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## **INFORMATION CIRCULAR**

(Containing information as at November 13, 2017 unless indicated otherwise)

### **PERSONS MAKING THE SOLICITATION**

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Subscribe Technologies Inc. (formerly Surrey Capital Corp.) (the “**Company**”) for use at the annual and special meeting of shareholders to be held on Friday, December 15, 2017 (the “**Meeting**”) and any adjournment thereof at the time and place and for the purposes set forth in the accompanying notice of annual and special meeting (“**Notice of Meeting**”). While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company at nominal cost. All costs of solicitation by Management will be borne by the Company.

### **APPOINTMENT AND REVOCATION OF PROXIES**

THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY ARE DIRECTORS OF THE COMPANY. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING MAY DO SO, EITHER BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND IN EITHER CASE DELIVERING THE COMPLETED PROXY TO THE OFFICE OF COMPUTERSHARE INVESTOR SERVICES INC., 9<sup>TH</sup> FLOOR, 100 UNIVERSITY AVENUE, TORONTO, ONTARIO, M5J 2Y1, OR BY FAX WITHIN NORTH AMERICA TO 1.866.249.7775 AND OUTSIDE NORTH AMERICA TO 416.263.9524, OR BY TELEPHONE TO 1.866.732.VOTE (8683) OR INTERNET AT [WWW.INVESTORVOTE.COM](http://WWW.INVESTORVOTE.COM) NOT LESS THAN FORTY-EIGHT (48) HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ANY ADJOURNMENT THEREOF.**

The instrument of proxy must be signed by the shareholder or by his or her attorney in writing, or, if the shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A shareholder who has given a proxy may revoke it by an instrument in writing delivered to the said office of Computershare Investor Services Inc. at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or to the chairman of the Meeting on the day of the Meeting or any adjournment of it, or in any manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

If common shares are registered under the name of a shareholder’s broker or an agent of that broker (rather than in the name of the beneficial shareholder), then such shares can only be voted (for or against

resolutions) upon the instructions of the beneficial shareholder. Beneficial shareholders should ensure that instructions respecting the voting of their common shares are communicated to management by completing and signing a voting information form and returning it to management. The voting instruction form supplied to beneficial shareholders is identical to the form of proxy provided to registered shareholders.

Beneficial shareholders who complete and return a voting instruction form must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder. However, its purpose is limited to instructing management how to vote as proxy holder of the registered holder. Management will execute the voting instructions as instructed by the beneficial shareholder to the extent that the management of the reporting issuer holds the corresponding proxy.

If a beneficial shareholder wants to attend the Meeting and vote in person, then the beneficial shareholder should write the beneficial shareholder's name in the place provided for that purpose in the voting instruction form. A beneficial shareholder can also write the name of someone else who he/she/it wishes to attend the meeting and vote on his/her/its behalf. Unless prohibited by law, the person whose name is written in the space provided will have full authority to attend and present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in the voting instruction form or in this information circular.

The Company is not relying on the "notice-and-access" provisions set out in National Instrument 54-101 ("NI 54-101") to distribute copies of the proxy-related materials in connection with the Meeting. The Company is not sending proxy-related materials directly to non-objecting beneficial owners ("NOBOs").

Management of the Company intends to pay for intermediaries to deliver to objecting beneficial owners ("OBOs") under NI 54-101 the meeting materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary*.

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

## **VOTING OF PROXIES**

The securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for, and if the shareholder specifies a choice with respect to any matter to be acted upon, the securities shall be voted accordingly. The form of proxy confers authority upon the named proxyholder with respect to matters identified in the accompanying Notice of Meeting.

On any poll, the persons named in the enclosed instrument of proxy will vote the shares in respect of which they are appointed. Where directions are given by the shareholder in respect of voting for or against any resolution, the proxyholder will do so in accordance with such direction.

IF A CHOICE WITH RESPECT TO SUCH MATTERS IS NOT SPECIFIED, IT IS INTENDED THAT THE PERSON DESIGNATED BY MANAGEMENT IN THE FORM OF PROXY WILL VOTE THE SECURITIES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY AND FOR THE NOMINEES OF MANAGEMENT FOR DIRECTORS AND AUDITOR. AN ALTERNATE PROXYHOLDER HAS DISCRETION TO VOTE THE SHARES AS HE OR SHE CHOOSES.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an **“Ordinary Resolution”**) unless the motion requires a special resolution, in which case a majority of not less than 66 2/3% of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested shareholder approval, common shares held by shareholders of the Company who are also “insiders”, as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

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

Other than as disclosed in this information circular, no person who is or has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, or any associate of affiliate of such person, or any person on behalf of whom this solicitation is made, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.

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

The Company has an authorized capital consisting of an unlimited number of common shares without par value and an unlimited number of Preference shares, issuable in series. No Preference shares have been issued. Monday, November 13, 2017 was fixed in advance by the directors as the record date (the **“Record Date”**) for the purposes of determining those shareholders entitled to receive notice of, and to vote at, the Meeting. Only those shareholders who were shareholders of record by the Record Date and who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their shares voted at the Meeting. As of the date hereof and as at the Record Date, the Company had 27,877,670 common shares issued and outstanding, each such share carrying the right to one (1) vote at the Meeting.

The bylaws of the Company provide that the quorum for the transaction of business at any meeting of shareholders is one or more persons present and holding or representing by proxy not less than 25 per cent of the total number of the issued shares of the Company entitled to be voted at such meeting. Any persons entitled or required under the *Business Corporations Act* (Ontario) or the Company's bylaws to be present at the Meeting are entitled to attend at any general meeting but no such person will be counted in the quorum or be entitled to vote at the Meeting unless he is a shareholder or proxyholder entitled to vote at the Meeting. Unless otherwise indicated, each resolution that will be placed before the Meeting will be an ordinary resolution requiring for its approval a simple majority of the votes cast in respect of the resolution.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of the Company except as follows:

<b>Name of Shareholder</b>	<b>Number of Common Shares Held</b>	<b>Percentage of Issued and Outstanding Common Shares</b>
Harvey D. Dick	4,100,000	14.7%
Pierre Morel	2,850,450	10.2%

## ELECTION OF DIRECTORS

At a previous annual general meeting of the Company, shareholders of the Company authorized the board of directors to fix the number of directors. The board has fixed the number of directors at five (5).

The directors of the Company are elected annually and hold office until the next annual general meeting of shareholders or until their successors are appointed. Unless authority to do so is withheld, the persons designated in the accompanying form of proxy intend to vote for the nominees of management listed below. Management does not contemplate that any of the nominees will be unable or unwilling to serve as a director but if, for any reason, any of them shall be unable or unwilling to serve, it is intended that the proxies given pursuant to this solicitation will be voted for a substitute nominee or nominees selected by management, unless authority to vote the proxies in the election of directors is withheld.

## INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT

The persons named in the following table are management's nominees to the board of directors. Each director elected will hold office until the next annual general meeting unless their office is earlier vacated in accordance with the bylaws of the Company and the *Business Corporations Act* (Ontario) or unless he or she becomes disqualified to act as a director. Mr. Barnowski and Mr. Rauhala have advised the Company that they are not standing for re-election.

<b>Name, Province and Country of Residence of each Nominee and Present Position with the Company</b> <sup>(1)</sup>	<b>Principal Occupation, Business or Employment within the Five Preceding Years</b> <sup>(1)</sup>	<b>Period Served as a Director</b>	<b>Number of Voting Securities</b> <sup>(2)</sup>
<b>Paul E. Dickson</b> British Columbia, Canada <i>CEO, President and Director</i>	President and CEO of Subscribe Technologies Inc. since December 15, 2016; Co-publisher of Resource World Magazine	December 15, 2016 to date	2,147,000
<b>Harvey D. Dick</b> British Columbia, Canada <i>Director</i>	Director of public companies	December 15, 2016 to date	4,100,000
<b>W. Ward Munsie</b> British Columbia, Canada <i>Director</i>	President of Atomic Promotions, a marketing consulting company.	December 15, 2016 to date	35,000

(1) The information as to the province and country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.

(2) The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.

The Company does not at present have an executive committee, compensation committee or any other committees, other than an audit committee (the "**Audit Committee**") as required by the *Business Corporations Act* (Ontario), a corporate governance and nominating committee (the "**Corporate Governance and Nominating Committee**") and a compensation committee (the "**Compensation Committee**").

Paul Dickson, Harvey Dick and Ward Munsie are the three current directors elected by the board of directors of the Company to the Audit Committee.

The Corporate Governance and Nominating Committee is comprised of Paul Dickson, Harvey Dick and Ward Munsie.

The Compensation Committee is comprised of Paul Dickson, Harvey Dick and Ward Munsie.

### **Corporate or Management Cease Trade Orders**

Except for as disclosed herein, none of the Company's proposed directors are, or have been within the last 10 years, a director, chief executive officer or chief financial officer any issuer that, while that person was acting in that capacity, or after that person was acting in that capacity and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days.

Paul Dickson was a director of Newnote Financial Corp. when it was the subject of a cease trade order issued on December 11, 2015 by the British Columbia Securities Commission ("**BCSC**") and on December 30, 2015 by the Ontario Securities Commission ("**OSC**") for failure to file audited financial statements for the year ended July 31, 2015 and the management's discussion and analysis ("**MD&A**") related thereto, both of which cease trade orders remain in effect as of the date hereof.

