

**PIMA ZINC CORP.**  
217 Queen Street West, Suite 401  
Toronto, Ontario M5V 0R2

**MANAGEMENT INFORMATION CIRCULAR**  
**As at January 8, 2021**

**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF PIMA ZINC CORP.** (the “**Company**”) of proxies to be used at the annual and special general meeting of members of the Company to be held on Monday, February 8, 2021 at the office of Irwin Lowy LLP at 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, at the hour of 10:00 a.m. (Eastern time), and at any adjournment or postponement thereof (the “**Meeting**”) for the purposes set out in the accompanying notice of meeting (the “**Notice**”). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice, this management information circular (“**Circular**”), the annual consolidated financial statements of the Company for the financial years ended December 31, 2017, 2018 and 2019 and related management’s discussion and analysis and other meeting materials, if applicable (collectively the “**Meeting Materials**”) to the beneficial owners of the ordinary shares of the Company (the “**Ordinary Shares**”) held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by the Company. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the members of the Company in favour of the matters set forth in the Notice.

**COVID-19 GUIDANCE**

**In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19 and in compliance with the orders and directives of the Government of Canada, the Province of Ontario and the City of Toronto, the shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out in the Notice and this Circular.**

**APPOINTMENT AND REVOCATION OF PROXIES**

A holder of Ordinary Shares who appears on the register of members maintained by the Company’s registrar and transfer agent as a registered holder of Ordinary Shares (each a “**Registered Member**”) may vote in person at the Meeting or may appoint another person to represent such Registered Member as proxy and to vote the Ordinary Shares of such Registered Member at the Meeting. In order to appoint another person as proxy, a Registered Member must complete, execute and deliver the form of proxy accompanying this Circular, or another form of proxy that complies with the requirements of the articles of association of the Company, in the manner specified in the Notice.

The purpose of a form of proxy is to designate persons who will vote on the member’s behalf in accordance with the instructions given by the member in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Company. **A REGISTERED MEMBER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A MEMBER OF THE COMPANY, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY THAT COMPLIES WITH THE REQUIREMENTS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY.** A Registered Member wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with the Company’s transfer agent and registrar, TSX Trust Company (the “**Transfer Agent**”) not later than 10:00 a.m. (Eastern time) on Thursday, February 4, 2021 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned

Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Member or his or her attorney duly authorized in writing or, if the Registered Member is a corporation, by an officer or attorney thereof duly authorized.

Proxies may be deposited with the Transfer Agent using one of the following methods:

<b>By Mail:</b>	TSX Trust Company 100 Adelaide Street West, Suite 301 Toronto, Ontario M5H 4H1
<b>Facsimile:</b>	(416) 595-9593
<b>By Internet:</b>	<a href="http://www.voteproxyonline.com">www.voteproxyonline.com</a> You will need to provide your 12 digit control number (located on the form of proxy accompanying this Circular).

A Registered Member attending the Meeting has the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Member who has given a form of proxy may revoke the form of proxy at any time prior to using it: (a) by depositing an instrument in writing, including another completed form of proxy, executed by such Registered Member or by his or her attorney authorized in writing or by electronic signature or, if the Registered Member is a corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed, subject to the provisions of the *Companies Law* (2020 Revision) (the “**Companies Law**”) and the articles of association of the Company, to (i) the registered Canadian office of the Company, located at 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, at any time prior to 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or any adjournment thereof or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by applicable law.

#### **EXERCISE OF DISCRETION BY PROXIES**

The Ordinary Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Member on any ballot that may be called for and, if a Registered Member specifies a choice with respect to any matter to be acted upon at the meeting, the Ordinary Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration and for each item of special business, as stated elsewhere in this Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

#### **ADVICE TO NON-REGISTERED MEMBERS**

**The information set forth in this section is of significant importance to many members of the Company, as a substantial number of members of the Company do not hold Ordinary Shares in their own name.** Only Registered Members or the persons they appoint as their proxies are permitted to attend and vote at the Meeting and only forms of proxy deposited by Registered Members will be recognized and acted upon at the Meeting. Ordinary Shares beneficially owned by a beneficial holder of Ordinary Shares who does not appear in the register of members

maintained by the Transfer Agent as a registered holder of Ordinary Shares (each a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the Ordinary Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) (each a “**Clearing Agency**”) of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing Agencies would be the Registered Members and would appear as such on the list maintained by the Transfer Agent. Non-Registered Holders do not appear on the list of the Registered Members maintained by the Transfer Agent.

#### ***Distribution of Meeting Materials to Non-Registered Holders***

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for onward distribution to Non-Registered Holders as well as directly to NOBOs (as defined below).

Non-Registered Holders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and the Company or its agent has sent the Meeting Materials directly to you, your name, address and information about your holdings of Ordinary Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Ordinary Shares on your behalf.

The Company’s OBOs can expect to be contacted by their Intermediary. The Company does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

#### ***Voting by Non-Registered Holders***

The Ordinary Shares held by Non-Registered Holders can only be voted or withheld from voting at the direction of the Non-Registered Holder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Ordinary Shares on behalf of Non-Registered Holders. Therefore, each Non-Registered Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Holders, which should be carefully followed by Non-Registered Holders in order to ensure that their Ordinary Shares are voted at the Meeting.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Ordinary Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

A. *Voting Instruction Form*. In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form (a “**VIF**”). If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder’s behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

B. *Form of Proxy*. Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Ordinary Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another

person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete and sign the form of proxy and in accordance with the directions on the form.

#### ***Voting by Non-Registered Holders at the Meeting***

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purposes of voting Ordinary Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Holder may attend the Meeting as proxyholder for the Registered Member who holds Ordinary Shares beneficially owned by such Non-Registered Holder and vote such Ordinary Shares as a proxyholder. A Non-Registered Holder who wishes to attend the Meeting and to vote their Ordinary Shares as proxyholder for the Registered Member who holds Ordinary Shares beneficially owned by such Non-Registered Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of proxy and insert the Non-Registered Holder's or its nominees name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to members in the Meeting Materials are to Registered Members as set forth in the register of members of the Company as maintained by the Transfer Agent, unless specifically stated otherwise.

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

The authorized share capital of the Company consists of 100,000,000 Ordinary Shares having a nominal or par value of US\$0.01 and 10,000,000 special shares having a nominal or par value of US\$0.05. As of Monday, January 4, 2021 (the "**Record Date**"), 25,343,496 Ordinary Shares were issued and outstanding and no special shares were issued. Each Ordinary Share outstanding on the Record Date carries the right to one vote at the Meeting.

Only Registered Members as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Member and proxy holder will have one vote and, on a poll, every Registered Member present in person or represented by proxy will have one vote for each Ordinary Share held.

To the knowledge of the Company's directors and executive officers, as of the date hereof, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, Ordinary Shares carrying more than 10% of the voting rights attached to the outstanding Ordinary Shares, other than as set forth below:

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>Percentage of Issued and Outstanding Ordinary Shares</b>
Pilot Gold Inc.	5,538,000	21.85%

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

No director or executive officer of the Company who was a director or executive officer at any time since the beginning of the Company's last financial year, or any associate or affiliates of any such directors or officers, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

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

To the knowledge of the board of directors of the Company (the "**Board**"), the matters to be brought before the Meeting are those matters set forth in the accompanying Notice.

#### **1. RECEIPT OF FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Company for the years ended December 31, 2017, 2018 and 2019 and the reports of the auditors will be placed before the members at the Meeting. No vote will be taken on the financial

statements. The financial statements and additional information concerning the Company are available under the Company's profile at [www.sedar.com](http://www.sedar.com).

## 2. ELECTION OF DIRECTORS

The Board currently consists of three directors to be elected annually. The following table states the names of the persons nominated by management for election as directors, any offices with the Company currently held by them, their principal occupations or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name, province or state and country of residence and position, if any, held in the Company	Principal Occupation <sup>(4)</sup>	Served as Director of the Company since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>	Percentage of Voting Shares Owned or Controlled
Albert Contardi <sup>(2)(3)</sup> Ontario, Canada  Chief Executive Officer and Director	President of General Capital Corporation and Interim President and Chief Executive Officer of QcX Gold Corp.	April 28, 2020	2,000,000	7.89%
David MacMillan <sup>(2)</sup> Ontario, Canada  Director	President, Chief Executive Officer and Secretary of Deveron Corp.	April 28, 2020	nil	n/a
Daniel Nauth <sup>(2)</sup> Ontario, Canada  Director	Principal at Nauth LPC, a law firm	April 28, 2020	nil	n/a

*Notes:*

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- (2) Member of the Audit Committee.
- (3) The Ordinary Shares are held by Generic Capital Corporation, a corporation controlled by Mr. Contardi.
- (4) The principal occupation during the past five years of the director nominees not previously elected by the shareholders of the Company are as follows:

**Albert Contardi:** Mr. Contardi has been President of Generic Capital Corporation since June 2013 and Interim President and Chief Executive Officer of QcX Gold Corp. since April 2020. Mr. Contardi serves as a director of TomaGold Corporation, Argentum Silver Corp., Veta Resources Inc., Mega Uranium Ltd. and Vanstar Mining Resources Inc.

**David MacMillan:** Mr. MacMillan has been President, Chief Executive Officer and Secretary of Deveron Corp. since June 2014.

**Daniel Nauth:** Mr. Nauth has been Principal of Nauth LPC since January 2018. Prior thereto, Mr. Nauth was an Attorney at Dorsey & Whitney LLP from 2012 to 2017. Mr. Nauth is serves as Chairman of the Board and a director of Bhang Inc., a director of QcX Gold Corp., a director of Interactive Capital Partners Corporation and a director of SBD Capital Corp.

