

## **VIBE BIOSCIENCE LTD.**

### **MANAGEMENT INFORMATION CIRCULAR**

### **ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

This Management Information Circular (or “**Circular**”) is furnished in connection with the solicitation of proxies by and on behalf of the management of Vibe Bioscience Inc. (the “**Corporation**”), for use at our Annual and Special Meeting of Shareholders to be held on June 24, 2020 at the time and place and for the purposes set out in the accompanying Notice of Annual and Special Meeting and any adjournment thereof.

No person has been authorized to give any information or make any representation in connection with any matters to be considered at the Annual and Special Meeting, other than as contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

**May 22, 2020**



## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF VIBE BIOSCIENCE LTD. TO BE HELD ON JUNE 24, 2020

**NOTICE IS HEREBY GIVEN** that an Annual and Special Meeting (the "**Meeting**") of the holders (the "**Shareholders**") of voting Common Shares (the "**Common Shares**") of Vibe Bioscience Ltd. (the "**Corporation**") will be held at Regus Business Center, 333 University Avenue, Suite 200, Sacramento, California 95825\* on June 24, 2020, at 10:00 a.m. (Pacific Standard Time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2019, together with the report of the auditors thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to consider, and if thought appropriate, to pass an ordinary resolution to appoint Davidson & Company LLP as auditors of the Corporation for the ensuing and to authorize the directors to fix the auditors' remuneration;
4. to consider, and if thought appropriate, to pass an ordinary resolution, the full text of which is set forth in the accompanying Management Information Circular, to approve the Corporation's equity incentive plan;
5. to consider, and if thought appropriate, to pass an ordinary resolution of Disinterested Shareholders (as defined below), the full text of which is set forth in the accompanying Management Information Circular, to approve the Corporation's restricted stock unit plan, including the reservation for issuance thereunder of all unallocated restricted share units, rights and other entitlements;
6. to consider, and if thought appropriate, to pass a special resolution, the full text of which is set forth in the accompanying Management Information Circular, to continue the Corporation out of the Province of Ontario and into the Province of British Columbia (the "**Continuance Resolution**"); and
7. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Approval of the restricted share unit plan will require Disinterested Shareholder approval, being the approval of a majority of the votes cast by Shareholders at the Meeting excluding Insiders and Associates of Insiders. An "Insider" includes all directors and senior officers of the Corporation and its subsidiaries and any person who beneficially owns or controls, directly or indirectly, more than 10% of the issued and outstanding common shares of the Corporation; and "Associates of Insiders" includes an Insider's spouse, children and any relative who lives in the same residence as the Insider.

Registered Shareholders have the right to dissent with respect to the Continuance Resolution and, if the Continuance Resolution becomes effective, to be paid the fair value of their Common Shares in accordance with the provisions of Section 185 of the Business Corporations Act (Ontario) (the "**OBCA**"). A Registered Shareholder's right to dissent is more particularly described in the accompanying Management Information Circular and the text of Section 185 of the OBCA is set forth in Schedule to the Management Information

Circular. Please refer to the Circular under the heading “*Rights of Dissenting Shareholders*” for a description of the right to dissent in respect of the Continuance Resolution.

Failure to strictly comply with the requirements set forth in Section 185 of the OBCA may result in the loss of any right to dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of Common Shares are entitled to dissent. Accordingly, a beneficial owner of Common Shares desiring to exercise the right to dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Continuance Resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on behalf of the holder.

Shareholders are referred to the accompanying Management Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

### **Record Date**

The Board of Directors have fixed May 20, 2020 as the Record Date for the Meeting. Holders of Common Shares of record at the close of business on May 20, 2020 are entitled to receive Notice of the Meeting and to vote thereat or at any adjournment(s) thereof.

### **Delivery of Proxies**

In order to be represented by proxy at the Meeting, you must complete, date, and sign the enclosed Instrument of Proxy and deliver it to our transfer agent, Odyssey Trust Company. The Instrument of Proxy will not be valid and not be acted upon or voted unless it is completed as outlined in the Instrument of Proxy and the individual has deposited it with Odyssey Trust Company by either (i) email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com), (ii) by facsimile to 1-800-517-4553, or (ii) by visiting their website at <https://odysseytrust.com/Transfer-Agent/Login>, no later than 10:00 a.m. Pacific Standard Time (1:00 p.m. Eastern Standard Time) two business days preceding the date of the Meeting or any adjournment or postponement thereof.

If you are a non-registered holder of shares and have received these materials from your broker or another intermediary, please complete and return the voting instruction form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Common Shares not being eligible to be voted at the Meeting.

The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Meeting; and (ii) other matters that may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice of Annual and Special Meeting. Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

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

*(signed) “Mark Waldron”*

Mark Waldron  
Chief Executive Officer and Director

May 22, 2020

\* As part of our precautions regarding the coronavirus or COVID-19, we are planning for the possibility that the Meeting may be held at another place or solely by means of remote communication. If we take this step, we will publicly announce the decision to do so in advance, as well as details on the place, if applicable, and how to attend and participate. Such information will also be available at [www.vibebycalifornia.com](http://www.vibebycalifornia.com).



## **Vibe Bioscience Ltd. Management Information Circular**

### **Solicitation of Proxies**

This Management Information Circular (the “**Circular**”) is provided in connection with the solicitation of proxies by or on behalf of the Board of Directors (the “**Board of Directors**” or “**Board**”) and management of Vibe Bioscience Ltd. (the “**Corporation**”) for the Annual and Special Meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of voting Common Shares (the “**Common Shares**”) of the Corporation to be held on June 24, 2020, at 10:00 a.m. (Pacific Standard Time) at the Regus Business Center, 333 University Avenue, Suite 200, Sacramento, California 95825 and at any adjournment(s) thereof for the purposes set out in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice**”).

As part of our precautions regarding the coronavirus or COVID-19, we are planning for the possibility that the Meeting may be held at another place or solely by means of remote communication. If we take this step, we will publicly announce the decision to do so in advance, as well as details on the place, if applicable, and how to attend and participate. Such information will also be available at [www.vibebycalifornia.com](http://www.vibebycalifornia.com).

### **This solicitation of proxies is made by or on behalf of the Board of Directors and management of the Corporation.**

The cost incurred in the preparation and mailing of the Notice, this Circular, and the accompanying form of proxy furnished by the Corporation (the “**Instrument of Proxy**”) will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interview, telephone, or other means of communication by directors, officers, and employees of the Corporation, none of whom will be specifically remunerated therefor. The Corporation will bear the costs of any such solicitation.

### **Voting at the Meeting**

Registered Shareholders are invited to attend the Meeting and vote their Common Shares at the Meeting or appoint another person (who need not be a Shareholder) to act as their proxy and vote in their place, as described below under the heading “*Appointment and Revocation of Proxies*”.

Non-Registered or Beneficial Shareholders are invited to attend the Meeting, but in order to vote their Common Shares they must follow the procedures described below under the heading “*Voting by Non-Registered Shareholders*”.

### **Appointment and Revocation of Proxies**

**A Registered Shareholder has the right to appoint a nominee (who need not be a Shareholder) to represent that Shareholder at the Meeting, other than the persons designated as management’s nominees in the Instrument of Proxy**, by inserting the name of the Shareholder’s chosen nominee in the space provided for such purposes on the Instrument of Proxy, or by completing another proper form of proxy acceptable to the Chairman of the Meeting. Such Shareholder should notify the nominee of the appointment, obtain the consent of the nominee to act as proxy, and should instruct the nominee as to how the Shareholder’s Common Shares are to be voted. In any case, the form of proxy should be dated and signed by the Shareholder or the Shareholder’s attorney authorized in writing, with proof of such authorization attached where an attorney signed the proxy form.

The Instrument of Proxy will not be valid and not be acted upon or voted unless it is completed as outlined in the Instrument of Proxy and the individual has deposited it with Odyssey Trust Company by: (i) email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com), (ii) by facsimile to 1-800-517-4553, or (ii) by visiting their website at <https://odysseytrust.com/Transfer-Agent/Login>, no later than 10:00 a.m. Pacific Standard Time (1:00 p.m. Eastern Standard Time) two business days preceding the date of the Meeting or any adjournment or postponement thereof. A proxy is valid only at the meeting in respect of which it is given or any adjournment(s) of that meeting.

The instrument appointing a proxy shall be in writing and shall be signed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it, at any time before it is exercised, by instrument in writing executed by the Shareholder, or by that Shareholder's attorney authorized in writing, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting, or any adjournment(s) thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) thereof.

### **Voting by Non-Registered Shareholders**

Only Registered Shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders of the Corporation are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank, or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Common Shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers, or brokers and trustees); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice, this Circular, and the Instrument of Proxy, and the request form (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

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

- (i) be given a form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**Voting Instruction Form**") which the Intermediary must follow. Typically, the Voting Instruction Form will consist of one page of instructions which contains a removable label with a bar-code and other information. In order for the Instrument of Proxy to validly constitute a Voting Instruction Form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the Instrument of Proxy, properly complete and sign the Instrument of Proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (ii) be given an Instrument of Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the Instrument of Proxy, this Instrument of Proxy is not required to be signed by the Non-Registered Shareholder when submitting the Instrument of Proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the Instrument of Proxy and deposit it with Odyssey Trust Company by either (i) email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com), (ii) by facsimile to 1-800-517-4553, or (ii) by visiting their

website at <https://odysseytrust.com/Transfer-Agent/Login>, no later than 10:00 a.m. Pacific Standard Time (1:00 p.m. Eastern Standard Time) two business days preceding the date of the Meeting or any adjournment or postponement thereof. A proxy is valid only at the meeting in respect of which it is given or any adjournment(s) of that meeting.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares of the Corporation that they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the Instrument of Proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a Voting Instruction Form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a Voting Instruction Form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven (7) days prior to the Meeting.

All references to Shareholders in this Circular and the accompanying Instrument of Proxy and Notice are to Shareholders of record unless specifically stated otherwise.

#### **Record Date, Voting Shares, and Principal Holders Thereof**

The Corporation has fixed May 20, 2020 (the "**Record Date**") as the record date for determining Shareholders entitled to receive the Notice and vote at the Meeting. The Corporation will prepare a list of Shareholders as at the close of business on the Record Date and each Shareholder named in the list will be entitled to vote the Common Shares shown opposite their name on the said list at the Meeting except to the extent that the Shareholder has transferred any of their Common Shares after the Record Date and (i) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that they own the Common Shares and (ii) the transferee of those Common Shares demands by not later than ten (10) days before the Meeting that their name be included in the list before the Meeting, in which case the transferee will be entitled to vote their Common Shares at the Meeting.

The authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value. As at the Record Date, there were 77,975,626 Common Shares of the Corporation issued and outstanding.

A quorum will be present at the Meeting if there is at least one person present holding or representing by proxy not less than 25% of the Common Shares entitled to vote at the Meeting. Holders of Common Shares are entitled to one vote at the Meeting for each Common Share held.

To the knowledge of the Board of Directors and management of the Corporation, as of the date hereof, no person or corporation beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Common Shares other than the shareholders listed in the table below:

<b>Name of Shareholder</b>	<b>Number of Common Shares</b>	<b>Percentage of Class</b>
Mark Waldron <sup>(1)</sup>	19,570,451	25.10%
Joe Starr	19,622,951	25.17%

Note:

(1) 19,495,451 of these Common Shares are held by The Waldron Family Trust, the sole beneficiary of which is the spouse of Mark Waldron.