Harvey Dick was a director of TAC Gold Corporation ("**TAC Gold**") when it became subject to a cease trade order issued on August 7, 2012 by the BCSC for failure to file audited annual financial statements for the year ended March 31, 2012 and the MD&A pertaining thereto. The relevant financial statements and MD&A were subsequently filed and the cease trade order was revoked on October 8, 2013. TAC Gold was also subject of a cease trade order issued by the Alberta Securities Commission on November 7, 2012 for failure to file its annual audited financial statements, annual MD&A and certification of annual filings for the year ended March 31, 2012 and its interim unaudited financial statements, interim MD&A and certification of interim filings for the interim period ended June 30, 2012 which cease trade order was revoked on October 8, 2013. In addition, TAC Gold became subject to a temporary cease trade order issued by the Ontario Securities Commission on August 10, 2012 for failure to file its annual audited financial statements, annual MD&A and certification of annual filings for the year ended March 31, 2012 which order was made permanent on August 22, 2012 and subsequently revoked, also on October 8, 2013. TAC Gold became subject to a cease trade order issued on August 6, 2014 by the BCSC for failure to file audited annual financial statements for the year ended March 31, 2014 and the MD&A pertaining thereto. TAC Gold became subject to a temporary cease trade order issued by the OSC on August 11, 2014 for failure to file its annual audited financial statements, annual MD&A and certification of annual filings for the year ended March 31, 2014 which order was made permanent on August 22, 2014. TAC Gold became subject to a cease trade order issued on November 5, 2014 by the ASC for failure to file its annual audited financial statements, annual MD&A and certification of annual filings for the year ended March 31, 2014 and the interim unaudited financial statement, interim MD&A and certification of interim filings for the interim period ended June 30, 2014.

Mr. Dick was a director of Regal Resources Inc. when it became subject to a cease trade order issued on May 18, 2012 by the BCSC for filing technical reports for two of its properties which were not in the form required by National Instrument 43-101 *Standards of Disclosure for Mineral Properties*. One of the technical reports was subsequently filed in the required form and the option on the property to which the other report pertained was subsequently terminated and the cease trade order was revoked on July 10, 2012.

## **Corporate Bankruptcies**

None of the Company's proposed directors are, or have been within the last 10 years, a director or executive officer of any issuer that, while that person was acting in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

## **Penalties or Sanctions**

None of the Company's proposed directors are, or have been within the last 10 years, the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **Personal Bankruptcies**

None of the Company's proposed directors has, within the last 10 years, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

## **AUDIT COMMITTEE**

Under National Instrument 52-110 – Audit Committees (“**NI 52-110**”), companies are required to provide disclosure with respect to their audit committee including the composition of the audit committee, the text of the audit committee's charter, and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its Audit Committee:

### **The Audit Committee's Charter**

The following is the text of the Audit Committee's charter:

#### **1. PURPOSE AND OBJECTIVES**

The Audit Committee (the “Committee”) will assist the board of directors of the Company (the “board”) in fulfilling its responsibilities. The Committee will oversee the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company's business, operations and risks.

#### **2. AUTHORITY**

2.1 The board authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings, as the Committee deems appropriate.

2.2 The Committee shall receive appropriate funding, as determined by the Committee, for payment of compensation to the external auditors and to any legal or other advisers employed by the Committee, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### 3. COMPOSITION, PROCEDURES AND ORGANIZATION

3.1 The Committee will be comprised of at least three members of the board.

3.2 Except as permitted by all applicable legal and regulatory requirements:

(a) each member of the Committee shall be “independent” as defined in accordance with Canadian National Instrument 52-110 – Audit Committee; and

(b) each member of the Committee will be “financially literate” with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

3.3 The board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, will appoint the members of the Committee for the ensuing year. The board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

3.4 The Committee shall elect from its members a Chairman. The Secretary shall be elected from its members, or shall be the Secretary, or the Assistant or Associate Secretary, of the Company.

3.5 Any member of the Committee may be removed or replaced at any time by the board. A member shall cease to be a member of the Committee upon ceasing to be a director of the Company.

3.6 Meetings shall be held not less than quarterly. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.

3.7 The times and places where meetings of the Committee shall be held and the procedures at such meetings shall be as determined, from time to time, by the Committee.

3.8 Notice of each meeting of the Committee shall be given to each member of the Committee. Subject to the following, notice of a meeting shall be given orally or by letter, telex, telegram, electronic mail, telephone facsimile transmission or telephone not less than 48 hours before the time fixed for the meeting. Notice of regular meetings need state only the day of the week or month, the place and the hour at which such meetings will be held and need not be given for each meeting. Members may waive notice of any meeting.

3.9 The Committee will invite the external auditors, management and such other persons to its meetings as it deems appropriate. However, any such invited persons may not vote at any meetings of the Committee.

3.10 A meeting of the Committee may be held by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other during the meeting.

3.11 The majority of the Committee shall constitute a quorum for the purposes of conducting the business of the Committee. Notwithstanding any vacancy on the Committee, a quorum may exercise all of the powers of the Committee.

3.12 Any decision made by the Committee shall be determined by a majority vote of the members of the Committee present or by consent resolution in writing signed by each member of the Committee. A member will be deemed to have consented to any resolution passed or action taken at a meeting of the Committee unless the member dissents.

3.13 A record of the minutes of, and the attendance at, each meeting of the Committee shall be kept. The approved minutes of the Committee shall be circulated to the board forthwith.

3.14 The Committee shall report to the board on all proceedings and deliberations of the Committee at the first subsequent meeting of the board, and at such other times and in such manner as the board or the articles of the Company may require or as the Committee in its discretion may consider advisable.

3.15 The Committee will have access to such officers and employees of the Company and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

#### 4. ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Committee are as follows.

4.1 Oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company.

4.2 Review with management its philosophy with respect to controlling corporate assets and information systems, the staffing of key functions and its plans for enhancements.

4.3 Review the terms of reference and effectiveness of any internal audit process, and the working relationship between internal financial personnel and the external auditor.

4.4 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

4.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements, reviewing with management and the external auditor where appropriate.

4.6 Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.

4.7 Review the annual financial statements and the results of the audit with management and the external auditors prior to the release or distribution of such statements, and obtain an explanation from management of all significant variances between comparative reporting periods.

4.8 Review the interim financial statements with management prior to the release or distribution of such statements, and obtain an explanation from management of all significant variances between comparative reporting periods.



4.9 Review all public disclosure concerning audited or unaudited financial information before its public release and approval by the board, including management's discussion and analysis, financial information contained in any prospectus, private placement offering document, annual report, annual information form, takeover bid circular, and any annual and interim earnings press releases, and determine whether they are complete and consistent with the information known to Committee members.

4.10 Assess the fairness of the financial statements and disclosures, and obtain explanations from management on whether:

- (a) actual financial results for the financial period varied significantly from budgeted or projected results;
- (b) generally accepted accounting principles have been consistently applied;
- (c) there are any actual or proposed changes in accounting or financial reporting practices; and
- (d) there are any significant, complex and/or unusual events or transactions such as related party transactions or those involving derivative instruments and consider the adequacy of disclosure thereof.

4.11 Determine whether the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.

4.12 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.

4.13 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.

4.14 Ascertain whether any significant financial reporting issues were discussed by management and the external auditor during the fiscal period and the method of resolution.

4.15 Review and resolve any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

4.16 Recommend to the board the selection of the firm of external auditors to be proposed for election as the external auditors of the Company.

4.17 Review and approve the proposed audit plan and the external auditors' proposed audit scope and approach with the external auditor and management and ensure no unjustifiable restriction or limitations have been placed on the scope.

4.18 Explicitly approve, in advance, all audit and non-audit engagements of the external auditors; provided, however, that non-audit engagements may be approved pursuant to a pre-approval policy established by the Committee that (i) is detailed as to the services that may be pre-approved, (ii) does not permit delegation of approval authority to the Company's management, and (iii) requires that the delegatee or management inform the Committee of each service approved and performed under the policy. Approval for minor non-audit services is subject to applicable securities laws.

4.19 If it so elects, delegate to one or more members of the Committee the authority to grant such pre-approvals. The delegatee's decisions regarding approval of services shall be reported by such delegatee to the full Committee at each regular Committee meeting.

4.20 Subject to the grant by the shareholders of the authority to do so, if required, review the appropriateness and reasonableness of the compensation to be paid to the external auditors and make a recommendation to the board regarding such compensation.

4.21 Oversee the independence of the external auditors. Obtain from the external auditors a formal written statement delineating all relationships between the external auditors and the Company. Actively engage in a dialogue with the external auditors with respect to any disclosed relationships or services that impact the objectivity and independence of the external auditor.

4.22 Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

4.23 Review the performance of the external auditors, and in the event of a proposed change of auditor, review all issues relating to the change, including the information to be included in any notice of change of auditor as required under applicable securities laws, and the planned steps for an orderly transition.

4.24 Review the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow-up to any identified weakness.

4.25 Review the evaluation of internal controls and management information systems by the external auditor, and, if applicable, the internal audit process, together with management's response to any identified weaknesses and obtain reasonable assurance that the accounting systems are reliable and that the system of internal controls is effectively designed and implemented.

4.26 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

4.27 Review the process under which the Chief Executive Officer and the Chief Financial Officer evaluate and report on the effectiveness of the Company's design of internal control over financial reporting and disclosure controls and procedures.

4.28 Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.

4.29 Establish a procedure for the:

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

4.30 Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

4.31 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.

4.32 Ensure that the board is aware of matters which may significantly impact the financial condition or affairs of the business.

4.33 Review and assess the adequacy of insurance coverage, including directors' and officers' liability coverage.

4.34 Perform other functions as requested by the full board.

4.35 If it deems necessary, institute special investigations and, if it deems appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.

## 5. GENERAL

In addition to the foregoing, the Committee will:

- (a) assess the Committee's performance of the duties specified in this charter and report its finding(s) to the board;
- (b) review and assess the adequacy of this charter at least annually and recommend any proposed changes to the board for approval; and
- (c) perform such other duties as may be assigned to it by the board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation.

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

The following are the current members of the Audit Committee:

Paul Dickson	Not independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Harvey Dick	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Ward Munsie	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the board of directors, reasonably interfere with the exercise of a member's independent judgment. Executive officers, employees, family members of executive officers, and individuals who accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company (other than as remuneration for acting as a board member) are considered to have a material relationship with the Company. An individual is considered to have a material relationship with the Company if the individual is, or has been within the last three years, an employee or executive officer of the Company or if an immediate family member of the individual is, or has been within the last three years, an executive officer of the Company.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### **Relevant Education and Experience**

All of the Audit Committee's members are businesspeople with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor.

