instruments of proxy, which determination shall be final and conclusive. The chairman of any meeting of shareholders, including any adjournment thereof, may also in his discretion, unless otherwise determined by resolution of the directors, accept any telecopied, telegraphed, telexed, cabled or emailed proxy or other

communication as to the authority of anyone claiming to vote on behalf of, or to represent, a shareholder of the Corporation notwithstanding that no instrument of proxy conferring such authority has been lodged with the Corporation and any votes cast in accordance with such telecopied, telegraphed, telexed, cabled or emailed proxy or other communication accepted by the chairman shall be valid and any votes cast in accordance therewith shall be counted. An instrument of proxy may be signed and delivered in blank and filled in afterwards by the Chairman of the Board, the President, the Secretary or any Assistant-Secretary of the Corporation or by any other person designated by the directors. It shall not be necessary for an instrument of proxy to be dated or to have inserted therein the number of shares of the Corporation owned by the appointor thereunder. The directors may, at the expense of the Corporation, send out an instrument of proxy in which certain directors or officers of the Corporation or other persons are named, which may be accompanied by stamped envelopes for the return of such instruments of proxy, even if the directors so named vote the proxies in favour of their own election as directors. The directors may specify in the notice calling a meeting of the shareholders of the Corporation a time, not exceeding 48 hours (excluding Saturdays and holidays) preceding the time fixed for the meeting or any adjournment thereof, before which proxies must be deposited with the Corporation or an agent thereof. Unless otherwise determined by the chairman of the meeting, an instrument of proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, where no such time is specified in such notice, if it has been received by the Secretary or another officer of the Corporation or the chairman of the meeting or any adjournment thereof before the time of voting on the particular matter. An instrument of proxy shall cease to be valid one year from the date thereof.

#### 9.14 Revocation of Proxies

In addition to revocation in any other manner permitted by law, an instrument of proxy may be revoked by an instrument in writing signed in the same manner as an instrument of proxy may be signed and deposited either at the registered office of the Corporation at any time up to and including the last day (excluding Saturdays and holidays) preceding the date of the meeting of shareholders or any adjournment thereof at which the instrument of proxy is to be used or with the chairman of such meeting or any adjournment thereof before the time of voting on the particular matter.

#### 9.15 Time for Deposit of Proxies

The board may by resolution specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours exclusive of any part of a non-business day, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, only if it has been received by the Secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

#### 9.16 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

#### 9.17 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by-law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

#### 9.18 Show of Hands

Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the

vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

#### 9.19 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a vote by show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

#### 9.20 Termination, Adjournment and Postponement

The chairman of a meeting of shareholders may terminate the meeting following the conclusion of all business which may properly come before the meeting. A meeting of shareholders may be adjourned only upon the affirmative vote of a majority of the votes cast in respect of the shares present or represented in person or by proxy at the meeting. Any business may be brought before or dealt with at any adjourned meeting which may have been brought up or dealt with at the original meeting. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days, it is not necessary to give notice of the resumption of the meeting if the time and place for resuming the meeting are announced at the meeting which is adjourned. The directors may postpone any meeting of shareholders previously called by the directors. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the resumption of the meeting shall be given in accordance with the Act.

#### 9.21 Procedure at Meetings

The chairman of any meeting of shareholders shall determine the procedure thereat in all respects and his decision on all matters or things, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instrument of proxy or ballot, shall be conclusive and binding upon all of the shareholders of the Corporation, except as otherwise specifically provided in the by-laws of the Corporation.

#### 9.22 One-Shareholder Meeting

Where all of the outstanding shares of any class or series of shares of the Corporation are held by one shareholder, that shareholder present in person or by proxyholder or by authorized representative shall constitute a meeting of the holders of that class or series of shares of the Corporation.

#### 9.23 Meetings by Telephonic, Electronic or Other Communication Facility

Meetings of shareholders may be held entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting if so determined by the directors or by the shareholders who called the particular meeting of shareholders. Any person entitled to attend a meeting of shareholders may participate in such a meeting by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other if the Corporation makes available such a communication facility and any person participating in a meeting by such means shall be deemed to be present at the meeting. Any vote at such a meeting may, but is not required to, be held entirely by means of a telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

#### 9.24 Resolution in Writing

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

### **ARTICLE X INFORMATION AVAILABLE TO SHAREHOLDERS**

#### 10.1 Information Available to Shareholders

Except as provided by the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors it would be inexpedient in the interests of the Corporation to communicate to the public.