#### **Voting of Proxies**

The persons named in the Instrument of Proxy have been selected by the Board of Directors and are both senior officers of the Corporation. Mr. Mark Waldron and Mr. Joe Starr have each indicated a willingness to represent as proxy the Shareholders who appoint them. Each Shareholder may instruct the proxy how to vote the Shareholder's

Common Shares by completing the blanks on the Instrument of Proxy. Common Shares represented by properly executed Instruments of Proxy in favour of the person designated on the enclosed form will be voted for, voted against, or withheld from voting, as applicable, in accordance with the instructions given on the Instruments of Proxy.

***IN THE ABSENCE OF SUCH INSTRUCTIONS, COMMON SHARES WILL BE VOTED FOR THE APPROVAL OF ALL RESOLUTIONS IDENTIFIED IN THIS MANAGEMENT INFORMATION CIRCULAR.***

The Instrument of Proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice and with respect to any other matters which may properly come before the Meeting. The Common Shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person voting the Common Shares. As of the date hereof, management of the Corporation knows of no such amendment, variation, or other matters to come before the Meeting.

#### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

Other than the election of directors and the approval of the Corporation's equity incentive plan (the "**Equity Incentive Plan**") and restricted share unit plan (the "**RSU Plan**"), no director or executive officer of the Corporation or proposed nominee for election as a director, or any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the matters to be acted upon at the Meeting.

#### **Business of the Meeting**

At the Meeting, Shareholders will be asked:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2019, as prepared in accordance with International Financial Reporting Standards ("**IFRS**"), together with the report of the auditors thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to consider, and if thought appropriate, to pass an ordinary resolution to appoint Davidson & Company LLP as auditors of the Corporation for the ensuing and to authorize the directors to fix the auditors' remuneration;
4. to consider, and if thought appropriate, to pass an ordinary resolution, the full text of which is set forth in the Circular, to approve the Corporation's equity incentive plan;
5. to consider, and if thought appropriate, to pass an ordinary resolution of Disinterested Shareholders (as defined herein), the full text of which is set forth in the accompanying Management Information Circular, to approve the Corporation's restricted stock unit plan, including the reservation for issuance thereunder of all unallocated restricted share units, rights and other entitlements;
6. to consider, and if thought appropriate, to pass a special resolution, the full text of which is set forth in the Circular, to continue the Corporation out of the Province of Ontario and into the Province of British Columbia; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

#### **Receipt of Financial Statements and Auditors' Report**

Our audited consolidated financial statements for the year ended December 31, 2019, as prepared in accordance with IFRS, together with the auditors' report thereon will be submitted at the Meeting. Shareholder approval is not required in relation to these financial statements. The financial statements and the corresponding management's discussion and analysis are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## Election of Directors

There are presently four (4) directors of the Corporation, each of whom will retire from office at the Meeting. The Corporation's current directors include Mark Waldron, Jim Meloche, James Walker and Aaron Johnson. The proposed directors of the Corporation upon completion of the Meeting are set forth in the table below. The table that follows provides the names of the individuals to be nominated for election as a director, their current positions and offices in the Corporation, the period of time that they have been directors of the Corporation, their current principal occupation, their principal occupations during the past five (5) years, and the number of Common Shares of the Corporation which each beneficially owns or over which control or direction is exercised.

Voting for the election of the directors will be conducted on an individual, and not on a slate basis. **Unless instructed otherwise, the persons named in the accompanying Instrument of Proxy intend to vote their Common Shares represented thereby IN FAVOUR of the election to the Board of Directors of those persons designated in the table below.**

Name, Municipality of Residence, and Present Office Held	Director Since	# of Common Shares Beneficially Owned, Controlled, or Directed, Directly or Indirectly, as at the Date of this Circular <sup>(3)(4)</sup>	Principal Occupation and Occupation During the Past Five (5) Years
Mark Waldron Calgary, AB, Canada CEO and Director <sup>(2)(3)</sup>	March 25, 2019	19,570,451 <sup>(5)</sup>	Mr. Waldron has been CEO of the Corporation since June 2018, including prior to the RTO. Prior to that, Mr. Waldron was a private equity investor.
James Walker High River, AB Canada Director <sup>(1)(2)(3)</sup>	November 25, 2019	182,548	Mr. Walker is a businessman and is also a licenced realtor in the Province of Alberta.
Jim Meloche Toronto, ON, Canada Director <sup>(1)(2)(3)</sup>	March 25, 2019	Nil <sup>(6)</sup>	Mr. Meloche has been a Principal and Director of Origin Merchant Partners, an Independent Advisory Firm since 2012.
Aaron Johnson Salinas, California, USA Director <sup>(1)(2)(3)</sup>	August 22, 2019	Nil	Mr. Johnson is a partner and member of JRG Attorneys at Law, LLP in Salinas, California.

### Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Does not include options to purchase Common Shares.
- (4) The Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, as at the date of this Circular has been furnished to the Corporation by the individual directors.
- (5) 19,495,451 of these Common Shares are held by The Waldron Family Trust, the sole beneficiary of which is the spouse of Mark Waldron.
- (6) Origin Merchant Partners, a firm of which Mr. Meloche is a principal and director, owns 398,414 Common Shares.

Each Director will hold office until the next annual general meeting of shareholders of the Corporation, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. **In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors.**

### Penalties or Sanctions

To the knowledge of the Board of Directors and management of the Corporation, none of the proposed directors of



the Corporation is at the date of this Circular been subject to:

- a) any penalties or sanctions imposed by the court relating to a securities legislation or by a securities regulatory authority or has entered in a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by the court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

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

To the knowledge of the Board of Directors and management of the Corporation, none of the proposed directors of the Corporation, is at the date of this Circular, or has been, within ten (10) years before the date of this Circular, a director, chief executive officer, or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity:

- a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days; or
- b) was subject to an event that resulted, after the director, chief executive officer, or chief financial officer ceased to be a director, chief executive officer, or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days; or
- c) within a year after the director, chief executive officer, or chief financial officer ceased to be a director, chief executive officer, or chief financial officer of the company, 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 or the assets of the proposed director.

#### **Appointment of Auditors**

Management proposes to nominate Davidson & Company LLP, the present auditors of the Corporation, as the auditors of the Corporation to hold office until the close of the next annual general meeting of shareholders. Davidson & Company LLP was first appointed as auditors of the Corporation on March 25, 2019 in connection with the completion of the reverse take-over of the Corporation by Vibe Bioscience Corporation (the "RTO"). Management further proposes that the Board of Directors be authorized to fix the remuneration of the auditors.

**Unless instructed otherwise, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the appointment of Davidson & Company LLP as auditors of the Corporation and the authorization of the Board of Directors to fix the auditors' remuneration.**

#### **Approval of Equity Incentive Plan**

The Corporation's equity incentive plan (the "**Equity Incentive Plan**") was last approved by Shareholders on January 24, 2019. At the Meeting, Shareholders will be asked to consider, and if deemed appropriate, approve with or without variation an ordinary resolution to re-approve and adopt the Equity Incentive Plan (the "**Equity Incentive Plan Resolution**").

#### *Summary of Equity Incentive Plan*

A copy of the Equity Incentive Plan is available to any shareholder of the Corporation at or prior to the Meeting upon request to the Corporate Secretary of the Corporation and is also attached hereto as Schedule "B". Set forth below is a summary of the Equity Incentive Plan. The following summary is qualified in all respects by the provisions of the Equity Incentive Plan:

The purpose of the Corporation's Equity Incentive Plan is to authorize the grant to eligible persons, being directors, employees, officers or eligible contractors of the Corporation or its affiliates, of incentive stock options ("**Options**") to purchase Common Shares and thus benefit the Corporation by enabling it to attract, retain and motivate eligible persons by providing them with the opportunity, through Options, to acquire an increased proprietary interest in the Corporation.

The Equity Incentive Plan is administered by the Board or a committee established by the Board.

Subject to the provisions of the Equity Incentive Plan, the Board has the authority to determine the terms, limitations, restrictions and conditions applicable to the vesting or to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Common Shares acquired on exercise of an Option.

The Board will establish vesting and other terms and conditions for a Options at the time each Option is granted.

The maximum number of Common Shares reserved for issuance for all Options granted under the Equity Incentive Plan must not exceed 10% of the Common Shares issued and outstanding (on a non-diluted basis) at the time of grant.

The maximum number of Common Shares reserved for issuance for all Options granted to any one insider under the Equity Incentive Plan must not exceed 5% of the Common Shares issued and outstanding (on a non-diluted basis) at the time of grant.

The maximum number of Common Shares which may be issued to insiders under the Equity Incentive Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the Common Shares outstanding at the time of the grant.

The maximum number of Common Shares which may be issued to any one insider and his or her associates under the Equity Incentive Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the Common Shares outstanding at the time of the grant.

The purchase price for the Common Shares under each stock option shall be determined by the Board on the basis of the market price, where "market price" shall mean the prior trading day closing price of the Common Shares on any stock exchange on which the Common Shares are listed or last trading price on the prior trading day on any dealing network where the Common Shares trade, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the daily high and low board lot trading prices of the Common Shares on any stock exchange on which the Common Shares are listed or dealing network on which the Common Shares trade for the five immediately preceding trading days. In the event the Common Shares are listed on the Canadian Securities Exchange (the "**CSE**"), the price may be the market price less any discounts from the market price allowed by the CSE. The approval of disinterested shareholders will be required for any reduction in the price of a previously granted stock option to an insider of the Corporation.

If any optionee who is a service provider ceases to be an eligible person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period ending within 90 days (unless such period is extended by the Corporation Board or the committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade), or 30 days if the eligible person is an investor relations person (unless such period is extended by the Board or the committee, as applicable, and approval is obtained from the stock exchange on which the Common Shares trade), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended.

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within the period of one year next succeeding the optionee's death (unless such period is extended by the Board or the committee, as applicable, and approval is obtained from the stock exchange on which the Common Shares trade).

Options granted under the Equity Incentive Plan are non-assignable and non-transferable.

The Board or committee thereof, as applicable, may at any time amend, alter, suspend, discontinue or terminate the Equity Incentive Plan and the Board may amend any outstanding grant at any time; provided that (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Corporation's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Equity Incentive Plan (including, without limitation, as necessary to comply with any rules or requirements of applicable securities exchange), (ii) no such amendment or termination may adversely affect grants then outstanding without the holder's permission, and (iii) such amendment, alteration, suspension, discontinuation, or termination is in compliance with CSE policies.

Upon exercise of an Option, the optionee shall, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or shall otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation has the right to retain and withhold from any payment of cash or Common Shares under the Equity Incentive Plan the amount of taxes required to be withheld or otherwise deducted and paid with respect to such payment. At its discretion, the Corporation may require an optionee receiving Common Shares to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation has the right to withhold from any cash amount due or to become due from the Corporation to the optionee an amount equal to such taxes. The Corporation may also retain and withhold or the optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such shares so withheld.

At the Meeting, Shareholders will be asked to pass the Equity Incentive Plan Resolution, subject to such amendments, variations or additions as may be approved at the Meeting. The full text of the Equity Incentive Plan Resolution is set out in Schedule "A" attached hereto. In order to be passed, the Equity Incentive Plan Resolution requires the approval of a majority of the votes cast thereon by Shareholders present in person or represented by proxy at the Meeting.

**Unless instructed otherwise, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the Equity Incentive Plan Resolution.**

#### **Approval of Restricted Stock Unit Plan**

The Board has approved the adoption of a new RSU Plan, substantially in the form attached hereto as Schedule "D", which provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants to the Corporation non-transferable restricted stock units (the "RSUs").

The RSU Plan's purpose is to attract and motivate directors, officers, employees or consultants, and thereby advance the Corporation's interests, by affording such persons with an opportunity to acquire an equity interest in the Corporation, through the issuance of RSUs.