#### *Paul Dickson*

Mr. Dickson has been an entrepreneur and software developer for over 20 years. Mr. Dickson co-founded Resource World Magazine Inc. in 2002, a monthly magazine reporting on the business of mining, oil & gas and alternative energy and the events that affect these sectors. Mr. Dickson has served as Vice President and co-publisher of Resource World for fourteen years. Mr. Dickson has previously completed

the directors' program at Simon Fraser University.

Harvey Dick

Mr. Dick has more than 20 years of experience as a director of public companies. Mr. Dick was a director of Newnote Financial Corp. (CSE) and its predecessor from August 2010 until April 2015. Mr. Dick was the President of Jet Gold Corp. (formerly Veto Resources Ltd.)(TSXV), a mineral exploration company, from December 1995 to May 2003 and a director of Jet Gold Corp. from August 1995 to February 2006. He has been a director of TAC Gold Corp. (CSE) since March 2010 and was a director of Regal Resources Inc. (CSE) from January 2006 until February 2013 as well as President from January 2006 until January 2010 and CEO from January 2006 to January 2010. Mr. Dick received a B.A. Degree in Economics from the University of British Columbia in 1957.

Ward Munsie

Mr. Munsie has been the owner/operator of Atomic Marketing since August 2000. Atomic Marketing distributes promotional products primarily to the Canadian corporate market. Mr. Munsie manages all aspects of this business including marketing, purchasing, invoicing, pricing, etc. He sources product from North American and overseas suppliers and arranges for shipping and logistics including brokerage, customs and working with customs and freight brokers for US and overseas shipments. Mr. Munsie has a Bachelor of Arts in Political Science & International Relations from the University of Southern California, Los Angeles, California and an MBA in International Management from the Thunderbird School of Global Management, Glendale, Arizona.

**Audit Committee Oversight**

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

**Reliance on Certain Exemptions**

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

**Pre-Approval Policies and Procedures**

The Audit Committee is authorized by the board of directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors.

**External Auditor Service Fees (By Category)**

The aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit and non-audit services are as follows:

<b>Financial Year Ending<sup>(1)</sup></b>	<b>Audit Fees<sup>(2)</sup></b>	<b>Audit Related Fees<sup>(3)</sup></b>	<b>Tax Fees<sup>(4)</sup></b>	<b>All Other Fees<sup>(5)</sup></b>
2017	\$14,280	Nil	Nil	Nil
2016	\$20,865	Nil	\$1,000	Nil

- (1) Financial years ended June 30.
- (2) The aggregate audit fees billed.
- (3) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".
- (4) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (5) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

The breakdown of the fees billed by the Company's external auditors between Audit Fees and Tax Fees is based on an estimate of the amount of work carried out by the external auditors in each area.

### **Exemption**

The Company has relied upon the exemption provided by section 6.1 of NI 52-110 which exempts venture issuers from the requirement to comply with the restrictions on the composition of its audit committee and the disclosure requirements of its audit committee in an annual information form as prescribed by NI 52-110.

### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this Statement of Executive Compensation:

“**CEO**” of the Company means each individual who, during any part of the most recently completed financial year, served as chief executive officer of the Company, including an individual performing functions similar to a chief executive officer;

“**CFO**” of the Company means each individual who, during any part of the most recently completed financial year, served as chief financial officer of the Company, including an individual performing functions similar to a chief financial officer;

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

“**Named Executive Officer**” or “**NEO**” means:

- (a) the Company's CEO;
- (b) the Company's CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;

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

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

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

The following table sets forth direct and indirect compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and services to be provided, directly or indirectly, to the Company, for each of the Company’s two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year <sup>(1)</sup>	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Paul Dickson CEO, President and Director <sup>(2)</sup>	2017	\$32,500	Nil	Nil	Nil	Nil	\$32,500
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Christopher Cherry CFO <sup>(3)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Harvey Dick Director <sup>(4)</sup>	2017	\$32,500	Nil	Nil	Nil	Nil	\$32,000
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Ward Munsie Director <sup>(5)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Richard Barnowski Director and former Chairman <sup>(6)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Joseph Rauhala Director and former CFO <sup>(7)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	N/A	N/A	N/A	N/A	N/A	N/A
James W.G. Turner Former CEO and Director; former CFO <sup>(8)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Mathieu Dupont Former Chief Technology Officer and Director <sup>(9)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year<sup>(1)</sup></b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Robert Young Former Chief Marketing Officer and Director <sup>(10)</sup>	2017 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Elliott Jacobson Former Director <sup>(11)</sup>	2017 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Claude Ayache Former CEO, CFO and former Director <sup>(12)</sup>	2017 2016	N/A Nil	N/A Nil	N/A Nil	N/A Nil	N/A Nil	N/A Nil

- (1) Financial years ended June 30.
- (2) Mr. Dickson became a director of the Company on December 15, 2016 and was appointed as Chief Executive Officer and President effective the same date.
- (3) Mr. Cherry was appointed as Chief Financial Officer of the Company on December 21, 2016.
- (4) Mr. Dick became a director of the Company on December 15, 2016.
- (5) Mr. Munsie became a director of the Company on December 15, 2016.
- (6) Mr. Barnowski was Chairman of the Company from December 22, 2015 until his resignation as Chairman effective December 15, 2016.
- (7) Mr. Rauhala was Chief Financial Officer of the Company from July 6, 2016 until his resignation as Chief Financial Officer effective December 21, 2016.
- (8) Mr. Turner was appointed as Chief Executive Officer of the Company on June 30, 2015 and resigned as Chief Financial Officer effective the same date. Mr. Turner resigned as Chief Executive Officer effective December 15, 2016 and ceased to be a director of the Company effective the same date.
- (9) Mr. Dupont was appointed as Chief Technology Officer of the Company on June 30, 2015. Mr. Dupont resigned as Chief Technology Officer effective December 15, 2016 and ceased to be a director of the Company effective the same date.
- (10) Mr. Young was appointed as Chief Marketing Officer of the Company on June 30, 2015. Mr. Young resigned as Chief Marketing Officer effective December 15, 2016 and ceased to be a director of the Company effective the same date.
- (11) Mr. Jacobson ceased to be a director of the Company effective December 15, 2016.
- (12) Mr. Ayache resigned as Chief Executive Officer and a director of the Company on June 30, 2015 and was appointed as Chief Financial Officer effective the same date. Mr. Ayache resigned as Chief Financial Officer of the Company on May 24, 2016.

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

The following table sets out all compensation securities granted or issued to directors and Named Executive Officers by the Company or one of its subsidiaries in the most recently completed financial year for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Paul Dickson CEO, President and Director	Stock options	800,000	Jan 10/17	\$0.065	\$0.09	\$0.07	Jan 10/22
Christopher Cherry CFO	Stock options	100,000	Jan 10/17	\$0.065	\$0.09	\$0.07	Jan 10/22
Harvey Dick Director	Stock options	250,000	Jan 10/17	\$0.065	\$0.09	\$0.07	Jan 10/22
Ward Munsie Director	Stock options	300,000	Jan 10/17	\$0.065	\$0.09	\$0.07	Jan 10/22
Richard Barnowski Director	Stock options	100,000	Jan 10/17	\$0.065	\$0.09	\$0.07	Jan 10/22
Joseph Rauhala Director	Stock options	100,000	Jan 10/17	\$0.065	\$0.09	\$0.07	Jan 10/22

As at June 30, 2017, the following compensation securities, comprised solely of stock options, were outstanding to directors and Named Executive Officers:

- (a) Paul Dickson, the CEO, President and a director of the Company, owned an aggregate of 800,000 stock options, each of which exercisable into one common share at a price of \$0.065 per common share until January 10, 2022.
- (b) Christopher Cherry, the CFO of the Company, owned an aggregate of 100,000 stock options, each of which exercisable into one common share at a price of \$0.065 per common share until January 10, 2022.
- (c) Harvey Dick, a director of the Company, owned an aggregate of 250,000 stock options, each of which exercisable into one common share at a price of \$0.065 per common share until January 10, 2022.
- (d) Ward Munsie, a director of the Company, owned an aggregate of 300,000 stock options, each of which exercisable into one common share at a price of \$0.065 per common share until January 10, 2022.
- (e) Richard Barnowski, a director of the Company, owned an aggregate of 100,000 stock options, each of which exercisable into one common share at a price of \$0.065 per common share until January 10, 2022.
- (f) Joseph Rauhala, a director the Company, owned an aggregate of 210,610 stock options, 110,610 of which each exercisable into one common share at a price of \$0.10 per common share until January 27, 2021 and 100,000 of which each exercisable into one common share at a price of \$0.065 per common share until January 10, 2022.

#### Exercise of Compensation Securities by Directors and NEOs

The following table sets out each exercise of compensation securities by directors or Named Executive Officers during the financial year ended June 30, 2017:



<b>Exercise of Compensation Securities by Directors and NEOs</b>							
<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of underlying securities exercised</b>	<b>Exercise price per security (\$)</b>	<b>Date of exercise</b>	<b>Closing price per security on date of exercise (\$)</b>	<b>Difference between exercise price and closing price on date of exercise (\$)</b>	<b>Total value on exercise date (\$)</b>
Paul Dickson CEO, President and Director	Stock options	Nil	N/A	N/A	N/A	N/A	N/A
Christopher Cherry CFO	Stock options	Nil	N/A	N/A	N/A	N/A	N/A
Harvey Dick Director	Stock options	Nil	N/A	N/A	N/A	N/A	N/A
Ward Munsie Director	Stock options	Nil	N/A	N/A	N/A	N/A	N/A
Richard Barnowski Director	Stock options	Nil	N/A	N/A	N/A	N/A	N/A
Joseph Rauhala Director	Stock options	Nil	N/A	N/A	N/A	N/A	N/A

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

The Company has one security based compensation arrangement which is its stock option plan. For a summary of the material provisions of the stock option plan, please see below under the heading “Stock Option Plan”.