The term of office of each director will be from the date of the annual meeting of the members of the Company at which he or she is elected until the next annual meeting, or until his or her successor is elected or appointed.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE MEMBER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Management has no reason to believe that any of the nominees will be unable to serve as a director but, **IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE MEMBER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

### ***Corporate Cease Trade Orders or Bankruptcies***

No proposed director, within 10 years before the date of this Circular, has been a director, chief executive officer or chief financial officer of any corporation that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director, within 10 years before the date of this Circular, has been a director or executive officer of any corporation that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Personal Bankruptcies***

None of the directors of the Company have, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### ***Penalties and Sanctions***

None of the directors of the Company have been subject to 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 likely be considered important to a reasonable investor in making an investment decision.

## **3. APPOINTMENT OF AUDITORS**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF FRUCI & ASSOCIATES II, PLLC, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF MEMBERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE MEMBER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Fruci & Associates II, PLLC (formerly MartinelliMick PLLC), Chartered Professional Accountants were first appointed as the auditors of the Company in November, 2011.

## **4. AMENDMENT TO MEMORANDUM OF ASSOCIATION – CONSOLIDATION**

The members of the Company are being asked to pass a special resolution (the “**Consolidation Resolution**”) that would authorize the Company to amend its memorandum of association to consolidate each of the issued and outstanding Ordinary Shares such that, following the amendment, each block of twenty (20) Ordinary Shares shall be consolidated into one (1) Ordinary Share (the “**Consolidation**”).

In the event that members pass the Consolidation Resolution to consolidate the Ordinary Shares, the presently issued and outstanding 25,343,496 Ordinary Shares will be consolidated into approximately 1,267,174 Ordinary Shares. If the Consolidation would otherwise result in a member holding a fraction of an Ordinary Share, no certificate for such

fractional share will be issued and such member will not receive a whole Ordinary Share for such fraction of an Ordinary Share held. In all other respects, the post-consolidated Ordinary Shares will have the same attributes as the existing Ordinary Shares.

The text of the Consolidation Resolution to be voted on at the Meeting by the members is set forth below:

**“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the memorandum of association of the Company be amended to consolidate each of the issued and outstanding ordinary shares of the Company such that, following the amendment, each block of twenty (20) ordinary shares of the Company shall be consolidated into one (1) ordinary share of the Company (the “**Consolidation**”);
2. the directors of the Company are hereby authorized, in their sole discretion, when and if to effect the Consolidation, in each case without requirement for further approval, ratification or confirmation by the members, as more particularly described in the accompanying management information circular of the Company dated January 8, 2021, provided that, in the event that the Consolidation would result in a member of the Company holding a fraction of an ordinary share, that member shall not receive a whole ordinary share of the Company for such fraction of an ordinary share;
3. notwithstanding that this resolution has been duly passed by the members of the Company, the directors of the Company be, and they are hereby authorized and empowered, to revoke this resolution at any time prior to this resolution to amend the memorandum of association being filed with the Registrar of Companies of the Cayman Islands and to determine not to proceed with the foregoing amendment without further approval or consent of the members of the Company; and
4. any director or officer of the Company be and he or she is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, including, without limitation, the execution and delivery of the resolution to amend the memorandum of association of the Company pursuant to applicable law, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

The articles of the Company defines a “special resolution” to mean “a resolution passed at a general meeting (or, if so specified, a class meeting) of the Company by a majority of two thirds of the votes cast, as provided in the Companies Law, or a circular resolution.” Consistent with the articles, the Companies Law specifies that a special resolution is one that has been passed by a majority of at least two-thirds of such members as, being so entitled to do so, vote at a general meeting.

The Board recommends that the members vote in favour of the Consolidation Resolution and thereby approve the Consolidation as set out above.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE CONSOLIDATION RESOLUTION, UNLESS THE MEMBER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS ORDINARY SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

**5. AMENDMENT TO MEMORANDUM OF ASSOCIATION – DEREGISTRATION OF THE COMPANY IN THE CAYMAN ISLANDS PURSUANT TO THE COMPANIES LAW**

It has been proposed by the Board that the Company be deregistered in the Cayman Islands and continued into the provincial jurisdiction of British Columbia (the “**Deregistration**”). In order for this to proceed, the Companies Law requires that, amongst other things, the Company’s memorandum and articles of association permit the Company to be deregistered.

The members of the Company are being asked to pass a special resolution that would authorize the Company to amend its memorandum and articles of association to permit the Company to deregister in the Cayman Islands (the “**Amending Resolution**”).

The members will also be asked at the Meeting to consider, and if deemed advisable, to pass a special resolution that, subject to the memorandum and articles of association being so amended, the Company be deregistered in the Cayman Islands and continued into the provincial jurisdiction of British Columbia (the “**Deregistration Resolution**”).

From the date upon which the Company is deregistered, the Company shall cease to be a company in the Cayman Islands for all purposes under the Companies Law and shall continue as a company under the laws of British Columbia; provided always that, this shall not operate: (a) to create a new legal entity; (b) to prejudice or affect the identity or continuity of the Company as previously constituted; (c) to affect the property of the Company; (d) to affect any appointment made, resolution passed or any other act or thing done in relation to the Company pursuant to a power conferred by the memorandum and articles of association of the Company or by the laws of the Cayman Islands; (e) except to the extent provided by or pursuant to Part XII of the Companies Law, to affect the rights, powers, authorities, functions and liabilities or obligations of the Company or any other person; or (f) to render defective any legal proceedings by or against the Company, and any legal proceedings that could have been continued or commenced by or against the Company before its Deregistration may, notwithstanding such Deregistration, be continued or commenced by or against the Company after the Deregistration.

The text to amend the memorandum and articles of association of the Company to permit the Company to be deregistered in the Cayman Islands is set forth below:

“**WHEREAS**, pursuant to section 206 of the *Companies Law* (2020 Revision) (the “**Companies Law**”), an exempted company, which proposes to be registered by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands, may apply to the Registrar of Companies of the Cayman Islands to be deregistered;

**AND WHEREAS**, amongst other things, the Companies Law requires that if a company should propose to be deregistered in the Cayman Islands, its memorandum and articles of association must permit it to so deregister;

**AND WHEREAS**, the Company’s memorandum and articles of association do not currently contain a provision permitting the Company to so deregister.

**BE IT RESOLVED BY SPECIAL RESOLUTION THAT** the Company’s memorandum and articles of association be and are hereby amended to include the following provision:

Subject to the provisions of the Law, the Company may by special resolution determine to be registered by way of continuation in a jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands. In furtherance of a special resolution adopted hereby, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.”

The text to authorise the Company apply to the Registrar of Companies in the Cayman Islands to permit the Company to be deregistered in the Cayman Islands and and continued into the provincial jurisdiction of British Columbia is set forth below:

“**WHEREAS**, subject to the Company amending its memorandum and articles of association permitting it to be deregistered in the Cayman Islands, it has been proposed that the Company should apply to the Registrar of Companies in the Cayman Islands to be deregistered as a Cayman Islands exempted company and continued into the provincial jurisdiction of British Columbia, Canada.



**BE IT RESOLVED BY SPECIAL RESOLUTION THAT**, subject to the aforesaid amendment to the memorandum and articles of association of the Company, the Company is hereby authorised and approved to make application to the Registrar of Companies in the Cayman Islands to be deregistered as an exempted company of the Cayman Islands in order that it may continue as a corporation in the provincial jurisdiction of British Columbia, Canada.”

The articles of the Company defines a “special resolution” to mean “a resolution passed at a general meeting (or, if so specified, a class meeting) of the Company by a majority of two thirds of the votes cast, as provided in the Companies Law, or a circular resolution.” Consistent with the articles, the Companies Law specifies that a special resolution is one that has been passed by a majority of at least two-thirds of such members being so entitled to vote at a general meeting.

The Board recommends that the members vote in favour of (a) the Amending Resolution to amend the memorandum and articles of association of the Company permitting it to be deregistered in the Cayman Islands, and (b) the Deregistration Resolution to approve the Deregistration, all as set out above.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE DEREGISTRATION RESOLUTION, UNLESS THE MEMBER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS ORDINARY SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

#### **6. CONTINUANCE UNDER THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA) AND ADOPTION OF NEW ARTICLES**

The shareholders will be asked at the Meeting to consider, and if deemed advisable, to pass, with or without variation, a special resolution to continue the Company (the “**Continuance**”) into the provincial jurisdiction of British Columbia under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) (the “**Continuance Resolution**”).

The Board may determine not to implement the Continuance after the Meeting, after receipt of necessary shareholder and regulatory approvals, or after filing the prescribed continuation application with the Registrar of Companies appointed under the BCBCA (the “**BC Registrar**”), but prior to the Registrar of Companies of the Cayman Islands deregistering the Company under the Companies Law or a Certificate of Continuation being issued under the BCBCA, without further action on the part of the shareholders.

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

#### ***Constating Documents***

As part of the Continuance Resolution, the shareholders will also be asked to approve the adoption by the Company of the Notice of Articles and Articles, which comply with the requirements of the BCBCA, in substitution for the existing Memorandum of Association and Articles of Association of the Company. The proposed form of Articles are attached to this Circular as Schedule “B”. A copy of the proposed Notice of Articles will be available for review by shareholders at the Meeting and, in addition, a copy of such Notice of Articles will be mailed or emailed, free of charge, to any shareholder who requests a copy, in writing, from the Company at least seven (7) business days prior to the Meeting.