The number of Common Shares reserved for issuance under the RSU Plan in combination with the aggregate number of Common Shares issuable under all of the Company's other equity incentive plans in existence from time to time, including the Equity Incentive Plan, shall not exceed 20% of the issued and outstanding Common Shares.

The RSU Plan contains the following provisions:

1. the maximum number of Common Shares which may be reserved for issuance to related persons (as a group) under the RSU Plan, together with any other share compensation arrangement, may not exceed 10% of the issued Common Shares;
2. the aggregate number of RSUs which may be granted to any one person (and companies wholly owned by that

- person) in a 12 month period must not exceed 5% of the issued Common Shares, calculated on the grant date;
3. the aggregate number of RSUs granted to any one consultant in a 12 month period must not exceed 2% of the issued Common Shares, calculated at the grant date;
  4. the aggregate number of RSUs granted to all persons retained to provide investor relations activities must not exceed 2% of the issued Common Shares in any 12 month period, calculated at the grant date;
  5. at the time a grant of a RSU is made, the Board may, in its sole discretion, establish performance conditions for the vesting of RSUs (the “**Performance Conditions**”). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions and may exercise its discretion to reduce the amounts payable under any award subject to Performance Conditions. The Board may determine that an award shall vest in whole or in part upon achievement of any one performance condition or that two or more Performance Conditions must be achieved prior to the vesting of an award. Performance Conditions may differ for awards granted to any one recipient or to different recipients;
  6. in the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Corporation assets to shareholders, or any other change in the capital of the Corporation affecting Common Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of RSUs outstanding under the RSU Plan, any proportionate adjustments as it considers appropriate to reflect that change; and
  7. the Corporation, in its discretion and as may be determined by the Board, will pay out vested RSUs issued under the RSU Plan and credited to the account of a recipient by paying or issuing (net of any applicable withholding tax) to such recipient, on or subsequent to the trigger date but no later than the expiry date of such vested RSU, an award payout of either:
    - (a) subject to receipt of the required approvals, one Common Share for such whole vested RSU, or
    - (b) a cash amount equal to the vesting date value as at the trigger date of such vested RSU.

The foregoing is only a summary of the salient features of the RSU Plan, and is qualified in its entirety by reference to the actual terms and conditions of the RSU Plan as attached hereto as Schedule “D”.

The approval of the RSU Plan will require “**Disinterested Shareholder**” approval, being the approval of a majority of the votes cast by Shareholders at the Meeting excluding Insiders and Associates of Insiders. An “**Insider**” includes all directors and senior officers of the Company and its subsidiaries and any person who beneficially owns or controls, directly or indirectly, more than 10% of the issued and outstanding Shares; and “**Associates of Insiders**” includes an Insider’s spouse, children and any relative who lives in the same residence as the Insider.

At the Meeting, Disinterested Shareholders will be asked to consider, and, if deemed advisable, to approve an ordinary resolution to approve the RSU Plan, subject to such amendments, variations or additions as may be approved at the Meeting (the “**RSU Plan Resolution**”). The full text of the RSU Plan Resolution is set out in Schedule “C” attached hereto. In order to be passed, the RSU Plan Resolution requires the approval of a majority of the votes cast thereon by Disinterested Shareholders present in person or represented by proxy at the Meeting.

**Unless instructed otherwise, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the RSU Plan Resolution.**

#### **Continuation of the Corporation from Ontario to British Columbia**

The Board of Directors have determined that it would be expedient to have the Corporation continue into the Province of British Columbia (the "**Continuance**") pursuant to section 302 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). Upon completion of the Continuance, the BCBCA will apply to the continued company to the same extent as if the Corporation had been incorporated under the BCBCA. Therefore, pursuant to section 181 of the *Business Corporations Act* (Ontario) (the "**OBCA**"), Shareholders of the Corporation will be asked to consider and, if thought appropriate, approve and adopt a special resolution authorizing the Board, in its sole discretion, to continue the Corporation out of the Province of Ontario and into the jurisdiction of British Columbia under the BCBCA and to adopt new articles necessary to comply with and conform to the requirements of the BCBCA. The Board may, in its sole discretion, decide not to act on this resolution without further approval from the Shareholders. A special resolution requires approval by not less than two-thirds of the votes cast in respect of the special resolution.

As of the effective date of the Continuance, the Corporation's current constating documents — its Articles and By-laws under the OBCA — will be replaced with a Notice of Articles and Articles under the BCBCA, the legal domicile of the Corporation will be the Province of British Columbia and the Corporation will no longer be subject to the provisions of the OBCA. A copy of the proposed Articles under the BCBCA are attached as Schedule "F" to this Circular.

The continuance of the Corporation under the BCBCA will affect certain rights of Shareholders as they currently exist under the OBCA. Attached as Schedule "H" to this Information Circular is a summary of some of the corporate law changes that will occur. This summary is not intended to be exhaustive and Shareholders should consult their legal advisors regarding the implications of the continuance, which may be of particular importance to them.

The text of the special resolution in respect of the approval of the continuance out of the Province of Ontario and into the Province of British Columbia that management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as set forth in Schedule "E" (the "**Continuance Resolution**").

**Unless instructed otherwise, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the Continuance Resolution.**

#### **Rights of Dissenting Shareholders**

**The following description of the right to dissent to which registered Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a dissenting Shareholder who seeks payment of the fair value of their Common Shares, and is qualified in its entirety by the reference to the full text of Section 185 of the OBCA which is attached to this Circular as Schedule "G". A dissenting Shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of the OBCA. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each dissenting Shareholder who might desire to exercise dissent rights should consult their own legal advisor.**

Section 185 of the OBCA provides registered holders of Common Shares, in connection with the vote on the Continuance, with the right to dissent and, if the Continuance is effected, to be paid by the Corporation the "fair value" of their shares, determined as of the close of business on the last business day before the special resolution approving the Continuance is adopted. A summary of Section 185 of the OBCA providing for these rights is set out below. The summary is qualified in its entirety by reference to Section 185.

Failure to strictly comply with the requirements of Section 185 of the OBCA may result in the loss of any right of dissent. The right of dissent provided for under Section 185 of the OBCA applies only to registered shareholders of the Corporation, and accordingly, only registered shareholders may exercise a right of dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to exercise a right of dissent must make arrangement for the Common Shares beneficially owned by them to be registered

in their name prior to the time the written objection is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of their Common Shares to dissent on their behalf.

To comply with Section 185, a dissenting Shareholder must send to the Corporation, at or before the Meeting, a written objection to the Continuance. The Corporation shall, within ten days after the Corporation's shareholders adopt the special resolution approving the Continuance, send to each Shareholder who has filed a written objection notice that the Continuation Resolution has been adopted. A dissenting Shareholder shall, within twenty days after receiving such notice, or if the Shareholder does not receive such notice, within twenty days after learning that the Continuation Resolution has been adopted, send to the Corporation a written notice (the "**Demand for Payment Notice**") containing (a) the shareholder's name and address; (b) the number and class of shares in respect of which the Shareholder dissents; and (c) a demand for payment of the fair value of such shares. Not later than the thirtieth day after the sending of such notice, a dissenting Shareholder shall send the certificates representing the shares in respect of which the Shareholder dissents to the Corporation, Attention: Chief Financial Officer, at Suite 750, 717 –7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 0Z3, or via email at [michalh@vibebycalifornia.com](mailto:michalh@vibebycalifornia.com).

On sending a Demand for Payment Notice, a dissenting Shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value its shares except where (a) the dissenting shareholder withdraws its Demand for Payment Notice before the Corporation makes or fails to make an Offer (as defined below) or (b) the Corporation's directors revoke an application to continue the Corporation from the Province of Ontario into the Province of British Columbia, in which case the dissenting Shareholder's rights are reinstated as of the date the dissenting Shareholder sent its Demand for Payment Notice and the dissenting Shareholder is entitled, upon presentation and surrender to the Corporation or its transfer agent of any certificate representing the dissenting Shareholders' shares, to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.

The Corporation shall, no later than seven days after the later of the day on which the Continuance is effective or the day the Corporation received the Demand for Payment Notice send to each dissenting Shareholder who has sent such notice (a) a written offer (the "**Offer**") to pay for the dissenting Shareholders' shares in an amount considered by the directors of the Corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined or, (b) if there are reasonable grounds for believing that the Corporation is, or after the payment, would be unable to pay its liabilities as they become due or the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities, a notification that the Corporation is unable lawfully to pay dissenting Shareholders for their shares.

An application may be made to the court ("**Court Application**") after the Continuance is effective by originating notice by the Corporation or by a dissenting Shareholder to fix the fair value of for the shares of any dissenting Shareholder. Before making the Court Application, the Corporation shall give notice (the "**Court Application Notice**") to each dissenting Shareholder who, at the date upon which the Court Application Notice is given has provided the Corporation with a Demand for Payment Notice and has not accepted the Offer, of the date, place and consequences of the Court Application and of the dissenting Shareholder's right to appear and be heard in person or by counsel. A similar notice shall be given to each dissenting Shareholder, who, after the date of the Court Application Notice and before termination of the proceedings commenced by the application, (a) provides the Corporation with a Demand for Payment Notice and (b) does not accept the Offer, if such an Offer was made, within three days after the dissenting Shareholder satisfies (a) and (b) of this paragraph.

On the Court Application, the court may determine whether any other person is a dissenting Shareholder who should be joined as a party to the Court Application and the court shall fix a fair value for the shares of all dissenting Shareholders who are parties to the Court Application. The court may in its discretion (a) appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting Shareholders and (b) allow a reasonable rate of interest on the amount payable to each dissenting Shareholder from the effective date of the Continuance until the date of payment.

The Corporation is prohibited from making a payment to a dissenting Shareholder under Section 185 of the OBCA if there are reasonable grounds for believing that: (a) the Corporation is or would after the payment be unable to pay its liabilities as they become due; or (b) the realizable value of the Corporation's assets would thereby be less than the

aggregate of its liabilities. In such event, and notwithstanding that an order of the Court ("**Court Order**") has been given in favour of a dissenting Shareholder under the Court Application, the Corporation shall, within ten days after the pronouncement of the Court Order, notify each dissenting Shareholder that it is unable lawfully to pay dissenting shareholders for their shares. A dissenting Shareholder may, by written notice delivered to the Corporation within 30 days after receiving a notice from the Corporation that it is unable lawfully to pay dissenting Shareholders for their shares, may (a) withdraw its notice of objection, in which case the Corporation is deemed to consent to the withdrawal and the Shareholder is reinstated to his full rights as a shareholder; or (b) retains its status as a claimant against the Corporation, to be paid as soon as the Corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Corporation but in priority to its Shareholders.

The procedures required in connection with the exercise of rights under Section 185 of the OBCA are very technical, complex and in most cases, time-consuming and expensive. The sending of a notice of dissent does not deprive a Shareholder of its right to vote against this special resolution; however, a vote against this special resolution does not constitute a notice of dissent.

Any registered Shareholder who wishes to exercise rights of dissent and appraisal should seek the advice of qualified independent counsel, as failure to comply strictly with the provisions of Section 185 of the OBCA may prejudice their right of dissent.

In order to dissent, a written objection to the special resolution from the registered Shareholder must be received by the Corporation at Suite 750, 717 –7<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 0Z3, Attention: Chief Financial Officer, or via email at [michalh@vibebycalifornia.com](mailto:michalh@vibebycalifornia.com) or by the Chairman of the Meeting at or before the Meeting. A vote against the Continuation Resolution, an abstention or the execution of the proxy to vote against the Continuation Resolution does not constitute such written objection.