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

During the financial year ended June 30, 2017 employment agreements dated June 2015 between the Company’s subsidiary Mobilman Management Inc. and each of James Turner, Mathieu Dupont, Robert Young were cancelled. Each of Mr. Turner, Mr. Dupont and Mr. Young had agreed to forgo all compensation until such time as the Company reported positive income on its interim financial reporting. As at the date of cancellation, the Company had not yet reported positive income on its interim financial reporting.

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

The Company’s compensation program is designed to be competitive with similar junior mining exploration companies and to recognize and reward executive performance. Compensation to be awarded to the directors and Named Executive Officer will reflect the compensation paid to directors and Named Executive Officers of companies of similar size and stage of development in the mineral exploration industry and the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company.

There are no arrangements, standard or otherwise, for cash or non-cash compensation pursuant to which directors are compensated by the Company for their attendance at board meetings or in their capacity as directors. The directors may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

Directors and Named Executive Officers are also eligible to receive incentive stock options to purchase common shares of the Company.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information regarding compensation plans under which equity securities of the Company are authorized for issuance in effect as of the end of the Company's most recently completed financial year:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></b> <b>(a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b> <b>(b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(1)</sup></b> <b>(c)</b>
Equity compensation plans approved by securityholders	2,363,578	\$0.07	424,189
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	2,363,578	\$0.07	424,189

(1) Financial year ended June 30.

The Company has a stock option plan (the “**Plan**”) under which it may grant incentive stock options to its directors, officers, employees and consultants or any affiliate thereof. The Company’s Plan is a “rolling” stock option plan reserving a maximum of 10% of the issued shares of the Company at the time of the stock option grant. See “Particulars of Matters to be Acted Upon – Stock Option Plan”.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At no time during the Company’s last completed financial year, was a director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries indebted to the Company or any of its subsidiaries or was indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

**CORPORATE GOVERNANCE DISCLOSURE**

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines; however, the board of directors considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore such guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Independence of Members of Board**

The Company's board of directors consists of five directors, two of whom the Company considers to be independent based upon the tests for independence set forth in NI 52-110. The Company considers Harvey Dick and Ward Munsie to be independent directors. Paul Dickson is not independent as he is CEO and President of the Company; Richard Barnowski is not independent as he was the chairman of the Company within the last three years; and Joseph Rauhala is not independent as he was the CFO of the Company within the last three years.

### **Management Supervision by Board**

The size of the Company is such that all of the Company's operations are conducted by a small management team which is also represented on the board of directors. The board of directors considers that management is effectively supervised by the independent director on an informal basis as the independent director is actively and regularly involved in reviewing and supervising the operations of the Company and has regular and full access to management.

### **Participation of Directors in Other Reporting Companies**

None of the directors of the Company currently hold directorships in other reporting issuers.

### **Orientation and Continuing Education**

The Corporate Governance and Nominating Committee, with the assistance of the management of the Company, is responsible for providing an orientation for new directors. Director orientation and ongoing training will include presentations by senior management to familiarize directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Company does not currently have a written code of ethical business conduct approved by the board of directors for its directors, officers and employees. Each director, officer and employee is expected to comply with relevant corporate and securities laws and, where applicable, the terms of their employment agreements.

### **Nomination of Directors**

When a board vacancy occurs or is contemplated, any director or officer may make recommendations to the Corporate Governance and Nominating Committee as to qualified individuals for nomination to the board.

In identifying new candidates, the Corporate Governance and Nominating Committee will take into account the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Company at that time.

## **Compensation**

The Company's Compensation Committee reviews the compensation of the directors and executive officers. The Compensation Committee also administers the Company's stock option plan.

The Compensation Committee receives recommendations from the management of the Company and reviews and makes recommendations to the board regarding the granting of stock options to directors and executive officers of the Company as well as compensation for executive officers of the Company as well as compensation for executive officers and directors fees, if any, from time to time. Executive officers and directors may be compensated in cash and/or equity for their expert advice and contribution towards the success of the Company.

The form and amount of cash such compensation will be evaluated by the Compensation Committee, which will be guided by the following goals:

1. compensation should be commensurate with the time spent by executive officers and directors in meeting their obligations and reflective of the compensation paid by companies similar in size and business to the Company; and
2. the structure of the compensation should be simple, transparent and easy for shareholders to understand.

Shareholders will be given the opportunity to vote on all new or substantially revised equity compensation plans for directors as required by regulatory policies.

## **Other Board Committees**

The board has no other standing committees other than the Audit Committee, Compensation Committee and the Corporate Governance and Nominating Committee.

## **Assessments**

The board of directors of the Company does not currently conduct any formal evaluation of the performance and effectiveness of the members of the board, the board as a whole or any committee of the board.

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

Other than as set forth in this information circular and other than transactions carried out in the ordinary course of business of the Company or any of its subsidiaries, none of the directors or executive officers of the Company, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company, nor any shareholder beneficially owning, directly or indirectly, common shares of the Company, or exercising control or direction over common shares of the Company, or a combination of both, carrying more than 10% of the voting rights attached to the outstanding shares of the Company nor an associate or affiliate of any of the foregoing persons has since July 1, 2015 any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Company or any of its subsidiaries.

The directors and officers of the Company also have an interest in the resolutions concerning (a) the election of directors and (b) the approval of the stock option plan (see below). Otherwise, no director or executive officer of the Company or any associate of the foregoing has any substantial interest, direct or

indirect, by way of beneficial ownership of shares or otherwise in the matters to be acted upon at the said Meeting, except for any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro rata basis by all holders of shares in the capital of the Company.

### **APPOINTMENT AND REMUNERATION OF AUDITOR**

Unless otherwise instructed, the proxies given to management pursuant to this solicitation will be voted for the appointment of Davidson & Company LLP, Chartered Professional Accountants, as auditor of the Company to hold office until the close of the next annual general meeting of the Company, and to authorize the directors to the auditor's remuneration. Davidson & Company LLP was first appointed auditor of the Company on September 27, 2016.

### **MANAGEMENT CONTRACTS**

There are no other management functions of the Company which are to any substantial degree performed other than by the executive officers and directors of the Company.

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

#### **Continuance of the Company into British Columbia; New Articles**

##### ***Introduction***

The Company's current governing jurisdiction is the Province of Ontario. Management of the Company believes it to be in the best interests of the Company to continue the Company into the governing jurisdiction of the Province of British Columbia.

The Company was incorporated on September 13, 2010 under the OBCA and therefore its current governing jurisdiction is the Province of Ontario. The Company's board proposes to continue the Company (the "**Continuance**") out of Ontario into British Columbia under the *Business Corporations Act* (British Columbia), as amended (the "**BCBCA**"). The board recommends the Continuance to allow the Company to move its corporate records office to British Columbia, which is where its new head office will be located.

Upon completion of the Continuance, the OBCA will cease to apply to the Company and the Company will become subject to the BCBCA, as if it had been originally incorporated as a British Columbia corporation. The OBCA currently governs the corporate affairs of the Company and restricts the jurisdictions into which a corporation may continue. The Director appointed under the OBCA is prepared to allow a continuance out of Ontario into British Columbia upon: (i) receipt of an application for continuation into British Columbia; (ii) being satisfied that certain rights, obligations, liabilities and responsibilities of the Company as set out in Section 181(9) of the OBCA will remain unaffected as a result of the Continuance; and (iii) receiving consent of the Ontario Securities Commission and the Ministry of Revenue (Ontario) with respect to the Continuance.

The BCBCA also provides for companies incorporated in foreign jurisdictions to be continued into British Columbia and allows for companies so continued continuing out to a foreign jurisdiction. A corporation being continued into British Columbia will be subject to the requirements of the BCBCA and all other corporate laws of British Columbia. The registration of the Continuance does not create a new legal entity, nor does it prejudice or affect the continuity of the Company. The Continuance of the Company into British Columbia will affect certain rights of the Company's shareholders as they currently

exist under the OBCA.

The following is a summary of some of the corporate law changes that will occur. This summary is not intended to be exhaustive and the Company's shareholders should consult their legal advisors regarding implications of the Continuance, which may be of particular importance to them.

## **Continuance - Corporate Governance Differences**

### ***Charter Documents***

Under the BCBCA, the charter documents will consist of a Notice of Articles, which sets forth the name of the corporation and the amount and type of authorized capital, and Articles, which will govern the management of the Company following the Continuance (the "**New Articles**"). The Notice of Articles is filed with the British Columbia Registrar of Companies and the New Articles will only be kept at the Company's records office.

Under the OBCA, the Company has Articles of Incorporation, as amended (the "**Articles**"), which set forth, among other things, the name of the corporation and the amount and type of authorized capital, and by-laws, which govern the management of the Company. The Articles are filed with the Director under the OBCA while the bylaws are kept at the Company's registered office.

The Continuance to British Columbia and the adoption of the Notice of Articles and New Articles will not result in any substantive changes to the constitution, powers or management of the Company, except as otherwise described herein.

Therefore, the current by-laws of the Company, which are suitable for a corporation governed by the OBCA and not for a corporation governed by the BCBCA, will have to be changed to the New Articles that are suitable for a BCBCA corporation. The repeal of the existing by-laws of the Company, and the adoption of the New Articles, has been approved by the directors, subject to the prior completion of the Continuation.

Upon the Continuance becoming effective, the former By-laws of the Company will be repealed and replaced by the New Articles, a copy of which is attached hereto as Schedule "A". A brief description of the material differences between the current by-laws of the Company and the New Articles can be found in Schedule "B" attached hereto.

### ***Amendments to Charter Documents***

Any substantive change to the corporate charter of a corporation under the BCBCA, such as an alteration of the restrictions, if any, on the business carried on by a corporation, requires a special resolution passed by the majority of votes that the articles of the corporation specify is required, if that specified majority is at least two-thirds and not more than three-quarters of the votes cast on the resolution or, if the articles do not contain such a provision, a special resolution passed by at least two-thirds of the votes cast on the resolution. Other fundamental changes such as an alteration of the special rights and restrictions attached to issued shares or a proposed amalgamation or continuance of a corporation out of the jurisdiction require a similar special resolution passed by holders of shares of each class entitled to vote at a general meeting of the corporation and the holders of all classes of shares adversely affected by an alteration of special rights and restrictions.