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

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

- (a) the shareholders of the Company must approve the Continuance Resolution at the Meeting, authorizing the Company to, among other things, file the continuation application with the BC Registrar;

- (b) the Company must apply to the Registrar of Companies of the Cayman Islands to be deregistered by way of continuation pursuant to Section 206 of the Companies Law;
- (c) provided that all documents are in order and all action necessary has been taken by the Company, the Registrar of Companies of the Cayman Islands will grant the de-registration and issue a certificate that the Company has been de-registered as an exempted company; and
- (d) the Company must apply to the BC Registrar for a certificate of continuation (the “**Certificate of Continuation**”) under the BCBCA.

### *Effects of the Continuance*

Upon issue of a Certificate of Continuation for the Company under the BCBCA, the Company will cease to be a corporation governed by the the Companies Law and will be governed by the BCBCA. The BCBCA provides that when a foreign corporation continues into British Columbia under the BCBCA:

- (a) the property, rights and interests of the foreign corporation continue to be the property, rights and interests of the British Columbia corporation;
- (b) the British Columbia corporation continues to be liable for the obligations of the foreign corporation;
- (c) an existing cause of action, claim or liability to prosecution is unaffected;
- (d) a legal proceeding being prosecuted or pending by or against the foreign corporation may be prosecuted or its prosecution may be continued, as the case may be, by or against the British Columbia corporation; and
- (e) a conviction against, or a ruling, order or judgement in favour of or against the foreign corporation may be enforced by or against the British Columbia corporation.

The Continuance would result in shareholders holding common shares in the Company (“**Common Shares**”), as a British Columbia corporation. The number of ordinary shares a shareholder owns (or has rights to acquire) and the percentage ownership such shareholder has of the Company would not change as a result of the Continuance. A shareholder would hold that number of common shares that is equal to the number of ordinary shares each such shareholder holds immediately prior to the effective time of Continuance.

### *Certain Corporate Differences Between the BCBCA and the Companies Law*

The following is a summary comparison of certain provisions of the BCBCA and the Companies Law and differences in those provisions that pertain to the rights of shareholders of the Company. This summary is not exhaustive and shareholders are advised to review the full text of the BCBCA and consult their legal advisors regarding the implications of the Continuance.

#### Charter Documents

Under the BCBCA, the charter documents of the Company will consist of a “Notice of Articles” which sets forth, among other things, the name of the Company and the amount and type of authorized capital and indicates if there are any rights and restrictions attached to the shares, and “Articles” which govern the management of the Company (collectively, the “**Charter Documents**”). The Notice of Articles is filed with the BC Registrar and the Articles are filed only with the Company’s registered and records office.

Under the Companies Law, the Company has (a) “Memorandum of Association”, which set forth the name of the Company, the objects for which the Company was established, and the amount and classes of authorized share capital, and (b) “Articles of Association” (collectively, the “**Cayman Charter Documents**”) which, among other things, govern the management of the Company. The Cayman Charter Documents are filed with the Registrar of Companies of the Cayman Islands under the Companies Law.

If shareholders approve the Continuance, the Notice of Articles and Articles under the BCBCA will provide for authorized capital consisting of an unlimited number of Common Shares without par value, wherein the Company's authorized capital under the Companies Law is US\$1,500,000, divided into 110,000,000,000 shares, of which 10,000,000 are designated as special shares having a nominal par value US\$0.05 each and 100,000,000 are designated as ordinary shares having a nominal or par value of US\$0.01. The attributes of the Common Shares are, in most material respects, similar to the attributes of the ordinary shares. The Continuance to British Columbia and adoption of the new Charter Documents will not result in any substantive changes to the constitution, powers or management of the Company, except as previously described.

Therefore, the current memorandum and articles of association of the Company noted above, which are suitable for a company governed by the Companies Law but not for a corporation governed by the BCBCA, will have to be changed to the Charter Documents, which are suitable for a British Columbia corporation. The repeal of the existing memorandum and articles of association of the Company and the adoption of the Notice of Articles and Articles have been approved by the Board. Upon the Continuance becoming effective, the Cayman Charter Documents will be repealed and replaced with the Notice of Articles and Articles.

#### *Vote Required for Certain Transactions*

Under the BCBCA, certain extraordinary corporate actions, such as certain amalgamations, continuations and sales, leases or otherwise disposes of all or substantially all a corporation's undertaking other than in the ordinary course of business, and other extraordinary corporate actions such as liquidations, and (if ordered by a court) arrangements, are required to be approved by special resolution. A special resolution is a resolution (i) passed at a meeting by not less than two-thirds of the votes cast by the shareholders who voted in respect of the resolution, or (ii) approved in writing by all shareholders entitled to vote on the matter.

The Companies Law provides for mergers and consolidations, and in such case would require that the members of the constituent companies pass a special resolution approving such merger or consolidation, as well as such other authorization, if any, as may be specified in each such constituent company's articles of association.

The Companies Law also provides for a procedure known as a "scheme of arrangement." By such procedure, a creditor of the company or a member of the company may apply to the court to order a meeting of the creditors of the company or of any class of creditors affected by the scheme, and/or a meeting of all members of the company or of any class of members affected by the scheme, and if a majority in number of the creditors or shareholders, as the case may be, present at the meeting held to consider the arrangement, representing at least 75% in value of the creditors or class of creditors, or members or class of members, as the case may be, agree to the scheme, the scheme, if sanctioned by the court, shall bind the company, all relevant creditors and all relevant members.

In addition, Cayman companies may be acquired by other corporations by the direct acquisition of the shares of the target corporation or by the acquisition of its assets. The Companies Law provides that when an offer is made for the shares or any class of shares of a Cayman Islands company and, within four months of the offer, the holders of not less than 90% of those shares accept, the offeror may, for two months after that four-month period, require the remaining shareholders to transfer their shares to the acquiror on the same terms as the original offer, subject in each instance to an order of the court to the contrary upon application of any dissenting shareholder.

#### *Amendments to Corporate Charter*

Any substantive change to the corporate charter of a corporation under the BCBCA, such as an alteration of the restrictions, if any, of the business carried on by the Company, a change in the name of the corporation or an increase or reduction of the authorized capital of the corporation requires a special resolution passed by not less than two-thirds of the votes cast by shareholders voting in person or by proxy at a general meeting of the corporation, unless another type of approval is specified in its Articles. Other fundamental changes such as an alteration of the special rights and restrictions attached to issued shares, also require a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class entitled to vote at a general meeting of the corporation, unless another type of approval is specified in its Articles. The holders of all classes of shares adversely affected by an alteration of special rights and restrictions must vote by separate class votes. The Company will adopt Articles which alter the requirements for special resolutions in certain instances, as more particularly described below.

The Articles to be adopted by the Company provide in Article 9.1 that the following matters may be approved by simple majority resolution of the directors:

- (a) the creation of 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, the elimination that class or series of shares;
- (b) any increase, reduction or elimination of the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establishing 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) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) a decrease to the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, an increase to the par value of those shares;
- (d) the subdivision of all or any of its unissued or fully paid issued shares with par value into shares of a smaller par value or no par value;
- (e) the subdivision of all or any of its unissued or fully paid issued shares without par value;
- (f) a change of all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (g) the alteration of the identifying name of any of its shares;
- (h) the consolidation of all or any of its unissued, or fully paid issued shares with par value into shares of a larger par value or no par value;
- (i) the consolidation of all or any of its unissued, or fully paid issued shares without par value;
- (j) otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA and subject to Article 9.2.

Further, Article 9.2 of the Articles to be adopted by the Company permits the following matters may be approved by simple majority resolution of the shareholders:

- (a) creating special rights or restrictions for, and attaching those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) varying or deleting any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

Article 9.4 of the Articles to be adopted by the Company permits that by simple majority of the directors, the directors may authorize and cause the Company to alter its Notice of Articles in order to change its name.

Under the Companies Law, the Cayman Charter Documents may only be amended by a special resolution, which requires the approval of not less than two-thirds of the votes cast at a meeting (or such greater number as may be specified by the Articles of Association) or approval in writing by all members entitled to vote on the matter. The Board may not effect amendments to the Cayman Charter Documents on its own.

### *Dissent Rights*

The BCBCA provides that shareholders who dissent to certain actions being taken by the Company may exercise a right of dissent and require the Company to purchase the Common Shares held by such shareholder at the fair value of such Common Shares. The dissent right is applicable where any court order permits the dissent or where the Company proposes:

- (a) by resolution to alter the articles to alter restrictions on the powers of the Company or on the business it is permitted to carry on;
- (b) by resolution to adopt an amalgamation agreement;
- (c) by resolution to approve an amalgamation into a foreign jurisdiction;
- (d) by resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) by resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the Company's undertaking;
- (f) by resolution to authorize the continuation of the Company into a jurisdiction other than BC; or
- (g) to ask shareholders to approve any other resolution, if dissent is authorized by the resolution.

Save and except in certain cases, such as a proposed merger or consolidation (pursuant to which a dissenting shareholder is entitled to payment of the fair value of his shares) or an acquisition pursuant to section 88 of the Companies Law, there is no specific right of dissent for shareholders under the Companies Law.

### *Oppression Remedies*

Under the BCBCA, a shareholder, or any other person whom the court considers to be an appropriate person to make an application, has the right to apply to court on the grounds that:

- (a) the affairs of the Company 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
- (b) some act of the Company 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 Company.

The laws of the Cayman Islands do not provide for a similar remedy. There is, however, a right under the Companies Law for a shareholder to apply to court to have, among other things, a Cayman Islands company wound up on the grounds that it would be just and equitable to do so. Also, please see the section entitled "Derivative Action", where certain other minority rights are discussed.