#### **Other Business**

While there is no business other than that mentioned in the Notice of Meeting to be presented to the Shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

#### **Statement of Executive Compensation**

"**Named Executive Officer**" or "**NEO**" means: (a) each individual who served as the Chief Executive Officer ("CEO") or the Chief Financial Officer ("Chief Financial Officer") of the Corporation, or an individual who acted in a similar capacity during the financial year ended December 31, 2019, regardless of the amount of compensation of that individual; (b) each of the Corporation's or the Corporation's subsidiaries' most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers, or acting in a similar capacity, as at December 31, 2019 and whose total compensation, individually, amounted to \$150,000 or more for the financial year ended December 31, 2019; and (c) any additional individual who would have been included under (b) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, as at December 31, 2019.

As at December 31, 2019, the Named Executive Officers at that time were Mark Waldron, Chief Executive Officer and Michal Holub, Chief Financial Officer, and Joe Starr, Chief Operating Officer.

#### *Compensation Discussion and Analysis*

To date, the Board of Directors have not adopted any formal policies to determine executive compensation. Executive compensation is currently determined by the Compensation Committee of the Board of Directors who have general oversight of compensation of employees and executive officers.

In carrying out its duties and responsibilities in relation to compensation and utilizing industry comparable salaries and bonuses, the Compensation Committee sets annual performance objectives that are aligned to the overall objectives of the Corporation and assess the attainment of the corporate goals to determine the amount of performance bonus compensation paid.

The Board of Directors will consider implementing formal compensation policies in the future should circumstances warrant.

Currently, the only long-term compensation component available to the NEOs are Options and RSUs granted under the Equity Incentive Plan and the RSU Plan, respectively, both of which are administered by the Board of Directors, or a committee thereof, and designed to give each holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. The Compensation Committee considers stock option and RSU grants when reviewing each NEO's compensation package as a whole.

The allocation of Options and RSUs is regarded as an important element to attract and retain NEOs for the long term and it aligns their interests with shareholders.

#### *Share-Based Awards*

The Corporation established the Equity Incentive Plan and the RSU Plan in order to attract and retain directors, executive officers, and employees, who will be motivated to work towards ensuring the success of the Corporation. The Board of Directors has full and complete authority to interpret the Equity Incentive Plan and the RSU Plan, to establish applicable rules and regulations applying to it, and to make all other determinations it deems necessary or useful for the administration of the Equity Incentive Plan and the RSU Plan, respectively, provided that such interpretations, rules, regulations, and determinations are consistent with the rules of all stock exchanges on which the Corporation's securities are then traded and with all relevant securities legislation.

On a periodic basis, the CEO may recommend to the Compensation Committee, which in turn, after its review, may recommend to the Board of Directors, the granting of Options or RSUs to key employees, and any terms and conditions forming part of such grants. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibility, and the importance of the position to the Corporation's overall success. The aggregate number of Options and RSUs which may be issued under the Equity Incentive Plan or RSU Plan, as the case may be, is limited by the terms of such plans.

Individuals eligible to participate under the Equity Incentive Plan or RSU Plan will be determined by the Board of Directors. No Options or RSUs granted under the Equity Incentive Plan or the RSU Plan may be exercised at any time beyond a maximum period of ten (10) years following the date of their grant unless specifically provided by the Board of Directors and authorized by the relevant stock exchange. The Board of Directors or the Compensation Committee, as the case may be, designates, at its discretion, the individuals to whom Options or RSUs are granted and determines the number of Common Shares covered by each of such Options or RSU, the grant date, the exercise price of each security, the expiry date, the vesting schedule, and any other matter relating thereto, in each case in accordance with the applicable rules and regulations of the regulatory authorities. The Board of Directors or the Compensation Committee, as the case may be, takes into account previous grants of Options and RSUs when considering new grants.

#### *Risk Oversight*

In carrying out its mandate, the Board of Directors reviews from time to time the risk implications of the Corporation's compensation policies and practices, including those applicable to the Corporation's executives. This review of the risk implications ensures that compensation plans, in their design, structures, and application have a clear link between pay and performance and do not encourage excessive risk taking. Key considerations regarding risk management include the following:



- design of the compensation program to ensure all executives are compensated equally based on the same or, depending on the mandate and term of appointment of that particular executive, substantially equivalent performance goals;
- balance of short-term performance incentives with equity-based awards that vest over time;
- ensuring overall expense to the Corporation of the compensation program does not represent a disproportionate percentage of the Corporation's revenues, after giving consideration to the development stage of the Corporation; and
- utilizing compensation policies that do not rely solely on the accomplishment of specific tasks without consideration to longer term risks and objectives.

For the reasons set forth below, the Board of Directors believe that the Corporation's current executive compensation policies and practices achieve an appropriate balance in relation to the Corporation's overall business strategy and do not encourage executives to expose the Corporation to inappropriate or excessive risks.

While a significant feature of the Corporation's current executive compensation practice is the awarding of Options under its Equity Incentive Plan, and while such compensation is "at risk" (i.e. not guaranteed), the Corporation's long-term incentive plans are designed such that Options generally vest over a two or three year period and therefore encourage sustainable Common Share price appreciation and reduce the risk of actions which may have short-term advantages. Additionally, the granting of Options is in accordance with the terms and provisions of the Corporation's Equity Incentive Plan.

The base salaries set for the Corporation's executives are intended to provide a steady income regardless of share price performance, allowing executives to focus on both near-term and long-term goals and objectives without undue reliance on short term share price performance or market fluctuations.

Compensation payable under the Corporation's bonus plan is overseen by the Compensation Committee of the Board of Directors. The Board does not consider the applicable periods set for bonus purposes to be heavily weighed to the short-term and believes it has struck an appropriate balance between short-term performance incentives and long-term awards that vest over time.

#### *Hedging and Offsetting*

At present, the Corporation does not have a formal policy prohibiting its directors and officers from engaging in short sales of securities of the Corporation or buying or selling puts, calls, or other derivatives that are designed to hedge or offset a decrease in the market value of securities of the Corporation.

Currently, in the absence of such a policy, the directors and officers of the Corporation are expected to act at all times transparently, with integrity and with a view to the best interests of the Corporation and its shareholders in their securities trading activities.

It should be noted that any transactions of this nature are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders (SEDI).

#### *Summary Compensation Table*

The following table is a summary of the compensation paid to the NEOs and directors of the Corporation during the financial years ended December 31, 2019 and 2018 for services rendered to the Corporation. Amounts shown are in US Dollars, the currency that the Corporation reports in for its financial statements.

**Table of Compensation Excluding Compensation Securities**

<b>Name &amp; position</b>	<b>Year</b>	<b>Salary, Consulting Fee, Retainer or Commission (US\$)</b>	<b>Bonus (US\$)</b>	<b>Committee or meeting fees (US\$)</b>	<b>Value of Perquisites (US\$)</b>	<b>Value of all other compensation (US\$)</b>	<b>Total compensation (US\$)</b>
Mark Waldron, CEO, and Director <sup>(1)</sup>	2019	135,666	-	-	-	-	135,666
	2018	22,827	-	-	-	-	22,827
Joe Starr, COO <sup>(2)</sup>	2019	113,055	-	-	-	-	113,055
	2018	19,023	-	-	-	-	19,023
Michal Holub, CFO <sup>(3)</sup>	2019	22,611	-	-	-	-	22,611
	2018		-	-	-	-	
James Walker, Director <sup>(4)</sup>	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
Jim Meloche, Director <sup>(5)</sup>	2019	5,653	-	3,769	-	-	9,422
	2018	-	-	-	-	-	-
Aaron Johnson, Director <sup>(6)</sup>	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
Rajendra Kapoor, Director <sup>(7)</sup>	2019	5,653	-	-	-	-	5,653
	2018	-	-	-	-	-	-
Jane Gauthier, Director <sup>(8)</sup>	2019	5,653	-	3,769	-	-	9,422
	2018		-	-	-	-	
Brian Arbique, Director <sup>(9)</sup>	2019	5,653	-	1,884	-	-	7,537
	2018		-	-	-	-	
Ryan Mercier, CFO and Corporate Secretary <sup>(10)</sup>	2019	73,486	-	-	-	15,828	89,314
	2018	7,609	-	-	-	-	7,609
Doug Porter, CFO and Director <sup>(11)</sup>	2019	-	-	-	-	-	-
	2018 <sup>(16)</sup>	\$70,003	-	-	-	-	\$70,003



Mark Waldron, CEO, and Director <sup>(1)</sup>	Stock Option	866,464 (1.12% of outstanding Common Shares)	February 14, 2019	\$1.15	N/A <sup>(15)</sup>	\$0.075	February 14, 2021
Joe Starr, COO <sup>(2)</sup>	Stock Option	866,464 (1.12% of outstanding Common Shares)	February 14, 2019	\$1.15	N/A <sup>(15)</sup>	\$0.075	February 14, 2021
Michal Holub, CFO <sup>(3)</sup>	Stock Option	150,000 (0.19% of outstanding Common Shares)	October 1, 2019	\$0.20	\$0.15	\$0.075	October 1, 2023
James Walker, Director <sup>(4)</sup>	-	-	-	-	-	-	-
Jim Meloche, Director <sup>(5)</sup>	Stock Option	200,000 (0.26% of outstanding Common Shares)	April 4, 2019	\$0.85	\$0.85	\$0.075	April 4, 2021
Aaron Johnson, Director <sup>(6)</sup>	Stock Option	100,000 (0.13% of outstanding Common Shares)	October 9, 2019	\$0.20	\$0.17	\$0.075	October 9, 2021
Rajendra Kapoor, Director <sup>(7)</sup>	Stock Option	186,646 (0.24% of outstanding Common Shares)	April 4, 2019 March 12, 2019	\$0.85 \$0.52	\$0.85 N/A <sup>(15)</sup>	\$0.075 \$0.075	April 4, 2021 December 31, 2021
Jane Gauthier, Director <sup>(8)</sup>	Stock Option	273,293 (0.24% of outstanding Common Shares)	April 4, 2019 March 12, 2019	\$0.85 \$0.52	\$0.85 N/A <sup>(15)</sup>	\$0.075 \$0.075	April 4, 2021 December 31, 2021
Ryan Mercier, CFO and Corporate Secretary <sup>(9)</sup>	Stock Option	303,263 (0.39% of outstanding Common Shares)	March 12, 2019	\$0.52	N/A <sup>(15)</sup>	\$0.075	February 28, 2022
Brian Arbique, Director	Stock Option	100,000 (0.13% of outstanding Common Shares)	April 4, 2019	\$0.85	\$0.85	\$0.075	April 4, 2021

Doug Porter, CFO and Director <sup>(10)</sup>	-	-	-	-	-	-	-
Eugene Wusaty, CEO and Director <sup>(11)</sup>	-	-	-	-	-	-	-
Andrew Wusaty, Director <sup>(12)</sup>	-	-	-	-	-	-	-
George Roberts, Director <sup>(13)</sup>	-	-	-	-	-	-	-
Pierre Gagnon, Director <sup>(14)</sup>	-	-	-	-	-	-	-

**Notes:**

- (1) Mr. Waldron became a director and CEO on March 25, 2019, in connection with the completion of the RTO.
- (2) Mr. Starr became a COO on March 25, 2019, in connection with the completion of the RTO
- (3) Mr. Holub was appointed CFO on October 1, 2019.
- (4) Mr. Walker became a director on November 24, 2019.
- (5) Mr. Meloche became a director on March 25, 2019, in connection with the completion of the RTO.
- (6) Mr. Johnson became a director on August 22, 2019.
- (7) Mr. Kappor ceased to be a director on August 22, 2019.
- (8) Ms. Gauthier ceased to be a director on August 22, 2019.
- (9) Mr. Arbique ceased to be a director on November 22, 2019.
- (10) Mr. Mercier was appointed CFO and Corporate Secretary on March 25, 2019 , in connection with the completion of the RTO, and ceased in those positions on September 30, 2019.
- (11) Mr. Porter ceased to be CFO and a director on March 25, 2019, in connection with the completion of the RTO.
- (12) Mr. Wusaty ceased to be CEO and a director on March 25, 2019, in connection with the completion of the RTO.
- (13) Mr. Roberts ceased to be a director on March 25, 2019, in connection with the completion of the RTO.
- (14) Mr. Gagnon ceased to be a director on March 25, 2019, in connection with the completion of the RTO.'
- (15) Option exercise price approved by the board of directors of Vibe Bioscience Corporation, prior to the completion of the RTO.