Under the OBCA, certain fundamental changes require a special resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration at a special

meeting of shareholders and, in certain instances, where the rights of the holders of a class or series of shares are affected differently by the alteration than those of the holders of other classes or series of shares, a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class or series so affected, whether or not they are otherwise entitled to vote. Authorization to amalgamate an OBCA corporation requires that a special resolution in respect of the amalgamation be passed by the holders of each class or series of shares, entitled to vote thereon. The holders of a class or series of shares of an amalgamating class or series in respect of an amalgamation if the amalgamation agreement contains a provision that, if contained in a proposed amendment to the articles, the holders of that class or series of shares would entitle such holders to vote separately as a class or series under section 170 of the OBCA.

### ***Sale of Undertaking***

Under the BCBCA, a corporation may sell, lease or otherwise dispose of all or substantially all of the undertaking of the corporation if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution passed by the majority of votes that the Articles of the corporation specify is required, if that specified majority is at least two-thirds and not more than three-quarters of the votes cast on the resolution or, if the articles do not contain such a provision, a special resolution passed by at least two-thirds of the votes cast on the resolution. As the New Articles will not contain such a provision, a two-thirds majority vote will be required in the event of a sale of the Company's undertaking.

The OBCA requires approval of the holders of shares of each class or series of a corporation represented at a duly called meeting by not less than two-thirds of the votes cast upon a special resolution for a sale, lease or exchange of all or substantially all of the property (as opposed to the 'undertaking') of the corporation other than in the ordinary course of business of the corporation to vote separately only if the sale would affect a particular class/series in a manner different from the shares of another class or series entitled to vote. While the shareholder approval thresholds will be the same under the BCBCA as under the OBCA, there are differences in the nature of the sale which requires such approval (i.e., a sale of all or substantially all of the 'property' under the OBCA and of all or substantially all of the 'undertaking' under the BCBCA).

### ***Rights of Dissent and Appraisal***

The BCBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable in respect of:

1. a resolution to alter the articles to alter restrictions on the powers of the corporation or on the business it is permitted to carry on;
2. a resolution to adopt an amalgamation agreement;
3. a resolution to approve an amalgamation into a foreign jurisdiction;
4. a resolution to approve an arrangement, the terms of which arrangement permit dissent;
5. a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the corporation's undertaking;
6. a resolution to authorize the continuation of the corporation into a jurisdiction other than British Columbia;
7. any other resolution, if dissent is authorized by the resolution; or
8. any court order that permits dissent.

The OBCA contains a similar dissent remedy, although the procedure for exercising this remedy is

different than that contained in the BCBCA. The dissent provisions of the OBCA are set forth in Schedule “C” to this Management Information Circular.

### ***Oppression Remedies***

Under the BCBCA, a shareholder of a corporation has the right to apply to court on the grounds:

1. that the affairs of the corporation are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or
2. that some act of the corporation has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make such order as it sees fit including an order to prohibit any act proposed by the corporation.

The OBCA contains rights that are substantially broader in that they are available to a larger class of complainants. Under the OBCA, a registered shareholder, former registered shareholder, beneficial owner of shares, former beneficial owner of shares, director, former director, officer, former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy may apply to a court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, (i) any act or omission of the corporation or its affiliates effects or threatens to effect a result, (ii) the business or affairs of the corporation or its affiliates are, have been or are threatened to be carried on or conducted in a manner, or (iii) the powers of the directors of the corporation or any of its affiliates are, have been or are threatened to be exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer.

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

Under the BCBCA, a shareholder or director of a corporation may, with leave of the court, bring an action in the name and on behalf of the corporation to enforce a right, duty or obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such a right, duty or obligation.

A broader right to bring a derivative action is contained in the OBCA, and this right extends to a registered shareholder, former registered shareholder, beneficial owner of shares, former beneficial owner of shares, director, former director officer and a former officer of a corporation or any of its affiliates, and any person who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. In addition, the OBCA permits derivative actions to be commenced in the name of and on behalf of a corporation or any of its subsidiaries.

### ***Requisition of Meetings***

Both the BCBCA and the OBCA provide that the shareholders of a corporation holding not less than 5% of the issued voting shares of a corporation may give notice to the directors requiring them to call and hold a meeting.



### ***Place of Meetings***

Under the BCBCA, meetings of shareholders are required to be held in British Columbia unless:

1. a location outside of British Columbia is provided for in the company's articles;
2. the articles do not restrict the company from approving a location outside of British Columbia for the holding of the general meeting and the location for the meeting is approved by a resolution required by the articles for that purpose; or
3. if no resolution is required by the articles for that purpose, approved by ordinary resolution; or
4. the location for the meeting is approved in writing by the Registrar of Companies before the meeting is held.

Subject to the articles or any unanimous shareholders agreement, the OBCA permits meetings of shareholders to be held inside or outside Ontario.

### ***Directors***

The BCBCA and OBCA both provide that a public corporation must have a minimum of three directors. Neither the OBCA nor the BCBCA has a provincial residency requirement for directors. The OBCA requires 25% of the directors to be Canadian. The BCBCA, however, does not have a Canadian residency requirement for directors.

### ***Shareholders' Rights of Dissent in Respect of the Continuance***

**Persons who are beneficial owners of the Company's common shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that ONLY A REGISTERED SHAREHOLDER IS ENTITLED TO DISSENT. A shareholder who beneficially owns the Company's common shares, but is not the registered holder thereof, should contact the registered holder for assistance.**

#### ***Dissent Rights under the OBCA***

As indicated in the Notice of Meeting, a holder of common shares may be entitled to be paid the fair value of all of such common shares in accordance with section 185 of the OBCA, if the shareholder dissents to the Continuance and the Continuance becomes effective. A holder of common shares is not entitled to dissent if such holder votes any of such common shares in favour of the Continuance Resolution. The execution or exercise of a proxy does not constitute a written objection for purposes of the OBCA.

#### ***Procedure for Dissent under the OBCA***

The following summary does not purport to provide comprehensive statements of the procedures to be followed by a dissenting shareholder under the OBCA. However, the OBCA requires 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 dissenter's rights should carefully consider and comply with the provisions of those sections and consult his legal adviser.** The full text of section 185 of the OBCA is set out in Schedule "C" to this Management Information Circular. A dissenting shareholder who seeks payment of the fair value of his common shares is required to send a written objection to the Continuance Resolution to the Company at or prior to the Meeting. The address of the Company for such purpose is Suite 604 – 700 West Pender St., Vancouver, BC, V6C 1G8, Attention: Paul Dickson, CEO. **A vote against the Continuance Resolution or withholding votes does**

**not constitute a written objection.**

Within 10 days after the Continuance Resolution is approved by shareholders, the Company must so notify the dissenting shareholder who is then required, within 20 days after receipt of such notice (or if such shareholder does not receive such notice within 20 days after such shareholder learns of the approval of the Continuance Resolution), to send to the Company a written notice containing the shareholder's name and address, the number of common shares in respect of which such shareholder dissents and a demand for payment of the fair value of such common shares and, within 30 days after sending such written notice, to send the Company the appropriate share certificate or certificates. If the proposal contemplated in the Continuance Resolution becomes effective, the Company is required to determine the fair value of the common shares and to make a written offer to pay such amount to the dissenting shareholder. If such offer is not made or not accepted within 50 days after the proposal in the Continuance Resolution becomes effective, the Company may apply to the court to fix the fair value of such common shares.

There is no obligation on the Company to apply to the court. If the Company fails to make such an application, a dissenting shareholder has the right to so apply within a further 20 days. If an application is made by either party, the dissenting shareholder will be entitled to be paid the amount fixed by the court. The fair value of the common shares as determined for such purpose by a court will not necessarily be the same as and could vary significantly from the fair market value of such shares.

**Status as a British Columbia Company**

Currently, the Company's authorized capital consists of an unlimited number of common shares and an unlimited number of Preference shares, issuable in series. If the Company's shareholders approve the Continuance, the Company will continue to have unlimited authorized capital.

As an Ontario corporation, the Company's charter documents consist of Articles of Incorporation and general by-law No. 1 (the "**Bylaws**") and any amendments thereto to date. On completion of the Continuance, the Company will cease to be governed by the OBCA and will thereafter be deemed to have been formed under the BCBCA. As part of the Continuance Resolution, shareholders will be asked to approve the adoption of a Notice of Articles and the New Articles which comply with the requirements of the BCBCA.