### *Derivative Action*

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

The Cayman Islands courts have recognized derivative claims by shareholders on behalf of a company in some limited circumstances.

### *Duties of Directors and Officers*

Under the BCBCA, in exercising their powers and discharging their duties, directors and officers must act honestly and in good faith, with a view to the best interests of the corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. No provision in the corporation's notice of articles, articles, resolutions or contracts can relieve a director or officer of these duties.

Fiduciary obligations of directors under the Companies Law and Cayman jurisprudence are substantially the same as under the BCBCA. The Companies Law does not directly address the issue of the limitation of a director's liability.

### *Indemnification of Officers and Directors*

The BCBCA allows a corporation to indemnify a director or former director or officer or former officer of a corporation or its affiliates against all liability and expenses reasonably incurred by him in a proceeding to which he is made party by reason of being or having been a director or officer if he acted honestly and in good faith with a view to the best interests of the corporation and, in cases where an action is or was substantially successful on the merits of his defence of the action or proceeding against him in his capacity as a director or officer.

Under Companies Law a corporation's articles of association may provide for the indemnification of its directors, officers, employees and agents except to the extent that such provision may be held by the Cayman Islands courts to be contrary to public policy. For instance, a provision purporting to provide indemnification against the consequences of committing a crime may be deemed contrary to public policy. In addition, an officer or director may not be indemnified for his or her own fraud, willful neglect or willful default. The Cayman Charter Documents provide for the indemnification of directors and officers and advancement of expenses to defend claims against directors to the fullest extent allowed by law.

The text of the Continuance Resolution to be voted on at the Meeting by the shareholders is set forth below:

#### **“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the continuance of the Company out of the Cayman Islands under the provisions of the *Companies Law* (2020 Revision) (the “**Companies Law**”) and into the Province of British Columbia under the provisions of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) be and is hereby authorized and approved;
2. the Company be and is hereby authorized to apply to the Registrar of Companies of the Cayman Islands (the “**Cayman Registrar**”) under the Companies Law to be deregistered by way of continuation pursuant to Section 206 of the Companies Law and to apply to the Registrar of Companies of British Columbia (the **BC Registrar**”) under the BCBCA for a Certificate of Continuation continuing the Company as if it had been incorporated under the BCBCA;
3. the Company is hereby authorized to appoint an agent or agents to electronically file a continuation application (the “**Continuation Application**”) with the BC Registrar;
4. subject to the issuance by the BC Registrar of a Certificate of Continuation, effective upon the issuance of the Certificate of Continuation, the Company adopt the Notice of Articles set forth in the Continuation Application and the Articles approved by the directors of the Company pursuant to the BCBCA, that latter of which is substantially in the form attached to the Management Information Circular dated January 8, 2021, in substitution for the Company's existing Memorandum of Association and Articles of Association;
5. the directors of the Company may, in their sole discretion, decide not to act on this special resolution without further approval of authorization from the shareholders of the Company; and
6. any one director or officer of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all such documents and instruments and take all such other actions as such director or officer may determine necessary or desirable to implement this resolution and the matters authorized hereby,

such determination to be conclusively evidenced by the execution and delivery of such documents and instruments or the taking of such actions.”

The articles of the Company defines a “special resolution” to mean “a resolution passed at a general meeting (or, if so specified, a class meeting) of the Company by a majority of two thirds of the votes cast, as provided in the Companies Law, or a circular resolution.” Consistent with the articles, the Companies Law specifies that a special resolution is one that has been passed by a majority of at least two-thirds of such members being so entitled to vote at a general meeting.

The Board recommends that the members vote in favour of the Continuance Resolution to approve the Continuance as set out above.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE CONTINUANCE RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

## **7. APPROVAL OF NEW STOCK OPTION PLAN**

The Company has in place a “rolling” stock option plan (the “**2011 Stock Option Plan**”) for directors, officers, employees and consultants of the Company. The 2011 Stock Option Plan was approved by the directors of the Company on June 30, 2011.

The Board has determined that it is appropriate to update the 2011 Stock Option Plan and accordingly has decided to adopt a new “rolling” stock option plan (the “**2021 Stock Option Plan**”) that is in line with current stock exchange policies, the stock option plans of the Company’s peers and with current market practices including, among other things, tax withholding provisions. The Board approved the 2021 Stock Option Plan on January 4, 2021. The Company has not granted any options under the 2021 Stock Option Plan.

The purpose of the 2021 Stock Option Plan is to attract, retain and motivate directors, officers, employees and other service providers of the Company by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

The following is a summary of the key terms of the 2021 Stock Option Plan, which is qualified in its entirety by the full text of the 2021 Stock Option Plan which will be made available at the office of Irwin Lowy LLP, at 217 Queen Street West, Suite 401, Toronto, Ontario M5V 0R2, until the business day immediately preceding the date of the Meeting:

- (a) options may be granted under the 2021 Stock Option Plan only to directors, officers, employees, investor relations providers and consultants of the Company and its subsidiaries and affiliates, if any, and other designated persons as designated from time to time by the Board;
- (b) the maximum number of Common Shares in respect of which options may be outstanding under the 2021 Stock Option Plan at any given time is equivalent to 10% of the issued and outstanding Common Shares at that time less the number of Common Shares subject to grant under any of the Company’s other share compensation arrangements;
- (c) unless the Company has obtained the requisite disinterested shareholder approval, the total number of Common Shares that may be reserved for issue at any given time to any one person, other than a consultant, under any of the Company’s other share compensation arrangements in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares at that time;
- (d) the maximum term of any option issued under the 2021 Stock Option Plan is 10 years after the date of the grant of the option;

- (e) subject to extension by the Board, an optionee has 90 days after the date on which such optionee's employment, directorship, consulting agreement or other qualified position is terminated, to exercise any options granted to him or her under the 2021 Stock Option Plan;
- (f) the Board may, in its sole discretion, increase the periods permitted to exercise any options under the 2021 Stock Option Plan following a termination of employment, directorship, consulting agreement or other qualified position, if allowable under applicable law, provided, however, that, among other things, such options may not be exercisable more than 10 years after the date on which they were granted;
- (g) an option granted under the 2021 Stock Option Plan terminates on the earlier of one year following the death of the optionee and the option's regular expiry date; and
- (h) in the event of a reorganization of the Company or the amalgamation, merger or consolidation of the Common Shares, the Board will make such appropriate provisions for the protection of the rights of the optionee as it may deem advisable.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, pass, with or without variation, the following resolution (the "**2021 Stock Option Plan Resolution**") approving and confirming the 2021 Stock Option Plan:

**"BE IT RESOLVED THAT:**

1. the stock option plan of the Company approved by the directors of the Company on June 30, 2011 be replaced with the new stock option plan approved by the directors of the Company on January 4, 2021 as described in the management information circular dated January 8, 2021 of the Company (the "**2021 Stock Option Plan**");
2. the 2021 Stock Option Plan be and it is hereby approved and adopted;
3. the directors of the Company be authorized to grant options under, and subject to the terms and conditions of, the 2021 Stock Option Plan, which may be exercised to purchase up to 10% of the issued and outstanding number of common shares of the Company at the date of the grant of the options; and
4. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Company may be necessary or desirable to carry out the terms of the foregoing resolutions."

In order to pass the 2021 Stock Option Resolution, at least a majority of the votes cast by the shareholders present at the Meeting in person or by proxy must be voted in favour of the 2021 Stock Option Resolution. If the 2021 Stock Option Resolution does not receive the requisite shareholder approval, the 2011 Stock Option Plan will continue to be in effect.

The Board recommends that shareholders vote in favour of the 2021 Stock Option Resolution to approve and confirm the 2021 Stock Option Plan as set out above.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE 2021 STOCK OPTION PLAN RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**



## STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Company as at December 31, 2019 whose total compensation was more than \$150,000 for the financial year of the Company ended December 31, 2019 (collectively the “**Named Executive Officers**”) and for the directors of the Company.

### Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Company. The following table does not disclose any information regarding Mr. Albert Contardi, the Chief Executive Officer and director of the Company, Mr. Arvin Ramos, Chief Financial Officer of the Company, Mr. David MacMillan, a director of the Company and Mr. Daniel Nauth, a director of the Company, as each of them was appointed to their position with the Company after the financial year of the Company ended December 31, 2019.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Brian Stecyk <sup>(2)</sup> Former Chief Executive Officer and Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
John Dyer <sup>(3)</sup> Former Chief Financial Officer	2019	C\$10,000	nil	nil	nil	nil	C\$10,000
	2018	nil	nil	nil	nil	nil	nil
Conan Taylor <sup>(4)</sup> Former Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
Chris Irwin <sup>(5)(10)</sup> Former President and Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
Bryan Morris <sup>(6)</sup> Former Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
Randal Hardy <sup>(7)</sup> Former Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
Arvin Ramos <sup>(8)</sup> Former Chief Financial Officer	2019	C\$10,000	nil	nil	nil	nil	C\$10,000
	2018	nil	nil	nil	nil	nil	nil
Marco Guidi <sup>(9)</sup> Former Chief Financial Officer	2019	C\$3,000	nil	nil	nil	nil	C\$3,000
	2018	C\$12,000	nil	nil	nil	nil	C\$12,000

*Notes:*

- (1) This table does not include any amount paid as reimbursement for expenses.
- (2) Mr. Stecyk was appointed as Chief Executive Officer and director on July 17, 2019 and resigned on April 28, 2020. Mr. Contardi was appointed in his stead.
- (3) Mr. Dyer was appointed as Chief Financial Officer and director on July 17, 2019 and resigned on April 28, 2020. Mr. Ramos was appointed Chief Financial Officer and Mr. MacMillan was appointed director in his stead.
- (4) Mr. Taylor was appointed as a director on July 17, 2017 and resigned on April 28, 2020. Mr. Nauth was appointed in his stead.
- (5) Mr. Irwin resigned as President and a director on July 17, 2019.
- (6) Mr. Morris resigned as a director of the Company on July 17, 2019.
- (7) Mr. Hardy resigned as a director of the Company on July 17, 2019.
- (8) Mr. Ramos resigned as Chief Financial Officer on July 17, 2019 and was re-appointed on April 28, 2020.
- (9) Mr. Guidi resigned as Chief Financial Officer of the Company in May 2019.
- (10) During the financial year ended December 31, 2019 and 2018, Irwin Lowy LLP, a limited liability partnership of which Mr. Irwin is a partner, accrued fees of C\$57,111.27 and C\$23,099.83 for legal services, respectively.

### Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any Named Executive Officer or to any director of the Company during the most recently completed financial year of the Company for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

No compensation securities were exercised by any Named Executive Officer or any director of the Company during the most recently completed financial year of the Company.

### **Stock Option Plan and other Incentive Plans**

The Company has in place a “rolling” stock option plan (the “**Stock Option Plan**”) which was approved by the directors of the Company on June 30, 2011.

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan. The purpose of the Stock Option Plan is to, among other things, encourage Ordinary Share ownership in the Company by directors, officers, employees and consultants of the Company and its affiliates and other designated persons. Stock options may be granted under the Stock Option Plan only to directors, officers, employees and consultants of the Company and its subsidiaries and other designated persons as designated from time to time by the Board.

The number of Ordinary Shares which may be reserved for issue under the Stock Option Plan is limited to 10% of the issued and outstanding number of Ordinary Shares as at the date of the grant of stock options. As at the date hereof, no options have been issued and there are 2,534,349 Ordinary Shares reserved for issue under the Stock Option Plan.

Any Ordinary Shares subject to an option which, for any reason, is cancelled or terminated prior to exercise will be available for a subsequent grant under the Stock Option Plan. The option price of any Ordinary Shares cannot be less than the market price of the Ordinary Shares. Options granted under the Stock Option Plan may be exercised during a period not exceeding ten years, subject to earlier termination upon the termination of the optionee’s employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Company or any of its subsidiaries or ceasing to have a designated relationship with the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The options are non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Ordinary Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Ordinary Shares, a merger or other relevant changes in the Company’s capitalization. Subject to member approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of options granted under the Stock Option Plan.

The Company has no equity compensation plans other than the Stock Option Plan. At the Meeting, management proposes that shareholders approve the new 2021 Stock Option Plan as described under the section entitled “*Approval of New Stock Option Plan*”.

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

The Company does not have in place any employment agreements between the Company or any subsidiary or affiliate thereof and its Named Executive Officers.

There are no employment agreements in place with any of the directors of the Company.

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

#### ***Compensation of Directors***

The Board, at the recommendation of the management of the Company, determines the compensation payable to the directors of the Company and reviews such compensation periodically throughout the year. For their role as directors of the Company, each director of the Company who is not a Named Executive Officer may, from time to time, be awarded stock options under the provisions of the Stock Option Plan. There are no other arrangements under which the directors of the Company who are not Named Executive Officers were compensated by the Company or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Company.

## *Compensation of Named Executive Officers*

### *Principles of Executive Compensation*

The Company believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Company as a whole. The primary components of the Company's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the members. The following principles form the basis of the Company's executive compensation program:

1. align interest of executives and members;
2. attract and motivate executives who are instrumental to the success of the Company and the enhancement of member value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Company's long term value; and
5. connect, if possible, the Company's employees into principles 1 through 4 above.

The Board is responsible for the Company's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Company and the Named Executive Officers. The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The Board also reviews and approves the hiring of executive officers.

### *Base Salary*

The Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers of the Company is consistent with the administration of salaries for all other employees.

### *Annual Incentives*

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Company, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals. The Board approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day to day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

### Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

### Long Term Compensation

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan.

### **Pension Disclosure**

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Company.

### **Termination and Change of Control Benefits**

The Company does not have in place any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Company in connection with or related to the retirement, termination or resignation of such person. The Company has not provided any compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates.

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

The following table sets forth information with respect to all compensation plans of the Company under which equity securities are authorized for issue as of December 31, 2019:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (\$)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (#)</b>
Equity compensation plans approved by securityholders	nil	nil	2,534,349
Equity compensation plans not approved by securityholders	nil	nil	nil
<b>Total</b>	<b>nil</b>	<b>nil</b>	<b>2,534,349</b>

Note:

(1) *The Stock Option Plan is a "rolling" stock option plan whereby the maximum number of Ordinary Shares that may be reserved for issue pursuant to the Stock Option Plan will not exceed 10% of the outstanding Ordinary Shares at the time of the stock option grant. As at the date of this Circular, no options have been issued and 2,534,349 Ordinary Shares may be reserved for issue pursuant to the Stock Option Plan.*

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

No director, executive officer or principal member of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of the most recently completed financial year of the Company or in any proposed transaction that has materially affected or will materially affect the Company.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director or officer of the Company or person who acted in such capacity in the last financial year of the Company, or any other individual who at any time during the most recently completed financial year of the Company was a director of the Company or any associate of the Company, is indebted to the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

## **AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER**

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) requires that certain information regarding the Audit Committee of a “venture issuer” (as that term is defined in NI 52-110) be included in the management information circular sent to members in connection with the issuer’s annual meeting. The Company is a “venture issuer” for the purposes of NI 52-110.

### **Audit Committee Charter**

The full text of the charter of the Company’s Audit Committee is attached hereto as Schedule “A” (the “**Audit Committee Charter**”).

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

The current Audit Committee members are Albert Contardi, David MacMillan and Daniel Nauth, each of whom is a director and financially literate. Messrs. MacMillan and Nauth are deemed to be “independent” for the purposes of NI 52-110, while Mr. Contardi, the Chief Executive Officer of the Company, is not considered to be “independent” for the purposes of NI 52-110.

### **Relevant Education and Experience**

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

***Albert Contardi, Chief Executive Officer and Director***

Mr. Contardi is a consultant/adviser with over 15 years of legal, investment and capital markets experience. He advises on and structures corporate finance transactions in the mining, technology and bio-technology sectors, to maximize enterprise value or specific projects/assets. Mr. Contardi has extensive experience in advising a broad range of clients, including both senior and junior issuers, underwriters, agents, selling security holders, entrepreneurs and private corporations. Previously, he was Vice President of Corporate Finance and Compliance at an exempt market dealer, where his responsibilities included advising on public and private equity and debt financings, public listings, mergers and acquisitions and other corporate transactions. Mr. Contardi began his career practicing law as an Associate in the corporate/securities law practices at Gowling Lafleur Henderson LLP and Goodman and Carr LLP. He has been called to the Ontario Bar, is a member of the Law Society of Upper Canada and is a graduate of Queen's University Law School.

***David MacMillan, Director***

Mr. MacMillan is an entrepreneur with extensive experience building start-ups using public markets across multiple industries. Mr. MacMillan holds an MSc in International Economics from the University of Glasgow, where he graduated first in his class. He also holds a BA in economics from McGill University and is a CFA® charterholder.

***Daniel Nauth, Director***

Mr. Nauth practices U.S. securities and corporate law and advises both public and private issuers on U.S.-Canada cross border capital markets, M&A and corporate/securities transactions and regulatory compliance. Mr. Nauth holds a J.D. from Queen's University and a Bachelor of Arts (Hons.) from York University. Mr. Nauth is called to the Ontario Bar, the New York State Bar and is a licensed Foreign Legal Consultant in the Province of Ontario. Mr. Nauth has extensive advisory experience in a range of industries, including mining and oil/gas, emerging biopharmaceutical and medical devices, medicinal cannabis, cryptocurrencies and blockchain technology.

**Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

**Reliance on Exemptions in NI 52-110 regarding**

***De Minimis Non-audit Services or on a Regulatory Order Generally***

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a circumstance arises that affects the business or operations of the Company and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Company);

3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if an Audit Committee member becomes a control person of the Company or of an affiliate of the Company for reasons outside the member’s reasonable control);
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

The Company is a “venture issuer” for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### Pre-Approval Policies and Procedures

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

### Audit Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2019 and December 31, 2018:

	Audit Fees (\$)	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
Year ended December 31, 2019	7,000	nil	nil	nil
Year ended December 31, 2018	6,000	nil	nil	nil

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company’s annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice.

## REPORT ON CORPORATE GOVERNANCE

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run corporation, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the “**Governance Guidelines**”) of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their

own corporate governance guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Company’s approach to governance and outlines the various procedures, policies and practices that the Company and the Board have implemented.

### **Board of Directors**

The Board is currently composed of three directors. Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* (“**Form 58-101F2**”) requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Company by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect “material relationship” with the corporation. “Material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of an issuer, is deemed to have a “material relationship” with the issuer. Accordingly, of the proposed nominees, Mr. Contardi, the Chief Executive Officer of the Company, is considered not to be “independent”. The remaining two proposed directors are considered by the Board to be “independent” within the meaning of NI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the Board has examined the circumstances of each director in relation to a number of factors.