*Exercise of Compensation Securities by Directors and NEOs*

No NEO or director of the Corporation has exercised a compensation security during the most recently completed fiscal year ended December 31, 2019.

*Equity Incentive Plan and Other Incentive Plans*

Except for the stock option grants described herein, no compensation was paid by the Corporation to the NEO or the directors in their capacity as executive officers of the Corporation, in their capacity as members of the Board, or as consultants or experts during the Corporation's most recently completed financial year. The Options issued to the NEO and directors of the Corporation were issued pursuant to the Corporation's Equity Incentive Plan, which is being presented for re-approval at the Meeting. Please see "Approval of Equity Incentive Plan" for specific details concerning the Equity Incentive Plan.

At the Meeting, Disinterested Shareholders will be asked to consider, and, if deemed advisable, to approve the RSU Plan Resolution, approving the Corporation's RSU Plan.

*Termination of Employment, Change in Responsibilities, and Employment Contracts*

For the year ended December 31, 2019, other than as set forth below, the Corporation had no contract, agreement, plan, or arrangement in effect that provides for payments to an NEO at, following, or in connection with any termination (whether voluntary, involuntary, or constructive), resignation, retirement, a change in control of the Corporation, or a change in an NEO's responsibilities.

The Corporation has agreements with each of Mark Waldron and Joe Starr pursuant to which each of these NEOs is entitled to receive a lump sum payment equal to two times their respective annual base salaries upon either a change of control of the Corporation or a termination of their employment without cause. In the case of Mr. Waldron, this would result in a lump sum cash payment of US\$271,332 and in the case of Mr. Starr, a lump sum cash payment of US\$226,110.

#### *Pension Plan Benefits*

The Corporation does not offer any pension benefits.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

Set forth below is a summary as at the end of the Corporation's most recently completed financial year of all securities to be issued pursuant to the Equity Incentive Plan being the only equity compensation plan of the Corporation.

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></b> <b>(a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights<sup>(1)</sup></b> <b>(b)</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans (excluding common Shares reflected in column (a))<sup>(1)</sup></b> <b>(c)</b>
Equity compensation plans approved by securityholders <sup>(1)</sup>	7,631,911	CDN\$0.62	3,031,693
Equity compensation plans not approved by securityholders	-	-	-
Total	7,631,911	CDN\$0.62	-

#### **Note:**

- (1) The equity compensation plans of the Corporation reserves for issuance up to ten percent (10%) of the Corporation's issued and outstanding Common Shares. The aggregate number of Common Shares reserved include all compensation and incentive plans, including the Equity Incentive Plan. As at December 31, 2019, the number of Common Shares remaining available for future issuance under the Equity Incentive Plan was 3,031,693. In the table above, the amount is all reflected as attributable to the Equity Incentive Plan.

#### **Indebtedness of Directors and Officers**

As of December 31, 2019, the most recently completed financial year of the Corporation, none of the directors and officers is indebted to the Corporation.

#### **Interest of Informed Persons in Material Transactions**

Except as disclosed herein, no informed person of the Corporation and no proposed nominee for election as a director of the Corporation or any associates or affiliates of the foregoing persons has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction material to the Corporation since the commencement of the Corporation's last financial year.

#### **Management Contracts**

Except as set out herein, there are no management functions of the Corporation which are to any substantial degree performed by a person or company other than the directors or senior officers of the Corporation.

#### **Auditor and Audit Committee**

##### ***Auditor***

Davidson & Company LLP are the auditors of the Corporation.

## **Audit Committee**

### *Composition*

The Audit Committee of the Corporation is currently comprised of Jim Meloche (Chair), Aaron Johnson, and James Walker. In the view of management of the Corporation, each member of the Audit Committee is independent and financially literate, as determined in accordance with National Instrument 52-110 - *Audit Committees* ("**NI 52-110**").

### *Charter*

The Charter of the Audit Committee is attached to this Circular as Schedule "I".

### *Relevant Education and Experience*

#### *Jim Meloche, Director*

Mr. Meloche has over 25 years of experience in investment and corporate banking at a Canadian and a Global Investment Bank. Previously, he was Managing Director at an International Bank responsible for leading an investment banking team in Canada. He also participated on the Capital Commitments Committee and was a member of the Board of Directors for the Canadian subsidiary. Prior to that, Mr. Meloche spent 17 years at a Canadian bank in the investment banking department, where he was responsible for managing several businesses including credit capital markets, derivatives marketing and developing a private equity business. He was also a member of the Senior Credit Committee, Investment Banking Operating Committee and Equity/Debt Capital Markets Committees. Mr. Meloche holds an Honours BBA from Wilfrid Laurier University and the Chartered Financial Analyst designation in Canada.

#### *Aaron Johnson, Director*

Mr. Johnson is a partner and member of the Business Department of JRG Attorneys at Law, where he has substantial experience in the fields of cannabis business entity formation and regulation, business transactions (formation, operation, mergers and acquisitions), real estate transactions, and land use (CEQA) law. He has previously served as President of the Hartnell Community College Board of Trustees, President of Monterey County Cattlemen, and President of Ag Land Trust. Mr. Johnson received his LLM in Taxation from Golden Gate University, School of Law in 1998, his JD from San Joaquin College of Law in 1997 and his Bachelor of Arts in 1993 from Fresno State University.

#### *James Walker, Director*

Mr. Walker is a licenced realtor in the Province of Alberta and does investing, development and contracting, along with commercial and farm and ranch marketing and sales. Mr. Walker also has a diverse portfolio of ownership in rental properties, music lessons and instrument rentals businesses, real estate company under contract with Grand Realty and Management Ltd., E-commerce online business, a small farm operation, and a hose and equipment rental company in the oil and gas sector.

Mr. Walker has served as a director of multiple private and public companies and was a founding seed capital shareholder and director of Western Financial Group, a diversified insurance services company. Previously he was a founding investor and director of three capital pool companies that provided funding for early stage companies in aircraft technology, security technology and the oil and gas energy sector.

### *Audit Committee Oversight*

At no time since the commencement of the Corporation's financial year ended December 31, 2019 was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year ended December 31, 2019 has the Corporation relied on the exemption in section 2.4 of NI 52-110 (*de minimis* non-audit services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Pre-Approval of Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by its external auditors. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve non-audit services, provided that the member(s) report to the Audit Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Audit Committee from time to time.

### External Auditor Service Fees

During the last two completed financial years of the Corporation, the Corporation has incurred fees from its external auditors as follows:

Service Provider	Year	Audit Fees <sup>(1)</sup>	Audit Related Fees	Tax Fees	All other Fees
Davidson & Company LLP <sup>(2)</sup>	2019	US\$90,444	US\$22,611	US\$8,969	US\$49,500
	2018	-	-	-	-
RSM Canada LLP	2019	-	-	CDN\$11,025	CDN\$11,025 <sup>(3)</sup>
	2018	CDN\$25,000	-	CDN\$5,000	-

#### Notes:

- (1) Includes fees related to the fiscal year audit, notwithstanding when the fees and expenses were billed or when the services were rendered.
- (2) Davidson & Company LLP were appointed auditors of the Corporation upon completion of the RTO.
- (3) Includes fees related to reviewing the management information circular prepared in connection with the RTO and a review of interim financial statements.

The Corporation is relying upon the exemption contained in Section 6.1 of NI 52-110 on the basis that it is a venture issuer under that instrument.

## Corporate Governance

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and accountable to the shareholders, and accounts for the role of management who are appointed by the Board of Directors and charged with the day-to-day management of the Corporation. The Board of Directors and senior management consider good corporate governance to be central to our effective and efficient operation. National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") requires the Corporation to disclose annually in its Circular certain information concerning its corporate governance practices, as set forth below.

### Board of Directors

The Board of Directors is responsible for overseeing the management of the Corporation and for the conduct of the Corporation's affairs generally. Each director is elected annually by the shareholders and serves for a term that will end at the Corporation's next annual meeting. The Board of Directors has established a Corporate Governance Policy that describes the basic approach of the Corporation to corporate governance. The Board of Directors is currently comprised of four directors, three of which are independent within the meaning of NI 58-101. The independent directors are James Walker, Jim Meloche and Aaron Johnson. Mark Waldron is not considered to be an independent director due to the fact that he currently holds the position of CEO of the Corporation. The Board of Directors meets on a regular basis, not less than four times per year, with management involved only as necessary. This ensures the Board of Directors' independence from management. In addition, the Board of Directors holds an in-camera session at the conclusion of each board meeting.



The Board of Directors facilitates its exercise of independent supervision over the Corporation’s management through a combination of formal meetings of the Board of Directors and informal discussions amongst board members. Due to the small size of the Board and with a majority of independent directors, the Board managed governance matters both directly and through the Compensation Committee. The Board of Directors looks to management of the Corporation to keep it apprised of all significant developments affecting the Corporation and its operations. All major acquisitions, dispositions, investments, and contracts and other significant matters outside the ordinary course of the Corporation’s business are subject to approval by the Board of Directors.

*Directorships*

Directors of the Corporation who are also directors of other Reporting Issuers are noted below:

DIRECTOR	Other Public Directorships – Company Name
Aaron Johnson	Nutritional High International Inc.

*Orientation and Continuing Education*

Though the Corporation does not have a formal orientation or continuing education program for new directors, the Board of Directors has established a Compensation Committee (see below) that is responsible for the orientation and education of all new recruits to the Board of Directors. New directors are provided with access to recent, publicly filed documents of the Corporation, technical reports, and internal financial information and given copies of all Board minutes and corporate governance materials. Directors are encouraged to ask questions and communicate with management, auditors, and technical consultants to keep themselves current with industry trends and developments and changes in legislation.

Continuing education is an important compliance requirement to promote the competence and integrity of board members. This committee encourages the directors to take part in relevant education programs offered by appropriate regulatory bodies.

*Ethical Business Conduct*

Ethical business behaviour is of great importance to the Board of Directors and the management of the Corporation. The Corporation has instituted policies on disclosure, insider trading, as well as a whistleblower policy for all staff and personnel to report any fraudulent or illegal acts on an anonymous basis directly to the Audit Committee chair.

In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar activities, the Board of Directors must comply with the conflict of interest provisions of the relevant statutes governing the Corporation, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings which involve such conflict.

*Compensation Committee*

Our Compensation Committee shall be composed of at least two members of our board whom are considered independent and is responsible for recruiting and nominating new members to the Board of Directors and planning for the succession of directors. The Committee considers the advice and input from all directors regarding the qualifications of potential directors and the specific needs, expertise, or vacancies required to be filled among the Board of Directors.

The Compensation Committee's mandate includes assessing the performance and determining the remuneration of the President and CEO of the Corporation and reviewing the adequacy and form of compensation of directors, based on an assessment of the responsibilities and risks involved in being an effective director.

#### *Other Board Committees*

The Corporation may establish special committees from time to time should the need arise. For a description of the audit committee, see "Auditor and Audit Committee" above and Schedule "I" hereto which contains a copy of the audit committee charter.

#### *Assessments*

The Compensation Committee is entrusted with the task of assessing the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contributions of individual directors. This committee makes recommendations with respect to the effectiveness of the entire Board of Directors, individual members and board committees when appropriate.