**The Continuance Resolution**

Based on the foregoing discussion, the Company's management believes that it is in the best interests of the Company and the shareholders to transfer its governing jurisdiction to British Columbia. Accordingly, the shareholders will be asked at the Meeting to consider and if thought fit, pass a special resolution to approve the Continuance (the "**Continuance Resolution**"). To become effective, the Continuance Resolution must be approved by a majority of not less than two-thirds (66.67%) of the votes cast by the shareholders voting in person or by proxy at the Meeting. The text of the Continuance Resolution is as follows:

*"BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:*

- (1) the continuance of the Company into British Columbia, pursuant to Section 181 of the Business Corporations Act (Ontario)(R.S.O. 1990, c.B.16) and Section 302 of the Business Corporations Act (British Columbia)(SBC 2002, c.57), be and the same is hereby authorized and approved, subject to the right of the directors to abandon the application without further approval of the shareholders;*
- (2) the continuance application to the Ontario Director of Companies pursuant to Section 181 of the*

*Business Corporations Act (Ontario)(R.S.O. 1990, c.B.16) as approved by the directors (or in such other form as the Director may accept), is hereby approved in such form, with such amendments as the director or officer executing the same may approve, such approval to be conclusively evidenced by the director or officer's signature thereto;*

- (3) the continuance application to the British Columbia Registrar of Companies including the Notice of Articles as approved by the directors (or in such other form as the Registrar under the Business Corporations Act (British Columbia) may accept), are hereby approved in such form, with such amendments as the director or officer executing the same may approve, such approval to be conclusively evidenced by the director or officer's signature thereto;*
- (4) the new form of Business Corporations Act (British Columbia) Articles in the form attached as Schedule "A" to the Company's information circular dated November 16, 2017, and as tabled at the Meeting, be adopted with such non-material amendments as the directors may approve, and that such new form of Articles not take effect until the Company has been continued into British Columbia;*
- (5) upon continuance of the Company into British Columbia, the current bylaws of the Company be repealed;*
- (6) any one director or officer of the Company be and is hereby authorized and instructed to take all such acts and proceedings and to execute and deliver all such applications, authorizations, certificates, documents and instruments, as in their opinion may be reasonably necessary or desirable for the implementation of this resolution;*
- (7) notwithstanding that the foregoing provisions of this resolution have been duly passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered, without further approval or authorization of the shareholders of the Company, to revoke any or all provisions of this resolution at any time prior to their being acted upon."*

The board recommends that the Company's shareholders vote FOR the Continuance Resolution. Unless specifically instructed in the instrument of proxy to vote against the special resolution approving the Continuance, the person(s) designated as proxyholder(s) in the accompanying instrument of proxy intend to vote for the Continuance Resolution.

### **Regulatory Approval**

The Continuance is subject to receipt of regulatory approval, as required.

### **Stock Option Plan**

Management of the Company believes that incentive stock options serve an important function in furnishing directors, officers, employees and consultants (collectively the "**Eligible Parties**") of the Company an opportunity to invest in the Company in a simple and effective manner and better aligning the interests of the Eligible Parties with those of the Company and its shareholders through ownership of shares in the Company. Accordingly, at the Meeting the shareholders will be asked to consider, and the directors, believing it to be in the best interests of the Company, recommend that the shareholders re-approve, the Company's stock option plan (the "Plan") and the allotment and reservation of sufficient common shares from treasury to provide the shares necessary for issuance upon the exercise from time to time of options granted pursuant to the Plan.

The Company's Plan is a "rolling" stock option plan reserving a maximum of 10% of the issued shares of the Company at the time of the stock option grant. As a "rolling" stock option plan, the Plan is required to be re-approved by the shareholders each year at the Company's annual general meeting.

The purpose of the Plan is to attract, motivate and retain Eligible Parties and thereby advance the Company's interests, by affording such persons with an opportunity to acquire an equity interest in the

Company through the issuance of stock options.

The material terms of the Plan are as follows:

1. The Plan is administered by the board of directors or by a committee appointed by the board in accordance with terms of the Plan.
2. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that the options will not be permitted to exceed a term of ten years.
3. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the last closing price of the Company's common shares on the day before the date on which the directors grant such options less the maximum discount permitted under the policies of the Canadian Securities Exchange.
4. All options will be non-assignable and non-transferable except (i) as permitted by applicable securities laws, or (ii) as otherwise specifically provided in the Plan.
5. No more than (i) 5% of the issued shares may be granted to any one individual in any 12-month period; and (ii) 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director, officer consultant or employee of the Company or ceases to be employed by the Company (other than by reason of disability, death or termination for cause), as the case may be, then the option granted shall expire on no later than the 90<sup>th</sup> day following the date that the option holder ceases to be a director, officer, consultant, or employee or ceases to be employed by the Company, subject to terms and conditions set out in the Plan.
7. Options will be subject to anti-dilution provisions in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

A copy of the Plan will be available at the Meeting for review by shareholders, if requested.

Therefore, shareholders will be asked to approve the following resolution, by way of disinterested shareholder approval:

*"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF DISINTERESTED SHAREHOLDERS, THAT:*

- (1) the Company's stock option plan be and is hereby ratified, approved and confirmed including the reserving for issuance under the stock option plan at any time of a maximum of 10% of the issued and outstanding shares of the Company, subject to any amendments that may be required by any applicable stock exchange or regulatory authority;*
- (2) the Company be authorized to abandon or terminate all or any part of the stock option plan if the board of the Company deems it appropriate and in the best interests of the Company to do so;*
- (3) the Company be and is hereby authorized to grant options pursuant and subject to the terms and conditions of the stock option plan;*
- (4) the Company be and is hereby, at the discretion of the board of directors, to amend the exercise price of any previously granted stock option agreements, without further approval by the shareholders, all*

*in accordance with the terms of the stock option plan and the policies of any applicable stock exchange; and*

- (5) any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including treasury orders, stock exchange and securities commissions forms, as may be required to give effect to the true intent of this resolution."*

The directors of the Company believe the Plan is in the Company's best interests and recommend that the shareholders re-approve the Plan. It is the intention of the persons named in the enclosed instrument of proxy, if not expressly directed otherwise in such instrument of proxy, to vote such proxies FOR the ordinary resolution to re-approve the Plan.

### **OTHER MATTERS**

MANAGEMENT KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OF SHAREHOLDERS OTHER THAN AS SET FORTH ABOVE AND AS REFERRED TO IN THE NOTICE OF MEETING. HOWEVER, IF ANY OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT OF THE COMPANY SHALL PROPERLY COME BEFORE THE SAID MEETING, THE FORM OF PROXY GIVEN PURSUANT TO THE SOLICITATION BY MANAGEMENT OF THE COMPANY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.

### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) "Company Profiles – Subscribe Technologies Inc.". The Company's financial information is provided in the Company's audited comparative financial statements and related management discussion and analysis for its financial year ended June 30, 2017 and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting the Company at Suite 604 – 700 West Pender St., Vancouver, BC V6C 1G8 (Telephone: (778) 775-7297).

**ARTICLES OF  
SUBSCRIBE TECHNOLOGIES INC. (the "Company")**

**Continuation Number: C \_\_\_\_\_**

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## **1. INTERPRETATION**

### **1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (1) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (2) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) “*Interpretation Act*” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) “legal personal representative” means the personal or other legal representative of the shareholder;
- (5) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (6) “seal” means the seal of the Company, if any.

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

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

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

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

### **2.2 Uncertificated Shares**

The directors may, by directors’ resolution, provide that the shares of any or all classes and series of the Company’s shares must be uncertificated shares, or that any specified shares must be uncertificated shares.

### **2.3 Shareholder Entitled to Certificate or Acknowledgement**

Subject to Article 2.2, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

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

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

### **2.5 Delivery by Mail**

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

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

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

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

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

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

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) such indemnity as the directors in their sole discretion consider appropriate.

## **2.8 Splitting Share Certificates**

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

## **2.9 Certificate Fee**

There must be paid as a fee to the Company for the issuance of any share certificate under Articles 2.6, 2.7 or 2.8, the amount, if any, determined by the directors, which must not exceed the amount prescribed under the *Business Corporations Act*.

## **2.10 Recognition of Trusts**

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

## **3. ISSUE OF SHARES**

### **3.1 Directors Authorized**

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

### **3.2 Commissions and Discounts**

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

### **3.3 Brokerage**

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

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

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

## **4. SHARE TRANSFERS**

### **4.1 Registering Transfers**

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

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

For the purpose of this Article, delivery or surrender to the agent which maintains the Company's central securities register or a branch securities register, if applicable, will constitute receipt by or surrender to the Company.

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

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

### **4.3 Transferor Remains Shareholder**

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

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

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

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

#### **4.5 Enquiry as to Title not Required**

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

#### **4.6 Transfer Fee**

There must be paid as a fee to the Company, for registration of any transfer, the amount, if any, determined by the directors.

### **5. TRANSMISSION OF SHARES**

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

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

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

The legal personal representative has the same rights, privileges and obligations with respect to the shares as were held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

### **6. PURCHASE OF SHARES**

#### **6.1 Company Authorized to Purchase Shares**

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

## **6.2 Redemption of Shares**

If the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to any special rights and restrictions attached to such class of shares, determine the manner in which the shares to be redeemed shall be selected.

## **7. BORROWING POWERS**

### **7.1 Powers of Directors**

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

### **7.2 Debt Instrument Provisions**

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

## **8. ALTERATIONS**

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

Subject to Article 8.2 and the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors:
  - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
  - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue of any class or series of shares or establish a maximum number of

shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
  - (d) if the Company is authorized to issue shares of a class of shares with par value:
    - (i) decrease the par value of those shares; or
    - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
  - (e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or
  - (f) alter the identifying name of any of its shares; and
- (2) by ordinary resolution otherwise alter its shares or authorized share structure.

## **8.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued; and
- (2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above if any of the shares of the class or series of shares have been issued.

## **8.3 Change of Name**

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

## **8.4 Other Alterations**

The Company, save as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the directors' powers, control or authority; and



- (2) if the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, by ordinary resolution alter these Articles.

## **9. MEETINGS OF SHAREHOLDERS**

### **9.1 Annual General Meetings**

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

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

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 9.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

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

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

### **9.4 Location of Meetings of Shareholders**

A meeting of the Company may be held:

- (1) in the Province of British Columbia;
- (2) at another location outside British Columbia if that location is:
  - (a) approved by resolution of the directors before the meeting is held; or
  - (b) approved in writing by the Registrar of Companies before the meeting is held.

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

Subject to Article 9.2, the Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;

- (2) otherwise, 10 days.

## **9.6 Record Date**

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

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

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

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

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

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

If a meeting of shareholders is to consider special business within the meaning of Article 10.1, the notice of meeting or a circular prepared in connection with the meeting must:

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

## **10. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **10.1 Special Business**

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

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

## **10.2 Special Majority**

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

## **10.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, shareholders who, in the aggregate, hold at least 1/20 of the issued shares entitled to be voted at the meeting.

## **10.4 Other Persons May Attend**

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

### **10.5 Requirement of Quorum**

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

### **10.6 Lack of Quorum**

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

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

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

If, at the meeting to which the meeting referred to in Article 10.6(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the persons present and who are, or who represent by proxy, shareholders entitled to attend and vote at the meeting shall constitute a quorum.