#### 10.2 Directors' Determination

The directors may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders in a general meeting.

### **ARTICLE XI DIVISIONS AND DEPARTMENTS**

#### 11.1 Creation and Consolidation of Divisions

The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including, without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations or any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.

#### 11.2 Name of Division

Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business under such name, provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation.

#### 11.3 Officers of Division

From time to time the board or, if authorized by the board, the Chief Executive Officer, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The board or, if authorized by the board, the Chief Executive Officer, may remove at its or his pleasure any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub-units shall not, as such, be officers of the Corporation.

## **ARTICLE XII NOTICES**

### **12.1 Method of Giving Notices**

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received on the fifth (5<sup>th</sup>) day after so depositing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. Notwithstanding the foregoing, a notice or document required or permitted by the Act, the articles, the by-laws or otherwise may be sent by electronic means in accordance with the *Electronic Commerce Act, 2000* (Ontario). The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

### **12.2 Signature to Notices**

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

### **12.3 Proof of Service**

A certificate of the Chairman of the Board (if any), the President, a Vice- President, the Secretary or the Treasurer or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

### **12.4 Notice to Joint Shareholders**

All notices with respect to shares registered in more than one name shall, if more than one address appears on the records of the Corporation in respect of such joint holdings, be given to all of such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to the holders of such shares.

### **12.5 Computation of Time**

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, both the date of giving the notice and the date of the meeting or other event shall be excluded.

### **12.6 Undelivered Notices**

If any notice given to a shareholder pursuant to paragraph 12.1 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

## 12.7 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise found thereon.

## 12.8 Deceased Shareholders

Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased, and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with any person or persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons, if any, interested with him in such shares.

## 12.9 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

## 12.10 Waiver of Notice

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

# **ARTICLE XIII BORROWING POWERS OF THE DIRECTORS**

## 13.1 Borrowing Power

Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the provisions of the Act, the board may from time to time, without authorization of the shareholders:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) give guarantees on behalf of the Corporation to secure performance of an obligation of any person;  
and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

The directors may from time to time authorize any director or directors, officer or officers, employee or employees of the Corporation or other person or persons, whether connected with the Corporation or not, to make arrangements with reference to the monies borrowed or to be borrowed as aforesaid and as to the terms and conditions of the loan thereof and as to the securities to be given therefor, with power to vary or modify such arrangements, terms and conditions and to give such additional debt obligations for any monies borrowed or remaining due by the Corporation as the directors of the Corporation may authorize and generally to manage, transact and settle the borrowing of money by the Corporation.

The directors may from time to time authorize any director or directors, officer or officers, employee or employees of the Corporation or other person or persons, whether connected with the Corporation or not, to sign, execute and give on behalf of the Corporation all documents, agreements and promises necessary or desirable for the purposes aforesaid and to draw, make, accept, endorse, execute and issue cheques, promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments and the same and all renewals thereof or substitutions therefor so signed shall be binding upon the Corporation.

The words "**debt obligations**" as used in this paragraph 13.1 mean bonds, debentures, notes or other similar obligations or guarantees of such an obligation, whether secured or unsecured.

#### **ARTICLE XIV EFFECTIVE DATE**

##### **14.1     Effective Date**

This by-law shall come into force on [insert date], and shall remain in force in accordance with the provisions of the Act.

##### **14.2     Prior Acts**

All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operations of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the directors or a committee of the directors with continuing effect passed under any repealed by-law shall continue good and valid except to the extent inconsistent with this by-law and until amended or repealed.

## APPENDIX B

### LOON ENERGY CORPORATION

#### SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

##### Shareholder's right to dissent

**191(1)** Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under section 184 or 187,
- (d) be continued under the laws of another jurisdiction under section 189, or
- (e) sell, lease or exchange all or substantially all its property under section 190.

**(2)** A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

**(3)** In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

**(4)** A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

**(5)** A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

**(6)** An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or
- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5), to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the



unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

- (a) be made on the same terms, and
- (b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the Alberta Rules of Court,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting

shareholders,

- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

**(14)** On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

**(15)** Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

**(16)** Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

**(17)** The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

**(18)** If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

**(19)** Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

**(20)** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.