#### **Additional Information**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative consolidated financial statements for the year ended December 31, 2019 and the related Management's Discussion and Analysis ("**MD&A**"). Each of these documents is available on SEDAR at [www.sedar.com](http://www.sedar.com) and are incorporated herein by reference.

Copies of these consolidated financial statements and MD&A may be obtained (in some cases upon payment of a reasonable charge if the request is made by a person or company that is not a securityholder of the Corporation) upon written request to Mark Waldron, CEO, Vibe Bioscience Ltd., #214, 2505 – 17 Avenue S.W., Calgary, Alberta T3E 7V3.

#### **Approval of the Directors**

The contents and the distribution of this Circular have been approved by the Board of Directors.

DATED this 22<sup>nd</sup> day of May, 2020.

#### **VIBE BIOSCIENCE LTD.**

Per: (signed) "Mark Waldron"  
Mark Waldron  
Chairman

**SCHEDULE "A"**  
**Equity Incentive Plan Resolution**

**"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the equity incentive plan of the Corporation, substantially in the form set forth in Schedule "B" to the information circular of the Corporation dated May 22, 2020, is hereby confirmed, ratified and approved as the equity incentive plan of the Corporation; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

## SCHEDULE "B"

### EQUITY INCENTIVE PLAN

#### Section 1. *Purpose*

The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through the grant of options and provide them with opportunities for share ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders.

#### Section 2. *Definitions*

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "*Affiliate*" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company within the meaning of the *Business Corporations Act* (Ontario).
- (b) "*Award*" shall mean any Option granted under the Plan.
- (c) "*Award Agreement*" shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).
- (d) "*Board*" shall mean the Board of Directors of the Company.
- (e) "*Code*" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.
- (f) "*Committee*" shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. The Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3 of the Securities Exchange Commission, and each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3 of the Securities Exchange Commission.
- (g) "*Company*" shall mean Vibe Bioscience Ltd. (formerly Altitude Resources Inc.), an Ontario corporation, and any successor corporation.
- (h) "*Consultant*" means, in relation to the Company, an individual or a Consultant Company, other than an Employee, Director or Officer of the Company, that:
  - (i) is engaged to provide on a continuous bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and

- (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (i) “*Consultant Company*” means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (j) “*CSE*” means the Canadian Securities Exchange.
- (k) “*Director*” shall mean a member of the Board.
- (l) “*Effective Date*” shall mean the date the Plan is adopted by the Board, as set forth in Section 12.
- (m) “*Eligible Person*” shall mean any employee, officer, Non-Employee Director, or Consultant providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended.
- (n) “*Exchange Act*” shall mean the U.S. Securities Exchange Act of 1934, as amended.
- (o) “*Fair Market Value*” with respect to one Share as of any date shall mean:
  - (a) if the Shares are listed on the CSE or any established share exchange, the price of one Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, and if no sale of Shares shall have occurred on such date, the average of the daily high and low board lot trading prices of the Shares on the CSE for the five immediately preceding trading days. Notwithstanding the foregoing, in the event that the Shares are listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing of the market price of the Shares on the CSE on (x) the prior trading day, and (y) the date of grant of the Options; *provided, however*, that such market price may be reduced by any applicable discount permitted by the policies of the CSE;
  - (b) if the Shares are not so listed on the CSE or any established share exchange, the average of the closing “bid” and “ask” prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted “bid” and “ask” prices on such date, on the next preceding date for which there are such quotes for a Share; or
  - (c) if the Shares are not publicly traded as of such date, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in good faith, by applying principles of valuation with respect thereto.
- (q) “*Incentive Stock Option*” shall mean an option to purchase Shares granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.
- (r) “*Non-Employee Director*” shall mean a Director who is not also an employee of the Company or any Affiliate.
- (s) “*Option*” means an option to purchase Shares granted under this Plan.
- (t) “*Participant*” shall mean an Eligible Person designated to be granted an Award under the Plan.
- (u) “*Person*” shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.
- (v) “*Plan*” shall mean this Equity Incentive Plan, as amended from time to time.

- (w) “*Related Person*” has the meaning ascribed thereto in section 2.22 of National Instrument 45-106 *Prospectus Exempt Distributions*, which includes, without limitation, any director, an executive officer of the Company or of its any Affiliates.
- (x) “*Section 409A*” shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.
- (y) “*Securities Act*” shall mean the U.S. Securities Act of 1933, as amended.
- (z) “*Share*” or “*Shares*” shall mean common shares in the capital of the Company (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).
- (aa) “*Specified Employee*” shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.
- (bb) “*Tax Act*” means the *Income Tax Act* (Canada).
- (cc) “*U.S. Award Holder*” shall mean any holder of an Award who is (a) a “U.S. person” (as defined in Rule 902(k) of Regulation S under the Securities Act), (b) a U.S. citizen or U.S. permanent resident, or (c) holding or exercising Awards in the United States.

### **Section 3.** *Administration*

- (a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iii) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (iv) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (v) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7, (vi) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (vii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (viii) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (ix) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xi) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of the jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall

be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

- (b) Delegation. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided, however*, that the Committee shall not delegate such authority in such a manner as would cause the Plan not to comply with applicable exchange rules or applicable corporate law.
- (c) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of all applicable securities rules.
- (d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Company.

#### **Section 4.** *Shares Available for Awards*

- (a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be the number of Shares as determined by the Board from time to time. Notwithstanding the foregoing, the aggregate number of Shares that may be issued pursuant to awards of Options, including Incentive Stock Options, shall not exceed 10% of the issued and outstanding Shares at the time of the grant of such Options and the aggregate number of Shares that may be issued pursuant to awards of Incentive Stock Options shall not exceed 7,640,497. The aggregate number of Shares that may be issued under all Awards under the Plan shall be reduced by Shares subject to Awards issued under the Plan in accordance with the Share counting rules described in Section 4(b) below.
- (b) Counting Shares. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.
  - (i) Shares Added Back to Reserve. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company (including any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan.
  - (ii) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with

the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

- (c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitations contained in Section 4(d) below; *provided, however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.
- (d) Additional Award Limitations. The aggregate number of Shares issuable to Related Persons, as a group, within any one-year period pursuant to Awards granted and all other security based compensation arrangements, at any time shall not exceed 10% of the total number of Shares outstanding at the time of the grant(s). The total number of Shares which may be issued or issuable to any one Related Person, including any Affiliates thereof, within any one-year period pursuant to Awards and all other security based compensation arrangements, shall not exceed 5% of the Shares then outstanding at the time of the grant(s). The aggregate total number of Shares which may be issued or issuable to any one Related Person pursuant to Awards shall not exceed 5% of the Shares then outstanding at the time of the grant(s). So long as the Company is listed on the CSE, the aggregate number of Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Shares then outstanding. For the purposes of this Section, the number of Shares then outstanding shall mean the number of Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Award. Under this Plan “security based compensation arrangements” shall mean any compensation or incentive mechanism (such as option plans, restricted share plans, share purchase plans) involving the issuance or potential issuances of securities of the Company from treasury.

## **Section 5.** *Eligibility*

- (a) Eligibility. Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company and/or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term, as used herein, includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Code or any successor provision.
- (b) Ceasing to be an Eligible Person. If a Participant ceases to be an Eligible Person for any reason, whether for cause or otherwise, the Participant may, but only within 90 days following the date on which it ceased to be an Eligible Person, or within 30 such days if such Participant is an investor



relations person or holder of Incentive Stock Options, exercise any Option that was exercisable on the date the Participant ceased to be an Eligible Person. The Committee may extend such 90 or 30 day period, as applicable, subject to obtaining any approval required by the stock exchange on which the Shares then trade, if any, and subject to a maximum extension to the original expiry date of such Options. Any Option that was not exercisable on the date the Participant ceased to be an Eligible Person is deemed to expire on such date, unless extended as contemplated herein. Any Option that was exercisable on the date the Participant ceased to be an Eligible Person is deemed to expire immediately following the 90 or 30 day period, as applicable, unless extended as contemplated herein.

## Section 6. Awards

- (a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan, as the Committee shall determine:
- (i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; *provided, however*, that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a share option previously granted by an entity that is acquired by or merged with the Company or an Affiliate.
  - (ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant. Notwithstanding the foregoing, in the event that the expiry date of an Option falls within a trading blackout period imposed by the Company (a “**Blackout Period**”), and neither the Company nor the individual in possession of an Option is subject to a cease trade order in respect of the Company’s securities, then the expiry date of such Option shall be automatically extended to the 10th business day following the end of the Blackout Period. With respect to a U.S. Award Holder, the application of the Blackout Period shall be made in the Company’s sole discretion in accordance with the Code and Section 409A thereof.
  - (iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.
    - (A) Promissory Notes. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.
    - (B) Net Exercises. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.
  - (iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of share options which are intended to qualify as Incentive Stock Options:

- (A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed \$100,000.
  - (B) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Company.
  - (C) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; *provided, however*, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) shares possessing more than 10% of the total combined voting power of all classes of shares of the Company or of its Affiliates, such Incentive Stock Options shall expire and no longer be exercisable no later than five years from the date of grant.
  - (D) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided, however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) shares possessing more than 10% of the total combined voting power of all classes of shares of the Company or of its Affiliates, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.
  - (E) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.
  - (F) Nothing under this Plan is intended to make the Company liable for any harm arising from a grant of Options where such Options do not qualify as Incentive Stock Options for any reason. The Company is not obligated to take any action in the case that any Options fail to qualify as Incentive Stock Options.
- (b) General Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.
- (ii) Limits on Transfer of Awards. Subject to such additional terms and conditions as may be determined by the Committee from time to time, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. The Committee may establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event

of the Participant's death. In the event of a Participant's death, any unexercised, options issued to such Participant shall be exercisable within a period of one year next succeeding the year in which the Participant died, unless such exercise period is extended by the Committee and approval is obtained from the stock exchange on which the Shares then trade, as applicable.

- (iii) Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.
- (iv) Prohibition on Option Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior approval of the Company's shareholders, the Board and applicable stock exchange, seek to effect any repricing of any previously granted, "underwater" Option by: (i) amending or modifying the terms of the Option to lower the exercise price; (ii) canceling the underwater Option and granting replacement Options having a lower exercise price within 30 days of the cancellation; or (iii) cancelling or repurchasing the underwater Option for cash or other securities. An Option will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.
- (v) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.
- (vi) Acceleration of Vesting or Exercisability. No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a change-in-control event, unless such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, *provided that* the consummation subsequently occurs) such change-in-control event.

**Section 7.** *Amendment and Termination; Corrections*

- (a) Amendments to the Plan and Awards. The Committee may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, *provided that* no amendment to the terms of any previously granted Award may (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or share exchange. For greater certainty and without limiting the foregoing, the Committee may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Company in order to:
- (i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;
  - (ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively;
  - (iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or share exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or
  - (iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

Notwithstanding the foregoing and for greater certainty, prior approval of the shareholders of the Company shall be required for any amendment to the Plan or an Award that would:

- (i) require shareholder approval under the rules or regulations of securities exchange that is applicable to the Company;
  - (ii) permit repricing of Options, which is currently prohibited by Section 6(b)(iv) of the Plan;
  - (iii) permit the award of Options at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option contrary to the provisions of Section 6(a)(i) of the Plan;
  - (iv) permit Options to be transferable other than for normal estate settlement purposes;
  - (v) amend this Section 7(a); or
  - (vi) increase the maximum term permitted for Options as specified in Section 6(a) or extend the terms of any Options beyond their original expiry date.
- (b) Corporate Transactions. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a

transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, *provided that* the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

- (i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;
  - (ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the share of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;
  - (iii) that, subject to Section 6(b)(vi), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or
  - (iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.
- (c) Correction of Defects, Omissions and Inconsistencies. The Committee may, without prior approval of the shareholders of the Company, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

#### **Section 8.** *Income Tax Withholding*

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are imposed upon the Participant's receipt or exercise of an Option, are withheld or collected from such Participant. Without limiting the foregoing, in order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any applicable limitations under ASC Topic 718 to avoid adverse accounting treatment) or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

#### **Section 9.** *U.S. Securities Laws*

Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States of America and are considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act and any

Shares shall be affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares issued on exercise of Awards for a considerable length of time. Each U.S. Award Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the Securities Act or the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

**Section 10.**     *General Provisions*

- (a)     No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.
- (b)     Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.
- (c)     Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.
- (d)     No Rights of Shareholders. Except with respect to Shares issued under Awards, neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.
- (e)     No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.
- (f)     No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be

deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

- (g) Governing Law. The internal law, and not the law of conflicts, of British Columbia shall govern all questions concerning the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award.
- (h) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.
- (i) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.
- (j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.
- (k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.
- (l) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

**Section 11.** *Clawback or Recoupment*

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable share exchange rule.