### **Directorships**

The following table sets forth the directors of the Company who currently hold directorships with other reporting issuers:

<b>Name of Director</b>	<b>Reporting Issuers</b>
Albert Contardi	TomaGold Corporation, Argentum Silver Corp., Veta Resources Inc., Mega Uranium Ltd. and Vanstar Mining Resources Inc.
David MacMillan	Deveron Corp.
Daniel Nauth	Bhang Inc., QcX Gold Corp., SBD Capital Corp. and Interactive Capital Partners Corporation

### **Orientation and Continuing Education**

The Board does not have a formal orientation or education program for its members. The Board’s continuing education is typically derived from correspondence with the Company’s legal counsel to remain up to date with developments in relevant corporate and securities law matters. Additionally, historically board members have been nominated who are familiar with the Company and the nature of its business.

### **Ethical Business Conduct**

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having at least two of its Board members independent of corporate matters.

### **Nomination of Directors**

The recruitment of new directors has generally resulted from recommendations made by directors and members. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board of directors are reviewed by the entire Board.



### **Other Board Committees**

The Board has established an Audit Committee.

### **Assessments**

Currently the Board has not implemented a formal process for assessing directors.

### **OTHER MATTERS**

The management of the Company knows of no other matters to come before the Meeting other than as set forth in the Notice. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.**

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Members may contact the Company to request copies of: (i) this Circular; and (ii) the Company's consolidated financial statements and the related Management's Discussion and Analysis (the "MD&A") which will be sent to the member without charge upon request. Financial information is provided in the Company's consolidated financial statements and MD&A for its financial years ended December 31, 2017, 2018 and 2019.

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

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

**DATED** at Toronto, Ontario this 8<sup>th</sup> day of January, 2021.

### **BY ORDER OF THE BOARD**

*"Albert Contardi" (signed)*  
Chief Executive Officer and Director

## SCHEDULE “A”

### PIMA ZINC CORP.

#### A. CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

##### Name

There shall be a committee of the board of directors (the “**Board**”) of Pima Zinc Corp. (the “**Company**”) known as the Audit Committee (the “**Committee**”).

##### Purpose

The Committee has been established to assist the Board in fulfilling its oversight responsibilities and fiduciary obligations. The primary functions and areas of responsibility of the Committee are to:

- review, report and provide recommendations to the Board on the annual and interim consolidated financial statements and related Management’s Discussion and Analysis (“**MD&A**”);
- identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- make recommendations to the Board regarding the appointment, terms of engagement and compensation of the external auditor;
- monitor the integrity of the Company’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- resolve disagreements between management and the external auditor regarding financial reporting;
- receive the report of the external auditors, who must report directly to the Committee; and
- provide an avenue of communication among the Company’s external auditors, management, and the Board.

##### Composition and Qualifications

All Committee members shall meet all applicable requirements prescribed under the *Business Corporations Act* (Ontario), as well as any requirements or guidelines prescribed from time to time under applicable securities legislation, including National Instrument 52-110 (“**NI 52-110**”) as amended, restated or superseded. The Committee shall be comprised of not less than three directors as determined from time to time by the Board. Subject to certain exceptions enumerated in NI 52-110, each member shall be an independent director who is free from any direct or indirect relationship that would, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment. While it is not necessary for members to have a comprehensive knowledge of generally accepted accounting principles and standards, all members of the Committee shall be “financially literate” so as to be able 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 issues raised by the Company’s financial statements. A director who is not financially literate may be appointed to the Committee by the Board provided that such director becomes financially literate within a reasonable period following his or her appointment, and provided that the Board has determined that such appointment will not materially adversely affect the ability of the Committee to act independently.

Committee members shall be appointed by the Board. The Board shall designate the Chair of the Committee. If a Chair is not designated or present at any meeting, the members of the Committee may designate a Chair by majority vote. The Chair shall have responsibility for ensuring that the Committee fulfills its mandate and duties effectively.

Each member of the Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board may fill a vacancy at any time.

### **Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate, and at least once in each fiscal quarter. A notification for each of the meetings shall be disseminated to Committee members two days prior to each meeting. A majority of the members of the Committee shall constitute a quorum for meetings.

An agenda shall be prepared by the Chair of the Committee as far in advance of each meeting as reasonably practicable. Minutes of all meetings of the Committee shall be prepared as soon as possible following the meeting and submitted for approval at or prior to the next following meeting.

The Committee should meet privately at least once per year with management of the Company, the Company's external auditors, and as a committee to discuss any matters that the Committee or any of these groups believe should be discussed.

### **Specific Responsibilities and Duties**

Specific responsibilities and duties of the Committee shall include, without limitation, the following:

#### *General Review Procedures*

1. Review and reassess the adequacy of this Charter at least annually and submit any proposed amendments to the Board for approval.
2. Review the Company's annual audited financial statements, related MD&A, and other documents prior to filing or distribution of such documents or issuing a press release in respect of the financial statements and MD&A. Review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments.
3. Annually, in consultation with management and external auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the external auditors and the internal auditing department together with management's responses.
4. Review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Committee's views to the Board of Directors.
5. Review with financial management and the external auditors the Company's quarterly financial results, related MD&A and other documents prior to the filing or distribution of such documents or issuing a press release in respect of the financial statements and MD&A. Discuss any significant changes to the Company's accounting principles. The Chair of the Committee may represent the entire Committee for purposes of this review.

#### *External Auditors*

6. The external auditors are ultimately accountable to the Committee, as representatives of the members. The external auditors must report directly to the Committee, who shall review the independence and performance of the auditors and annually recommend to the Board the appointment of the external auditors or approve

any discharge of auditors when circumstances warrant. The Committee shall approve the compensation of the external auditors.

7. The Committee must approve all non-audit and non-tax services to be provided to the Company or its subsidiary entities.
8. On an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence.
9. Review the external auditors' audit plan and discuss and approve the audit scope, staffing, locations, reliance upon management, and general audit approach.
10. Prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss any matters that are required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
11. Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.

#### *Legal Compliance*

12. On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

#### *Other Miscellaneous Responsibilities*

13. Annually assess the effectiveness of the Committee against its mandate and report the results of the assessment to the Board.
14. Prepare and disclose a summary of the mandate to members.
15. Perform any other activities consistent with this mandate, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

#### **Authority**

The Committee shall have the authority to:

1. delegate approval-granting authority to pre-approve non-audit services by the external auditor to one or more of its members;
2. engage independent counsel and other advisors as it determines necessary to carry out its duties;
3. set and pay the compensation for any advisors employed by the Committee; and
4. communicate directly with the external auditors.

#### **Reporting**

The Committee shall report its deliberations and discussions regularly to the Board and shall submit to the Board the minutes of its meetings.

## **Resources**

The Committee shall have full and unrestricted access to all of the Company's books, records, facilities and personnel as well as the Company's external auditors and shall have the authority, in its sole discretion, to conduct any investigation appropriate to fulfilling its responsibilities. The Committee shall further have the authority to retain, at the Company's expense, such special legal, accounting or other consultants or experts as it deems necessary in the performance of its duties and to request any officer or employee of the Company or the Company's external counsel or auditors to attend a meeting of the Committee.

## **Limitation on the Oversight Role of the Committee**

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the information provided to the Company by such persons or organizations.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations, each of which is the responsibility of management and the Company's external auditors.

**SCHEDULE "B"**  
**PIMA ZINC CORP.**  
**ARTICLES**

**PIMA ZINC CORP.**  
(the "Company")

**ARTICLES**

**DATED:** \_\_\_\_\_

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The Company has as its articles the following Articles.

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## 1. INTERPRETATION

### 1.1 Definitions

In these Articles, unless the context otherwise requires:

- (a) **“appropriate person”** has the meaning assigned in the *Securities Transfer Act*;
- (b) **“board of directors”, “directors” and “board”** mean the directors or sole director of the Company for the time being;
- (c) **“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;
- (d) **“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;
- (e) **“legal personal representative”** means the personal or other legal representative of a shareholder;
- (f) **“month”** means a calendar month;
- (g) **“protected purchaser”** has the meaning assigned in the *Securities Transfer Act*;
- (h) **“registered address”** of a director means the director’s address as recorded in the register of directors of the Company;
- (i) **“registered address”** of a shareholder means the shareholder’s address as recorded in the central securities register of the Company;
- (j) **“registered owner” or “registered holder” or “holder”** when used with respect to a share of the Company means the person registered in the central securities register of the Company in respect of such share;
- (k) **“regulations”** means the regulations from time to time in force and made pursuant to the *Business Corporations Act*;
- (l) **“seal”** means the seal of the Company, if any;
- (m) **“securities legislation”** means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; **“Canadian securities legislation”** means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and **“U.S. securities legislation”** means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934; and
- (n) **“Securities Transfer Act”** means the *Securities Transfer 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.

### 1.2 References to Writing

Expressions referring to writing will be construed as including printing, lithography, typewriting, photography, photocopying, facsimile transmission, electronic media and all other modes of representing or reproducing words in a visible form.



### **1.3 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 an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

### **1.4 Table 1 Not Applicable**

The provisions contained in Table 1 to the regulations to the *Business Corporations Act* shall not apply to the Company.

## **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 Form of Share Certificate**

Each share certificate issued by the Company will be in such form as the directors may approve from time to time and will comply with, and be signed as required by, the *Business Corporations Act*.

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

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share or shares held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment, and delivery of a share certificate or an acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all. The Company will not be bound to issue certificates representing redeemable shares if such shares are to be redeemed within one month of the date on which they are allotted.