### **10.8 Chair**

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

- (1) the chair of the board, if any;
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any; or
- (3) if so designated in a resolution of the directors prior to the time of the meeting, any lawyer for the Company.

### **10.9 Selection of Alternate Chair**

If, at any meeting of shareholders, none of the persons referred to in article 10.8 are present within 15 minutes after the time set for holding the meeting, or if all such persons have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting or that they are unwilling to act as chair of the meeting, the directors present must choose a director, officer or corporate counsel to be chair of the meeting or if none of the foregoing persons are present or if they decline to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

### **10.10 Adjournments**

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

### **10.11 Notice of Adjourned Meeting**

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

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

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

### **10.13 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 10.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **10.14 Motion Need not be Seconded**

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

### **10.15 Casting Vote**

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

### **10.16 Manner of Taking Poll**

Subject to Article 10.17, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:

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

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

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

#### **10.18 Chair Must Resolve Dispute**

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

#### **10.19 Casting of Votes**

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

#### **10.20 Demand for Poll**

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

#### **10.21 Demand for Poll not to Prevent Continuance of Meeting**

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

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

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

## **11. VOTES OF SHAREHOLDERS**

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

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 11.3:

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

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

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

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

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

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

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

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 11.3, deemed to be joint shareholders.

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

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

- (1) for that purpose, the instrument appointing a representative must:
  - (a) be received at the registered office of the Company, or at any other place specified in the notice calling the meeting for the receipt of proxies, at least the number of business days prior to the day set for holding the meeting specified in the notice

for the receipt of proxies, or if no number of days is specified, two business days before the day set for holding the meeting; or

- (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 11.5:
- (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation that is a shareholder may appoint a proxy holder.

#### **11.6 Execution of Proxy**

Subject to the *Business Corporations Act* a proxy shall be in writing executed by the shareholder or his attorney duly authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation or a representative of the corporation appointed pursuant to Article 11.5. A proxy executed on behalf of a shareholder by his attorney duly authorized in writing or on behalf of a corporate member by a duly authorized officer or corporate representative, shall be accompanied by the power of attorney or the document whereby the officer or corporate representative derives his authority, as the case may be, or a notarially certified copy thereof.

#### **11.7 Deposit of Proxy**

Unless some other time by which proxies must be deposited has been fixed by the directors, a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, shall be deposited at the place specified for that purpose in the notice convening the meeting, not less than 48 hours, excluding Saturdays and holidays, before the time for holding the meeting or an adjourned meeting in respect of which the person named in the proxy is appointed. The directors may from time to time by resolution make regulations relating to the depositing of proxies at any place or places and, subject to the *Business Corporations Act*, fixing the time or times for depositing the proxies preceding the meeting or adjourned meeting specified in the notice calling the meeting, and providing for particulars of such proxies to be sent to the Company or any agent of the Company in writing or by letter, facsimile, e-mail or any other method of transmitting legibly recorded messages so as to arrive before the commencement of the meeting or adjourned meeting at the office of the Company or of any agent of the Company appointed for the purpose of receiving such particulars, and providing that proxies so



deposited may be acted upon as though the proxies themselves were deposited as required by this Part, and votes given in accordance with such regulations shall be valid and shall be counted.

### **11.8 Chair to Determine Validity**

The chair of the meeting shall determine whether or not a proxy, deposited for use at such meeting, which may not strictly comply with applicable requirements as to form, execution, accompanying documentation, time of filing or otherwise shall be valid for use at such meeting, and any such determination made in good faith shall be final and conclusive. Notwithstanding the foregoing, the chair may not accept as valid a proxy that is invalid under applicable law.

### **11.9 Proxy Provisions do not Apply to All Companies**

Articles 11.10 to 11.18 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company.

### **11.10 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint up to two proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

### **11.11 Alternate Proxy Holders**

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

### **11.12 Proxy Holder to be a Shareholder**

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

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 11.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

### **11.13 Deposit of Proxy**

A proxy for a meeting of shareholders must:

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

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

#### **11.14 Validity of Proxy Vote**

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

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

#### **11.15 Form of Proxy**

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

*[name of company]*  
(the “Company”)

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

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

\_\_\_\_\_  
Signed *[month, day, year]*

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

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

**11.16 Revocation of Proxy**

Subject to Article 11.17, every proxy may be revoked by an instrument in writing that is:

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

**11.17 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 11.16 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 11.5.

**11.18 Production of Evidence of Authority to Vote**

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

**11.19 Electronic Meetings and Voting**

The directors may determine that a meeting of shareholders shall be held entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate with each other during the meeting, and any vote at that meeting of shareholders shall be held entirely by means of that communication facility. A meeting of shareholders may also be held at which some, but not all, persons entitled to attend may participate and vote by means of such a communication facility, if the directors determine to make one available. A person participating in a meeting by such means is deemed to be present at the meeting. Any vote at a meeting of shareholders may be also held entirely by means of a telephonic, electronic or other communication facility, if the directors determine to make one available, even if none of the persons entitled to attend otherwise participates in the meeting by means of a communication facility. For the purpose of voting, a communication facility that is made available by the Company must enable the votes to be gathered in a manner that adequately discloses the intentions of the shareholders and permits a proper tally of the votes to be presented to the Company. The instructing of proxy holders may be carried out by means of telephonic, electronic or other communication facility in addition to or in substitution for instructing proxy holders by mail.

## **12. DIRECTORS**

### **12.1 First Directors and Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 13.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the number most recently established:
  - (a) by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) under Article 13.4;
- (3) if the Company is not a public company, the number most recently established:
  - (a) by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) under Article 13.4.

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

If the number of directors is set under Articles 12.1(2) or 12.1(3):

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

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

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

### **12.4 Qualifications of Directors**

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

## **12.5 Remuneration of Directors**

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

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

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

## **12.7 Special Remuneration of Directors**

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

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

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **13. ELECTION AND REMOVAL OF DIRECTORS**

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

At every annual general meeting and in every unanimous resolution contemplated by Article 9.2:

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

#### **13.1A Nominations of Directors**

- (1) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company.

- (2) 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, 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 *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
  - (c) by any person (a “Nominating Shareholder”); (A) who, at the close of business on the date of the giving of the notice provided for below in this Article 13.1A 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 (B) who complies with the notice procedures set forth below in this Article 13.1A.
- (3) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company at the principal executive offices of the Company.
- (4) To be timely, a Nominating Shareholder’s notice to the secretary of the Company must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “Notice Date”) on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10<sup>th</sup>) day after the Notice Date in respect of such meeting; 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 (15<sup>th</sup>) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. 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.
- (5) To be in proper written form, a Nominating Shareholder’s notice to the secretary of the Company must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
  - (i) the name, age, business address and residential 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 Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
  - (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 *Business Corporations Act* and applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (7) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 13.1A; provided, however, that nothing in this Article 13.1A shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (8) For purposes of this Article 13.1A:
  - (a) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and

- (b) “Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory 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 commission and similar regulatory authority of each province and territory of Canada.
- (9) Notwithstanding any other provision of this Article 13.1A, notice given to the secretary of the Company pursuant to this Article 13.1A 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 Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, 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 Company; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (10) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 13.1A.

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

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

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

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

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 9.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 9.2, to elect or appoint any directors;

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

- (3) the date on which his or her successor is elected or appointed; and



- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

#### **13.4 Places of Retiring Directors not Filled**

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

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

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

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

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

#### **13.7 Shareholders May Fill Vacancies**

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

#### **13.8 Additional Directors**

Notwithstanding Articles 12.1 and 12.2, between annual general meetings or unanimous resolutions contemplated by Article 9.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 13.8 must not at any time exceed one-third of the number of the current directors who were elected or appointed as directors other than under this Article 13.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 13.1(1), but is eligible for re-election or re-appointment.

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

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 13.10 or 13.11.

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

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

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

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

## **14. ALTERNATE DIRECTORS**

### **14.1 Appointment of Alternate Director**

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

### **14.2 Notice of Meetings**

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

### **14.3 Alternate for More Than One Director Attending Meetings**

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

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

#### **14.4 Consent Resolutions**

Every alternate director may sign in place of his or her appointor any resolutions to be consented to in writing.

#### **14.5 Alternate Director Not an Agent**

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

#### **14.6 Revocation of Appointment of Alternate Director**

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

#### **14.7 Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

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

#### **14.8 Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive

from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

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

### **15.1 Powers of Management**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

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

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

### **15.3 Power to Set the Remuneration of Auditor**

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

## **16. DISCLOSURE OF INTEREST OF DIRECTORS**

### **16.1 Other Office of Director**

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

### **16.2 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise.

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

Subject to the *Business Corporations Act*, a director or officer of the Company, or any corporation or firm in which that individual has an interest, may act in a professional capacity for

the Company, except as auditor of the Company, and the director or officer or such corporation or firm is entitled to remuneration for professional services as if that individual were not a director or officer.

#### **16.4 Remuneration and Benefits Received from Other Entities**

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

### **17. PROCEEDINGS OF DIRECTORS**

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

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

#### **17.2 Voting at Meetings**

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

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

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

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

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

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by

telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **17.5 Calling of Meetings**

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

### **17.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 22.1 or orally or by telephone.

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

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

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

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

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

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

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

### **17.10 Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is a majority of the directors. If there is only one director, the quorum necessary for the transaction of the business of the directors is one director, and that director may constitute a meeting.

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

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

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

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

## **18. COMMITTEES OF DIRECTORS**

### **18.1 Appointment of Committees**

The directors may, by resolution,

- (1) appoint one or more committees consisting of the director or directors that they consider appropriate,
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except
  - (a) the power to fill vacancies in the board,
  - (b) the power to change the membership of, or fill vacancies in, any committee of the board, and
  - (c) the power to appoint or remove officers appointed by the board, and

- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution.