**Section 12.** *Section 12. Effective Date of the Plan*

The Plan was adopted by the Board on April 4, 2019.

**Section 13.** *Term of the Plan*

No Award shall be granted under the Plan after, and the Plan shall terminate, on the earlier of (i) the tenth anniversary of the date the Plan was last approved by the shareholders of the Company and (ii) the date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Committee to amend the Plan, shall extend beyond the termination of the Plan.

**SCHEDULE "C"**  
**Restricted Share Unit Plan Resolution**

**"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the restricted share unit plan of the Corporation, substantially in the form set forth in Schedule "D" to the information circular of the Corporation dated May 22, 2020 (the "**RSU Plan**"), be and is hereby confirmed, ratified and approved, including the reservation for issuance thereunder at any time of a maximum of 15,595,125 common shares of the Corporation, as the restricted share unit plan of the Corporation;
2. the form of the RSU Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities, including any stock exchange, without requiring further approval of the shareholders of the Corporation;
3. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing; and
4. the directors of the Corporation may revoke this resolution before it is acted upon without further approval of the shareholders of the Corporation."



**SCHEDULE "D"**  
**Restricted Share Unit Plan**

**VIBE BIOSCIENCES LTD.  
RESTRICTED SHARE UNIT PLAN**

**PART 1  
GENERAL PROVISIONS**

**Establishment and Purpose**

1.1 The Company hereby establishes a restricted share unit plan known as the “Vibe Restricted Share Unit Plan”.

1.2 The purpose of this Plan (defined below) is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected Eligible Persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. This Plan is intended to promote a greater alignment of interests between the shareholders of the Company and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company.

**Definitions**

1.3 In this Plan:

- (a) **Affiliate** means a Company that is affiliated with another company. A Company is an “Affiliate” of another Company if:
  - (i) one of them is the subsidiary of the other, or
  - (ii) each of them is controlled by the same Person;
- (b) **Applicable Withholding Tax** has the meaning set forth in Section 3.7;
- (c) **Award** means an agreement evidencing the grant of a Restricted Share Unit;
- (d) **Award Payout** means the applicable Share issuance or cash payment in respect of a vested Restricted Share Unit pursuant and subject to the terms and conditions of this Plan and the applicable Award;
- (e) **Blackout Period** means the period of time when, pursuant to any policies of the Company or any resolution of the Board, any Shares may not be traded by certain persons as designated by the Company, including a holder of any Restricted Share Unit;
- (f) **Board** means the board of directors of the Company;
- (g) **Change of Control** means:
  - (i) any Merger and Acquisition Transaction in which voting securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities are to be transferred to a Person or Persons (other than any of its Affiliates) different from the Persons holding

those securities immediately prior to such transaction and the composition of the Board following such transaction is to be such that such directors prior to the transaction constitute less than fifty percent (50%) of the directors of the Company following the transaction;

- (ii) any Merger or Acquisition Transaction, directly or indirectly, by any Person or related group of Persons (other than the Company or a Person that directly or indirectly controls, is controlled by, or is under common control with, the Company and other than by any or its Affiliates) involving a change in the beneficial ownership of voting securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities;
- (iii) any acquisition, directly or indirectly, by a Person or related group of Persons of the right to appoint a majority of the directors of the Company or otherwise directly or indirectly control the management, affairs and business of the Company (other than any or its Affiliates);
- (iv) any Merger or Acquisition Transaction involving the disposition of all or substantially all of the assets of the Company;
- (v) a complete liquidation or dissolution of the Company; and
- (vi) any other transaction that is deemed to be a "**Change of Control**" for the purposes of this Plan by the Board in its sole discretion;

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a *bona fide* financing or series of financings by the Company or any of its Affiliates, of voting securities of the Company or any of its Affiliates or any rights to acquire voting securities of the Company or any of its Affiliates which are convertible into voting securities;

- (h) **Committee** means the Board or, if the Board so determines in accordance with Section 1.5, the committee of the Board authorized to administer the Plan which includes any compensation committee of the Board;
- (i) **Company** means Vibe Biosciences Ltd., and includes any successor company thereto;
- (j) **Consultant** means an individual who:
  - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company other than services provided in relation to a "distribution" (as that term is described in the *Securities Act*);
  - (ii) provides the services under a written contract between the Company or an Affiliate of the Company and the individual or a Consultant Entity (as defined below);

- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and
- (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable regulatory rules to be granted Options as a Consultant or as an equivalent thereof,

and includes:

- (i) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “**Consultant Entity**”); or
  - (ii) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (k) **CSE** means the Canadian Securities Exchange;
  - (l) **Director** means a member of the Board or of the board of directors of a Related Entity;
  - (m) **Disinterested Shareholder** means a holder of Shares that is not an Eligible Person nor an associate (as defined in the *Securities Act* (British Columbia)) of an Eligible Person;
  - (n) **Eligible Person** means any person who is a *bona fide* Director, Employee, Officer or Consultant;
  - (o) **Employee** means an employee of the Company or of a Related Entity;
  - (p) **Expiry Date** means the third anniversary of the Grant Date, or such earlier date as may be established by the Board in respect of an Award at the time of grant of the Award;
  - (q) **Fair Market Value** means, as at a particular date, for the purpose of calculating the applicable Vesting Date Value and Award Payout,
    - (i) if the Shares are listed on a Stock Exchange, the greater of: (i) the weighted average of the trading price per Share on the Stock Exchange for the last five trading days ending on that date; and (ii) the closing price of the Shares on the day before that date, or
    - (ii) if the Shares are not listed on any public exchange, the value per Share established by the Board based on its determination of the fair value of a Share;
  - (r) **Grant Date** means the date of grant of any Restricted Share Unit;
  - (s) **IFRS** means the International Financial Reporting Standards as adopted by the Accounting Standards Board of Canada;

- (t) **Merger and Acquisition Transaction** means:
  - (i) any merger;
  - (ii) any acquisition;
  - (iii) any amalgamation;
  - (iv) any offer for Shares which if successful would entitle the offeror to acquire all of the voting securities of the Company; or
  - (v) any arrangement or other scheme of reorganization;
- (u) **Officer** means an individual who is an officer of the Company or of a Related Entity as an appointee of the Board or the board of directors of the Related Entity, as the case may be;
- (v) **Person** means an individual, body corporate, partnership, joint venture, limited liability company or trust and the heirs, beneficiaries, executors, legal representatives or administrators of an individual;
- (w) **Plan** means this Vibe Restricted Share Unit Plan, as amended from time to time;
- (x) **Recipient** means an Eligible Person who may be granted Restricted Share Units from time to time under this Plan;
- (y) **Related Entity** means a person that is controlled by the Company. For the purposes of this Plan, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of
  - (i) ownership of or direction over voting securities in the second person,
  - (ii) a written agreement or indenture,
  - (iii) being the general partner or controlling the general partner of the second person, or
  - (iv) being a trustee of the second person;
- (z) **Related Person** means:
  - (i) a Related Entity of the Company;
  - (ii) a partner, director or officer of the Company or Related Entity;
  - (iii) a promoter of or person who performs Investor Relations Activities for the Company or Related Entity; and

- (iv) any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Company or Related Entity;
- (aa) **Required Approvals** has the meaning contained in Section 1.7;
- (bb) **Restricted Period** means the period of time: (i) during a Blackout Period; and (ii) within five Business Days following the end of a Blackout Period;
- (cc) **Restricted Share Unit** means a right granted under this Plan to receive the Award Payout on the terms contained in this Plan as more particularly described in Section 3.1;
- (dd) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (ee) **Share** means a common share in the capital of the Company as from time to time constituted;
- (ff) **Share Compensation Arrangement** means any share option, share option plan, employee Share purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Officers or Employees of the Company;
- (gg) **Shareholder Approval** means approval by the shareholders of the Company shareholders;
- (hh) **Stock Exchange** means the CSE, or any other stock exchange on which the Shares are then listed for trading, as applicable;
- (ii) **Termination** means, with respect to a Recipient, that the Recipient has ceased to be an Eligible Person, other than as a result of retirement, and has ceased to fulfill any other role as employee or officer of the Company or any Related Entity, including as a result of termination of employment, resignation from employment, removal as an officer, death or Total Disability;
- (jj) **Total Disability** means, with respect to a Recipient, that, solely because of disease or injury the Recipient is deemed by a qualified physician selected by the Company to be unable to work at any occupation which the Recipient is reasonably qualified to perform for the Company;
- (kk) **Trigger Date** means, with respect to a Restricted Share Unit, the date set by the Board at the time of grant, and if no date is set by the Board, then the third anniversary following the Grant Date of the Restricted Share Unit, as such may be amended in accordance with Section 2.6; and
- (ll) **Vesting Date Value** means the notional value, as at a particular date, of the Fair Market Value of one Share.

## **Administration**

1.4 The Board will, in its sole and absolute discretion, but taking into account relevant corporate, securities and tax laws and subject to Stock Exchange rules and policies,

- (a) interpret and administer this Plan,
- (b) establish, amend and rescind any rules and regulations relating to this Plan, and
- (c) make any other determinations that the Board deems necessary or appropriate for the administration of this Plan.

The Board may correct any defect or any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or appropriate. Any decision of the Board in the interpretation and administration of this Plan will be final, conclusive and binding on all parties concerned. All expenses of administration of this Plan will be borne by the Company.

## **Delegation to Committee**

1.5 All of the powers exercisable hereunder by the Board may, to the extent permitted by law and as determined by a resolution of the Board, be delegated to a Committee including, any compensation committee of the Board, without limiting the generality of the foregoing, those referred to under Section 1.4.

## **Incorporation of Terms of Plan**

1.6 Subject to specific variations approved by the Board all terms and conditions set out herein will be incorporated into and form part of each Restricted Share Unit granted under this Plan.

## **Effective Date**

1.7 This Plan will be effective as of May 15, 2020. Subject to the terms and conditions of the Plan, the Board may, in its discretion, at any time, and from time to time, issue Restricted Share Units to Eligible Persons as it determines appropriate under this Plan. However, any such issued Restricted Share Units may not be paid out in Shares in any event until receipt of the necessary approvals, including Shareholder Approval of the Company, applicable stock exchange(s), and any other regulatory bodies (the “**Required Approvals**”).

## **Shares Reserved**

1.8 The aggregate number of Shares available for issuance from treasury under this Plan, together with any other Share Compensation Arrangement, subject to adjustment pursuant to Section 2.9 or as required by the Stock Exchange, may not exceed 20% of the issued Shares, which, as of May 15, 2020, is 15,595,125 Shares. Any Share which was reserved for issuance pursuant to a Restricted Share Unit, which Restricted Share Unit has been cancelled or terminated in accordance with the terms of the Plan without being paid out as provided for in PART 3 shall also be terminated or cancelled and will no longer be available under the Plan.