### **2.4 Delivery by Mail**

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

## **2.5 Replacement of Worn Out or Defaced 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 may, on production to the Company of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they may think fit:

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

## **2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate**

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company may issue a new share certificate, if that person:

- (a) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;
- (b) provides the Company with an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (c) satisfies any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

## **2.7 Recovery of New Share Certificate**

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights on the indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

## **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 represented by the share certificate so surrendered, the Company will cancel the surrendered share certificate and issue, in lieu thereof, share certificates in accordance with such request.

## **2.9 Certificate Fee**

The directors may from time to time determine the amount of a charge, not exceeding the amount prescribed under the *Business Corporations Act* or the regulations, to be imposed for each certificate issued under Articles 2.5, 2.6 or 2.8.

## **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 required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

## **3. ISSUE OF SHARES**

### **3.1 Directors Authorized**

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

### **3.2 Commissions and Discounts**

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company. The directors will determine, in their sole discretion, what is reasonable in the circumstances.

### **3.3 Brokerage**

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

### **3.4 Conditions of Issue**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid and the Company will have received the full consideration therefor in cash, property or past services actually performed for the Company. A document evidencing indebtedness of the allottee is not property for the purposes of this Article 3.4. The value of property or services for the purpose of this Article 3.4 will be the value determined by the directors by resolution to be, in all the circumstances of the transaction, no greater than the fair market value thereof. The full consideration for a share issued by way of dividend will be the amount determined by the directors to be the amount of the dividend.

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

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

## **4. SHARE REGISTERS**

### **4.1 Central Securities Register**

The Company will maintain at its records office or another location in British Columbia designated by the directors a central securities register as required by the *Business Corporations Act*. The Company may maintain branch securities registers at any locations inside or outside British Columbia designated by the directors. The directors may appoint one or more trust companies or other persons authorized by the *Business Corporations Act* (as the case may be, a “**trust company**”) to maintain the aforesaid central securities register and branch securities registers. The directors may also appoint one or more trust companies, including the trust company which keeps the central securities register, as transfer agent for its shares or any class or series thereof, as the case may be, and the same or another trust company or companies as registrar for its shares or any class or series thereof, as the case may be. The directors may terminate the appointment of any such trust company at any time and may appoint another trust company in its place.

### **4.2 Closing Register**

The Company will not at any time close its central securities register.

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

Subject to the *Business Corporations Act*, a transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (a) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (b) in the case of a non-transferable written acknowledgment of the shareholder’s right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (c) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and

- (d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

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

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

## **5.3 Transferor Remains Shareholder**

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

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

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

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

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

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

## **5.6 Transfer Fee**

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

## **6. TRANSMISSION OF SHARES**

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

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of probate or letters of administration or a Court certified copy of them or the original or a Court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest, and produce such documents and do such things as the *Business Corporations Act* requires.

### **6.2 Rights of Legal Personal Representative on Death**

Upon the death of a shareholder, his or her personal representative, although not a shareholder, has the same rights, privileges and obligations that attach to the shares formerly held by the deceased shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of s. 87 of the *Securities Transfer Act* has been deposited with the Company and if the documents and steps required in that regard by the *Business Corporations Act* have been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

### **6.3 Rights of Legal Personal Representative on Bankruptcy**

Upon the bankruptcy of a shareholder, such shareholder's trustee in bankruptcy, although not a shareholder, has the same rights, privileges and obligations that attach to the shares held by the bankrupt shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of s. 87 of the *Securities Transfer Act* has been deposited with the Company and if the documents and steps required in that regard by the *Business Corporations Act* have been deposited with the Company.

### **6.4 Registration on Transfer of Shares after Death or Bankruptcy**

Any person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder will, upon such documents and evidence being produced to the Company as the *Business Corporations Act* and *Securities Transfer Act* require, or who becomes entitled to a share as a result of an Order of a Court of competent jurisdiction or a statute, have the right either to be registered as a shareholder in his or her representative capacity in respect of such share or, if he or she is a personal representative or trustee in bankruptcy, instead of being registered himself or herself, to make such transfer of the share as the deceased or bankrupt person could have made. Notwithstanding the foregoing, the directors will, as regards a transfer by a personal representative or trustee in bankruptcy, have the same right, if any, to decline or suspend registration of a transferee as they would have in the case of a transfer of a share by the deceased or bankrupt person before the death or bankruptcy.

## **7. ACQUISITION OF COMPANY'S SHARES**

### **7.1 Company Authorized to Purchase or Otherwise Acquire Shares**

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

### **7.2 No Purchase, Redemption or Other Acquisition When Insolvent**

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

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

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

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

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

## **8. BORROWING POWERS**

The Company, if authorized by the directors, may:

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

Any bonds, debentures, notes or other debt obligations of the Company may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at meetings of the shareholders 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.

## **9. ALTERATIONS**

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

Subject to Article 9.2 and the *Business Corporations Act*, the directors may by resolution change the authorized share structure of the Company by:

- (a) creating one or more classes or series of shares;
- (b) increasing, reducing or eliminating the maximum number of shares that the Company is authorized to issue out of any class or series of shares;
- (c) establishing 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;
- (d) subdividing all or any of its unissued, or fully paid issued, shares of the Company with par value into shares of smaller par value;
- (e) subdividing all or any of its unissued, or fully paid issued, shares of the Company without par value;
- (f) consolidating all or any of its unissued, or fully paid issued, shares of the Company with par value into shares of larger par value;
- (g) consolidating all or any of its unissued, or fully paid issued, shares of the Company without par value;
- (h) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) decreasing the par value of those shares; or
  - (ii) increasing the par value of those shares if none of the shares of that class of shares are allotted or issued;
- (i) eliminating any class or series of shares of the Company if none of the shares of that class or series of shares are allotted or issued;
- (j) changing all or any of its unissued, or fully paid issued, shares of the Company with par value into shares without par value;
- (k) changing all or any of its unissued, or fully paid issued, shares of the Company without par value into shares with par value;



- (l) altering the identifying name of any of the shares of the Company; or
- (m) otherwise altering the Company's shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

and, the directors may, by resolution, authorize and cause the Company to alter its Notice of Articles to reflect any change in the authorized share structure of the Company pursuant to this Article 9.1 or otherwise.

Notwithstanding this Article 9.1, if any change in the authorized share structure of the Company would result in a right or special right attached to issued shares being prejudiced or interfered with, special rights or restrictions being created and attached to a class or series of shares or special rights and restrictions being varied or deleted from a class or series of shares, the change must be authorized as provided for in Articles 9.2 and 9.3.

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

Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

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

and the Company may, by ordinary resolution, alter these Articles to reflect any such creation and attachment, variation or deletion of special rights or restrictions pursuant to this Article 9.2.

### **9.3 No Prejudice to Existing Shareholders**

Notwithstanding anything else contained in this Part 9, no right or special right attached to issued shares may be prejudiced or interfered with unless the shareholders holding shares of the class or series of shares to which the right or special right is attached consent by a separate ordinary resolution of those shareholders.

### **9.4 Change of Name**

The directors may by resolution authorize and cause the Company to alter its Notice of Articles in order to change its name.

### **9.5 Other Alterations**

Unless a different type of resolutions is required by the *Business Corporations Act* or these Articles, the directors may by resolution authorize and cause the Company to make any alterations to its Notice of Articles or these Articles.

## **10. MEETINGS OF SHAREHOLDERS**

### **10.1 Annual General Meetings**

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

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

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

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

The directors may, whenever they think fit, call a meeting of shareholders to be held at such time and place as may be determined by the directors.

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

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

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

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

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

## 10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining the shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5:00 p.m. (local time at the place of the Company's records office) on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

## 10.7 Notice of Special Business at Meetings of Shareholders

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

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

## 11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

### 11.1 Special Business

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

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
  - (i) business relating to the conduct of or voting at the meeting;
  - (ii) consideration of any financial statements of the Company and any reports of the directors or auditor;
  - (iii) fixing or changing of the number of directors;
  - (iv) the election or appointment of directors;
  - (v) the appointment of an auditor;

- (vi) fixing the remuneration of the auditor;
- (vii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
- (viii) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

### **11.2 Special Resolution Majority**

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

### **11.3 Resolutions by Ordinary Resolution**

Unless the *Business Corporations Act* or these Articles otherwise provide, any action to be taken by a resolution of the shareholders may be taken by an ordinary resolution.

### **11.4 Quorum**

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.5, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who are entitled to vote at the meeting.

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

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

- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (b) that shareholder, present in person or by proxy, may constitute the meeting.

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

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

### **11.7 Requirement of Quorum**

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

### **11.8 Lack of Quorum**

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

- (a) in the case of a general meeting requisitioned by shareholders, the meeting will be dissolved; and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place, and, if at the adjourned meeting a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting will constitute a quorum.

### **11.9 Chair**

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

- (a) the chair of the board, if any;
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any; or
- (c) if the chair of the board and the president are absent or unwilling to act as chair of the meeting, the solicitor for the Company.