## **18.2 Obligations of Committees**

Any committee formed under Article 18.1, in the exercise of the powers delegated to it, must

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

## **18.3 Powers of Board**

The board may, at any time,

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

## **18.4 Committee Meetings**

Subject to Article 18.2(1), and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution,

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

## **19. OFFICERS**

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

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



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

The directors may, for each officer:

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

## **19.3 Qualifications**

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

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

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

## **20. INDEMNIFICATION**

### **20.1 Mandatory Indemnification of Directors and Officers**

The directors must cause the Company to indemnify its directors and officers, and former directors and officers, and alternate directors, and their respective heirs and personal or other legal representatives to the greatest extent permitted by the *Business Corporations Act*. Each director and officer is deemed to have contracted with the Company on the terms of the indemnity contained in this section.

### **20.2 Mandatory Payment of Expenses of Directors and Officers**

The directors must cause the Company to pay the expenses reasonably and actually incurred by its directors and officers, and former directors and officers, and alternate directors, and their respective heirs and personal or other legal representatives to the greatest extent permitted by the *Business Corporations Act*. Each director and officer is deemed to have contracted with the Company on the terms of the indemnity referred to in this section.

### **20.3 Indemnification**

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

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

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

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

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

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

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

## **21. DIVIDENDS**

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

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

### **21.2 Declaration of Dividends**

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

### **21.3 No Notice Required**

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

**21.4 Record Date**

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

**21.5 Manner of Paying Dividend**

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

**21.6 Settlement of Difficulties**

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

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

**21.7 When Dividend Payable**

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

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

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

**21.9 Receipt by Joint Shareholders**

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

**21.10 Dividend Bears no Interest**

No dividend bears interest against the Company.

**21.11 Fractional Dividends**

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

### **21.12 Payment of Dividends**

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

### **21.13 Capitalization of Surplus**

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

## **22. NOTICES**

### **22.1 Method of Giving Notice**

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

- (1) mail addressed to the person at the applicable address for that person as follows:
  - (a) for a record mailed to a shareholder, the shareholder's registered address;
  - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
  - (a) for a record delivered to a shareholder, the shareholder's registered address;
  - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the delivery address of the intended recipient;

- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

## **22.2 Deemed Receipt of Mailing**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 22.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

## **22.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 22.1, prepaid and mailed or otherwise sent as permitted by Article 22.1 is conclusive evidence of that fact.

## **22.4 Notice to Joint Shareholders**

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

## **22.5 Notice to Trustees**

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

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

## **23. SEAL**

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

Except as provided in Articles 23.2 and 23.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

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

### **23.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 23.1, the impression of the seal may be attested by the signature of any director or officer.

### **23.3 Mechanical Reproduction of Seal**

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

## **24. RESTRICTIONS ON SHARE TRANSFER**

### **24.1 Application**

Article 24.2 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company.

**24.2 Consent Required for Transfer**

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

**25. CHANGE OF REGISTERED AND RECORDS OFFICE****25.1 Power to Appoint and Change Offices**

The Company may appoint or change its registered and records offices, or either of them, and the agent responsible therefor, at any time by resolution of the directors. Such agent may terminate its appointment by written notice to any director or officer of the Company sent to the last known address of such director or officer. The Company will then designate a new registered or records office or offices within ten (10) days of receipt or deemed receipt of such notice, failing which the agent shall be entitled and authorized on behalf of the Company (but not obliged) to execute and file a Notice of Change of Address with the Registrar of Companies, changing the registered and records office or offices to the last known address of such director or officer.

## Schedule “B”

### **MATERIAL CHANGES TO CHARTER**

Set out below is a discussion of the material changes from Subscribe Technologies Inc.’s (the “**Company**”) existing bylaws under the OBCA (“**Existing Bylaws**”) to those proposed under the New Articles. A number of these changes reflect the increased flexibility afforded to companies under the BCBCA as compared with those governed by the OBCA. In certain cases, provisions contained in the Existing Bylaws which deal with matters which will, following the Continuation, be dealt with in the BCBCA or applicable securities legislation, rules and policies, will no longer be contained in the New Articles. As well, certain provisions in the Existing Bylaws that reflect the provisions of the OBCA will be retained in the New Articles but will be altered as required to reflect the provisions of the BCBCA.

The following is a discussion of the substantive changes proposed in the New Articles.

#### *Directors Authority to Set Auditor’s Remuneration*

Under the BCBCA, a corporation is, subject to shareholder approval, permitted to include in the New Articles authorization for the directors to set the remuneration paid to the auditors of the Company. The OBCA requires the shareholders to set the remuneration or the shareholders to authorize, on an annual basis, the directors to set the remuneration. Historically, shareholders of the Company have always authorized the directors to set the auditor’s remuneration. As a result, the inclusion of the authority for directors to set the auditor’s remuneration in the New Articles merely codifies existing practice. More importantly, however, this change also codifies new corporate governance rules and regulations relating to audit committees and the appointment and remuneration of auditors.

#### *Special Majority for Resolutions*

Under the OBCA, the majority of votes required to pass a special resolution at a special meeting is not less than two-thirds of the votes cast on such special resolution. Under the BCBCA, a corporation is authorized to determine whether a special resolution requires not less than two-thirds or not less than three-quarters of the votes cast on a resolution. The Existing Bylaws did not state what the majority was for a special resolution, as this matter was dealt with under the OBCA. The New Articles provide that a special resolution will still require a majority of not less than two-thirds of the votes cast on a resolution. Under the New Articles, the removal of a director by the shareholders will require a special resolution as opposed to the Existing Bylaws and the OBCA, which require only an ordinary resolution of the shareholders in order to remove a director.

#### *Resolutions Required*

Under the BCBCA, a corporation is permitted in its articles to set out the type of approval required for certain corporate changes. This reflects an increasing need for companies to react and adapt to changing business conditions, and to have a system in place that allows for quick responses. Under the BCBCA, a corporation may choose different thresholds of support for specific resolutions, including changes such as the subdivision or consolidation of its shares and a change in the name of the corporation. Changes such as subdivisions, consolidations and name changes are required to be approved by shareholders under the OBCA. Traditionally, where these changes are proposed between annual meetings of shareholders, it would require that the Company hold a special meeting to have the change approved. This is very expensive for the Company, and results in unnecessary time delays and costs. As a result, as allowed under the BCBCA, management and the board of directors are proposing that the New Articles provide for the following matters, amongst others, to require a directors’ resolution only, and not require a shareholders’ resolution (recognizing that regulatory authorities may require shareholder approval in



certain cases in any event):

- a) a subdivision of all or any of the unissued, or fully paid issued, shares;
- b) a consolidation of all or any of the unissued, or fully paid issued, shares; and
- c) a change of name of the Company.

Other capital and share structure changes will continue to require shareholder approval.

Management believes that it is in the best interests of the Company to allow directors to pass resolutions to authorize the above changes so that the Company can react and adapt to changing business conditions in a timelier and less costly manner. Any such change would continue to be subject to the applicable securities laws and the rules and policies of applicable stock exchanges (which may require shareholder approval in certain cases).

#### *Number of Directors*

Under the OBCA, the number of directors to be elected at annual meetings is set by special resolution of the shareholders, which must be passed from time to time prior to the election of directors. Historically, shareholders of the Company have always approved the number of directors proposed by management. The New Articles provide for the number of directors to be set by a resolution of the directors. As a result, the inclusion of this authority for directors to fix the number of directors to be elected simply reflects existing practice. However, any vacancy amongst the directors caused by the number of directors having been increased by a resolution of the directors may be filled by the shareholders.

#### *Disclosure of Interest of Directors*

Under the BCBCA, the provisions relating to the disclosure of interests by directors have been revised and updated. As directors of the Company will, following the Continuation, be bound by these provisions, the New Articles will not contain the same references to the “Disclosure of Interest” of directors as found in the Existing Bylaws, but will instead refer to the provisions contained in the BCBCA.

#### *Authorized Share Capital*

Under the OBCA, the authorized capital of the Company was required to be set out in its Articles, and there is therefore no reference in the Existing Bylaws to the authorized capital. Under the BCBCA, the authorized capital is to be as set forth in the Notice of Articles. Therefore, the Notice of Articles will contain reference to the authorized capital of the Company following the Continuation (which will be the same as that of the Company prior to the Continuation).

#### *Alternate Directors*

The Existing Bylaws do not specifically provide for the appointment by a director of an individual to represent him and act on his behalf as a director (referred to as an “alternate director”). The New Articles specifically recognize the ability of a director to appoint an alternate director, and provide for the appointment, powers, duties and responsibilities and ceasing to act of an alternate director.

Schedule "C"

**DISSENT PROCEDURES**

**Section 185 of the OBCA: Rights of dissenting shareholders is reproduced in its full form below:**

**"Rights of dissenting shareholders**

185. (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s.185 (1).

**Idem**

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

**One class of shares**

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c. 34, Sched. B, s. 35.

**Exception**

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185(3).

### **Shareholder's right to be paid fair value**

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, 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 day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

### **No partial dissent**

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

### **Objection**

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

### **Idem**

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

### **Notice of adoption of resolution**

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

### **Idem**

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

### **Demand for payment of fair value**

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;

- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

**Certificates to be sent in**

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11).

**Idem**

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

**Endorsement on certificate**

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

**Rights of dissenting shareholder**

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10),

**Same**

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

- (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
- (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and

series of shares,

- (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and
- (ii) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

**Same**

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

- (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
- (b) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

**Offer to pay**

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

**Idem**

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

**Idem**

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O.1990, c. B.16, s. 185 (17).

**Application to court to fix fair value**

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

**Idem**

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

**Idem**

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

**Costs**

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

**Notice to shareholders**

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made, of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

**Parties joined**

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

**Idem**

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

**Appraisers**

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value

for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

### **Final order**

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

### **Interest**

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

### **Where corporation unable to pay**

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

### **Idem**

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain 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. R.S.O. 1990, c. B.16, s. 185 (29).

### **Idem**

(30) 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, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

### **Court order**

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms

and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

**Commission may appear**

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24).