### **11.10 Selection of Alternate Chair**

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

### **11.11 Adjournments**

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

**11.12 Notice of Adjourned Meeting**

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

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

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

**11.14 Declaration of Result**

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

**11.15 Motion Need Not be Seconded**

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

**11.16 Casting Vote**

The chair of the meeting will be entitled to vote any shares carrying the right to vote held by him or here but in the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

**11.17 Manner of Taking Poll**

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

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

**11.18 Demand for Poll on Adjournment**

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

**11.19 Chair Must Resolve Dispute**

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

**11.20 Casting of Votes**

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

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

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

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

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

**11.23 Retention of Ballots and Proxies**

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

**12. VOTES OF SHAREHOLDERS**

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

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

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

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

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

## **12.3 Votes by Joint Holders**

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

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

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

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

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

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

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



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

#### **12.6 When Proxy Holder Need Not Be 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:

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

#### **12.7 When Proxy Provisions Do Not Apply to the Company**

If and for so long as the Company is a public company, Articles 12.8 to 12.16 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company, any U.S. securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

#### **12.8 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 may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

#### **12.9 Alternate Proxy Holders**

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

**12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

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

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

**12.11 Validity of Proxy Vote**

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

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

**12.12 Form of Proxy**

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

*[name of company]*(the "Company")

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

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

Signed *[month, day, year]*

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

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

**12.13 Revocation of Proxy**

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

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

**12.14 Revocation of Proxy Must Be Signed**

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

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

**12.15 Chair May Determine Validity of Proxy**

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Part 12 as to form, execution, accompanying documentation, time of filing or otherwise, will be valid for use at such meeting and any such determination made in good faith will be final, conclusive and binding upon such meeting.

**12.16 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.

## **13. DIRECTORS**

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

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

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

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

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

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

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

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

### **13.4 Qualifications of Directors**

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

### **13.5 Remuneration of Directors**

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

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

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

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

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

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

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

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

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

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

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

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

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

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

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

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

If:

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

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

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

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

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

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

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

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

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

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

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

#### **14.8 Additional Directors**

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

- (a) one-third (1/3) of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, one-third (1/3) of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

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

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

A director ceases to be a director when:

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

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

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

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

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

## **15. ALTERNATE DIRECTORS**

### **15.1 Appointment of Alternate Director**

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

### **15.2 Notice of Meetings**

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

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

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

- (a) 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;
- (b) 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;
- (c) 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;
- (d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

### **15.4 Consent Resolutions**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

### **15.5 Alternate Director Not an Agent**

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



### **15.6 Revocation of Appointment of Alternate Director**

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

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

The appointment of an alternate director ceases when:

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

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

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct, but payment of such remuneration in every case to the appointor by the Company is a good and sufficient discharge of the Company's obligations in that regard and the Company need not enquire into or be concerned with the state of account between appointor and appointee.

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

### **16.1 Powers of Management**

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

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

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

persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

### **16.3 Remuneration of Auditors**

The directors may by resolution set the remuneration of the Company's auditor without the need to obtain an ordinary resolution of the shareholders enabling them to do so.

## **17. DISCLOSURE OF INTEREST OF DIRECTORS AND SENIOR OFFICERS**

### **17.1 Obligation to Disclose**

Subject to Article 17.4, a director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a material contract or transaction into which the Company has entered or proposes to enter or who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the disclosable interest or the conflict as required by the *Business Corporations Act*.

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

A director who holds a disclosable interest in a material contract or transaction into which the Company has entered or proposes to enter, or who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

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

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter, or who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

### **17.4 Interested Director May Vote**

Subject to the provisions of the Business Corporations Act, a director or senior officer need not disclose an interest in the following types of contracts and transactions, and a director need not refrain from voting in respect of the following types of contracts and transactions:

- (a) a contract or transaction where both the Company and the other party to the contract or transaction are wholly owned subsidiaries of the same corporation;

- (b) a contract or transaction where the Company is a wholly owned subsidiary of the other party to the contract or transaction;
- (c) a contract or transaction where the other party to the contract or transaction is a wholly owned subsidiary of the Company;
- (d) a contract or transaction where the director or senior officer is the sole shareholder of the Company or of a corporation of which the Company is a wholly owned subsidiary;
- (e) an arrangement by way of security granted by the Company for money loaned to, or obligation undertaken by, the director or senior officer, or a person in whom the director or senior officer has a material interest, for the benefit of the Company or an affiliate of the Company;
- (f) a loan to the Company, which a director or senior officer or a specified corporation or a specified firm in which he has a material interest has guarantee or joined in guaranteeing the repayment of the loan or any part of the loan;
- (g) any contract or transaction made or to be made with, or for the benefit of a corporation that is affiliated with the Company and the director or senior officer is also a director or senior officer of that corporation nor an affiliate of that corporation;
- (h) any contract by a director to subscribe for or underwrite shares or debentures to be issued by the Company or a subsidiary of the Company;
- (i) determining the remuneration of the director or senior officer in that person's capacity as director, officer, employee or agent of the Company or an affiliate of the Company;
- (j) purchasing and maintaining insurance to cover a director or senior officer against liability incurred by them as a director or senior officer; or
- (k) the indemnification of any director or senior officer by the Company.

The foregoing exceptions may from time to time be suspended or amended to any extent approved by the Company in general meeting and permitted by the *Business Corporations Act*, either generally or in respect of any particular contract or transaction or for any particular period.

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

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

### **17.6 No Disqualification**

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

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

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

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

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

## **18. PROCEEDINGS OF DIRECTORS**

### **18.1 Meetings of Directors**

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

### **18.2 Voting at Meetings**

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

### **18.3 Chair of Meetings**

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

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

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

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

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

- (a) in person;
- (b) by telephone; or
- (c) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

#### **18.5 Calling of Meetings**

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

#### **18.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1 or as provided in Article 18.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

#### **18.7 When Notice Not Required**

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

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

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

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

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

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

### **18.10 Quorum**

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

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

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

### **18.12 Consent Resolutions in Writing**

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

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

A consent in writing under this Article 18.12 may be by any written instrument, fax, e-mail or any other method of transmitting legibly recorded messages in any medium in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the 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.

## **19. EXECUTIVE AND OTHER COMMITTEES**

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

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

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

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

The directors may, by resolution:

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

### **19.3 Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) keep regular minutes of its transactions and cause them to be recorded in books kept for that purpose, and will report the same to the directors at such times as the directors may from time to time require.

#### **19.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

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

#### **19.5 Committee Meetings**

Subject to Article 19.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

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

### **20. OFFICERS**

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

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

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

The directors may, for each officer:

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



### 20.3 Qualifications

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

### 20.4 Remuneration and Terms of Appointment

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

## 21. INDEMNIFICATION

### 21.1 Definitions

In this Part 21:

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

### 21.2 Mandatory Indemnification of Directors

Subject to the *Business Corporations Act*, the directors will cause the Company to indemnify a director, officer or alternate director of the Company or a former director, officer or alternate director of the Company or a person who, at the request of the Company, is or was a director, officer or alternate director of another corporation, at a time when the corporation is or was an affiliate of the Company, or a person who, at the request of the Company, is or was or holds or held a position equivalent to that of a director, officer or alternate director of a partnership, trust, joint venture or other unincorporated entitle (in each case, an **“eligible party”**), and the heirs and legal personal representatives of any such eligible party, against all judgment, penalties or fines awarded or imposed in, or an amount paid in settlement of, a legal proceeding or investigative action (whether current, threatened, pending or completed) in which such eligible party or any of the heirs and legal personal representatives of such eligible party, by reason of such eligible party being or having been a director, officer or alternate director or

holding or having held a position equivalent to that of a director, officer or alternate director, is or may be joined as a party or is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to the proceeding. Provided the Company first receives a written undertaking from the eligible party to repay amounts advanced if so required under the *Business Corporations Act*, the directors will cause the Company to pay, as they are incurred in advance of the final disposition of the proceeding, the costs, charges and expenses, including legal and other fees actually reasonably incurred by the eligible party in respect of the proceeding. After the final disposition of the proceeding, the directors will cause the Company to pay the expenses actually and reasonably incurred by the eligible party in respect of that proceeding, to the extent the eligible party has not already been reimbursed for such expenses, subject to the provisions of the *Business Corporations Act*. Each director, officer and alternate director, on being elected or appointed, is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

### **21.3 Permitted Indemnification**

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

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

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part 21.

### **21.5 Company May Purchase Insurance**

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

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

and the person's heirs or legal personal representatives 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.

## **22. DIVIDENDS**

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

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

**22.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time and at any time declare and authorize payment of such dividends on such class or series of shares of the Company as they may deem advisable, to the exclusion of any other class or series of shares.

**22.3 No Notice Required**

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

**22.4 Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5:00 p.m. (local time at the place of the registered office of the Company) on the date on which the directors pass the resolution declaring the dividend.

**22.5 Manner of Paying Dividend**

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

**22.6 Settlement of Difficulties**

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

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

**22.7 When Dividend Payable**

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

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

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

**22.9 Receipt by Joint Shareholders**

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

**22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

**22.11 Fractional Dividends**

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

**22.12 Payment of Dividends**

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

**22.13 Capitalization of Retained Earnings or Surplus**

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

**23. ACCOUNTING RECORDS AND REPORTS****23.1 Recording of Financial Affairs**

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

**23.2 Inspection of Accounting Records**

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

## **24. NOTICES**

### **24.1 Method of Giving Notice**

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

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

### **24.2 Deemed Receipt**

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

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (b) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and

- (c) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

#### **24.3 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 capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

#### **24.4 Notice to Joint Shareholders**

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

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

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

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

#### **24.6 Undelivered Notices**

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company will not be required to send any further notice, statement, report or other record to the shareholder until the shareholder informs the Company in writing of his or her new address.

## **25. SEAL**

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

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

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

### **25.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

### **25.3 Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **26. PROHIBITIONS**

### **26.1 Definitions**

In this Part 26:

- (a) **"security"** has the meaning assigned in the *Securities Act* (British Columbia);
- (b) **"transfer restricted security"** means:
  - (i) a share of the Company;

- (ii) a security of the Company convertible into shares of the Company;
- (iii) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the “private issuer” exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the “private issuer” exemption.

## **26.2 Application**

Article 26.3 does not apply to the Company if and for so long as it is a public company.

## **26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities**

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