### **Limitations on Restricted Share Units to any One Person and to Related Persons**

1.9 Unless shareholder approval is obtained (or unless permitted otherwise by the rules of the Stock Exchange):

- (a) the maximum number of Shares which may be reserved for issuance to Related Persons (as a group) under the Plan, together with any other Share Compensation Arrangement, may not exceed 10% of the issued Shares;
- (b) the aggregate number of Restricted Share Units which may be granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued Shares, calculated on the Grant Date;
- (c) the aggregate number of Restricted Share Units granted to any one Consultant in a 12 month period must not exceed 2% of the issued Shares, calculated at the Grant Date; and
- (d) the aggregate number of Restricted Share Units granted to all Persons retained to provide investor relations activities must not exceed 2% of the issued Shares in any 12 month period, calculated at the Grant Date.

## **PART 2 AWARDS UNDER THIS PLAN**

### **Recipients**

2.1 Only Eligible Persons are eligible to participate in this Plan and receive one or more Restricted Share Units. Restricted Share Units that may be granted hereunder to a particular Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or a Related Entity, as the case may be, in the Company's or the Related Entity's fiscal year ending in, or coincident with, such calendar year, as determined by the Board in its discretion.

### **Grant**

2.2 The Board may, in its discretion, at any time, and from time to time, grant Restricted Share Units to Eligible Persons as it determines is appropriate, subject to the limitations set out in this Plan. In making such grants the Board may, in its sole discretion but subject to Section 2.4(ii), in addition to Performance Conditions set out below, impose such conditions on the vesting of the Awards as it sees fit, including imposing a vesting period on grants of Restricted Share Units.

### **Performance Conditions**

2.3 At the time a grant of a Restricted Share Unit is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of Restricted Share Units as may be specified by the Committee in the Award (the "**Performance Conditions**"). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance



Conditions, and may exercise its discretion to reduce the amounts payable under any Award subject to Performance Conditions. The Board may determine that an Award shall vest in whole or in part upon achievement of any one performance condition or that two or more Performance Conditions must be achieved prior to the vesting of an Award. Performance Conditions may differ for Awards granted to any one Recipient or to different Recipients.

### **Vesting**

2.4 Except as provided in this Plan, Restricted Share Units issued under this Plan will vest on the date (the “**Vesting Date**”) that is the later of:

- (a) the Trigger Date; and
- (b) the date upon which the relevant Performance Condition or other vesting condition set out in the Award has been satisfied, provided that
  - (i) Restricted Share Units shall only vest on the Trigger Date to the extent that the Performance Conditions or other vesting conditions set out in an Award have been satisfied on or before the Trigger Date;
  - (ii) if the date in Section (a) or Section (b) occurs during a Restricted Period, the Vesting Date shall be extended to a date which is the earlier of: (i) one business day following the end of such Restricted Period; and (ii) the Expiry Date; and
  - (iii) no Restricted Share Unit will remain outstanding for any period which exceeds the Expiry Date of such Restricted Share Unit.

### **Forfeiture and Cancellation upon Expiry Date**

2.5 Restricted Share Units which do not vest on or before the Expiry Date of such Restricted Share Unit will be automatically cancelled, without further act or formality and without compensation.

### **Amendment of Trigger Date**

2.6 The Board of Directors may, at any time after a grant of a Restricted Share Unit, accelerate the Trigger Date of such Restricted Share Unit.

### **Account**

2.7 Restricted Share Units issued pursuant to this Plan (including fractional Restricted Share Units, computed to three digits) will be credited to a notional account maintained for each Recipient by the Company for the purposes of facilitating the determination of amounts that may become payable hereunder. A written confirmation of the balance in each Recipient’s account will be sent by the Company to the Recipient upon request of the Recipient.

### **Dividend Equivalents**

2.8 On any date on which a cash dividend is paid on Shares, a Recipient's account will be credited with the number and type of Restricted Share Units (including fractional Restricted Share Units, computed to three digits) calculated by:

- (a) multiplying the amount of the dividend per Share by the aggregate number of Restricted Share Units that were credited to the Eligible Person's account as of the record date for payment of the dividend, and
- (b) dividing the amount obtained in Section (a) by the Fair Market Value on the date on which the dividend is paid.

### **Adjustments and Reorganizations**

2.9 In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of Restricted Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

### **Notice and Acknowledgement**

2.10 No certificates will be issued with respect to the Restricted Share Units issued under this Plan. Each Eligible Person will, prior to being granted any Restricted Share Units, deliver to the Company a signed acknowledgement substantially in the form of Schedule "A" to this Plan.

## **PART 3 PAYMENTS UNDER THIS PLAN PAYMENT OF RESTRICTED SHARE UNITS**

3.1 Subject to the terms of this Plan and, in particular, Section 3.7 of this Plan, the Company, in its discretion and as may be determined by the Board of Directors, will pay out vested Restricted Share Units issued under this Plan and credited to the account of a Recipient by paying or issuing (net of any Applicable Withholding Tax) to such Recipient, on or subsequent to the Trigger Date but no later than the Expiry Date of such Vested Restricted Share Unit, an Award Payout of either:

- (a) subject to receipt of the Required Approvals, one Share for such whole vested Restricted Share Unit. Fractional Shares shall not be issued and where a Recipient would be entitled to receive a fractional Share in respect of any fractional vested Restricted Share Unit and the Recipient shall not be entitled to any compensation (cash or otherwise) in lieu of any such fractional Share. Each Share issued by the Company pursuant to this Plan shall be issued as fully paid and non- assessable, or
- (b) a cash amount equal to the Vesting Date Value as at the Trigger Date of such vested Restricted Share Unit.

### **Limitation on Issuance of Shares to Related Persons**

3.2 Notwithstanding anything in this Plan, the Company shall not issue Shares under this Plan to any Eligible Person who is an Related Person of the Company where such issuance would result in:

- (c) the total number of Shares issuable at any time under this Plan to Related Persons, or when combined with all other Shares issuable to Related Persons under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non-diluted basis; and
- (d) the total number of Shares that may be issued to Related Persons during any one year period under this Plan, or when combined with all other Shares issued to Related Persons under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non-diluted basis.

Where the Company is precluded by this Section 3.2 from issuing Shares to a Related Person of the Company, the Company will pay to the relevant Related Person a cash Award Payout in an amount equal to the Vesting Date Value as at the Trigger Date of the Restricted Share Unit.

### **Experts and Advisors**

3.3 The Board may engage such experts (“**Experts**”) and advisors as it considers appropriate, including compensation or human resources experts or advisors, to provide advice and assistance in determining the amounts to be paid under this Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

### **Cancellation on Termination for Cause, Retirement or Voluntary Resignation**

3.4 Unless the Board at any time otherwise determines, all unvested Restricted Share Units held by any Recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the termination of employment or removal from service by the Company or a Related Entity for cause, retirement of the Recipient or the voluntary resignation by the Recipient. In situations where the Board exercises its discretion under this Section 3.4, in no case shall the Restricted Share Units, subject to such discretion, be valid beyond one year from the date of Termination.

### **Total Disability, Death and Termination without Cause**

3.5 Unless the Board at any time otherwise determines, if a Recipient ceases to be an Eligible Person for any of the following reasons, unvested Restricted Share Units will immediately vest on the date the Recipient ceases to be an Eligible Person

- (a) death or Total Disability of a Recipient;
- (b) the Termination of employment or removal from service by the Company or a Related Entity without cause; and

- (c) the Termination of employment by the Recipient other than by way of retirement of the Recipient or voluntary resignation by the Recipient.

In situations where the Board exercises its discretion under this Section 3.5, in no case shall the Restricted Share Units, subject to such discretion, be valid beyond one year from the date of Termination.

### **Change of Control**

3.6 In the event of a Change of Control, subject to approval of the Stock Exchange, all Restricted Share Units credited to an account of a Recipient that have not otherwise previously been cancelled pursuant to the terms of the Plan shall vest on the date on which the Change of Control occurs (the “**Change of Control Date**”).

### **Tax Matters and Applicable Withholding Tax**

3.7 The Company does not assume any responsibility for or in respect of the tax consequences of the receipt by Recipients of Restricted Share Units, or payments received by Recipients pursuant to this Plan. The Company or relevant Related Entity, as applicable, is authorized to deduct such taxes and other amounts as it may be required or permitted by law to withhold (“**Applicable Withholding Tax**”), in such manner (including, without limitation, by selling Shares otherwise issuable to Recipients, on such terms as the Company determines) as it determines so as to ensure that it will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, or the remittance of tax or other obligations. The Company or relevant Related Entity, as applicable, may require Recipients, as a condition of receiving amounts to be paid to them under this Plan, to deliver undertakings to, or indemnities in favour of, the Company or Related Entity, as applicable, respecting the payment by such Recipients of applicable income or other taxes.

## **PART 4**

### **MISCELLANEOUS COMPLIANCE WITH APPLICABLE LAWS**

4.1 The issuance by the Company of any Restricted Share Units and its obligation to make any payments hereunder is subject to compliance with all applicable laws. As a condition of participating in this Plan, each Recipient agrees to comply with all such applicable laws and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with such applicable laws. The Company will have no obligation under this Plan, or otherwise, to grant any Restricted Share Unit or make any payment under this Plan in violation of any applicable laws.

### **Non-Transferability**

4.2 Restricted Share Units and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof.

### **No Right to Service**

4.3 Neither participation in this Plan nor any action under this Plan will be construed to give any Eligible Person or Recipient a right to be retained in the service or to continue in the employment of the Company or any Related Entity, or affect in any way the right of the Company or any Related Entity to terminate his or her employment at any time.

### **Successors and Assigns**

4.4 This Plan will enure to the benefit of and be binding upon the respective legal representatives of the Eligible Person.

### **Plan and Restricted Share Unit Amendment**

4.5 Subject to any necessary approvals of the Stock Exchange, the Board may amend this Plan as it deems necessary or appropriate, subject to the requirements of applicable laws, but no amendment will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Restricted Share Units to which the Recipient is then entitled under this Plan.

### **Plan Termination**

4.6 The Board reserves the right, in its sole discretion, to amend, suspend or terminate this Plan or any portion thereof at any time, subject to and in accordance with applicable legislation and Stock Exchange rules and policies, without obtaining the approval of shareholders. Notwithstanding the foregoing, the Corporation shall be required to obtain Disinterested Shareholder approval for any amendment related to:

- (a) the number or percentage of issued and outstanding Shares available for grant under this Plan;
- (b) a change in the method of calculation of redemption of Restricted Share Units held by Eligible Persons; and
- (c) an extension to the term for redemption of Restricted Share Units held by Eligible Persons.

4.7 In no event will a termination of this Plan accelerate the vesting of Restricted Share Units or the time at which a Recipient would otherwise be entitled to receive any payment in respect of Restricted Share Units hereunder.

4.8 Subject to Stock Exchange rules and policies, without limiting the generality of the foregoing, the Board may make the following amendments to this Plan, without obtaining shareholder approval:

- (a) amendments to the terms and conditions of this Plan necessary to ensure that this Plan complies with the applicable regulatory requirements, including the rules of the Stock Exchange;
- (b) amendments to the provisions of this Plan respecting administration of this Plan;

- (c) amendments to the provisions of this Plan to clarify existing provisions that do not have the effect of altering the scope, nature and intent of such provisions;
- (d) amendments to the provisions of this Plan respecting the terms and conditions on which Restricted Share Units may be granted pursuant to this Plan, including the provisions relating to the payment of the Restricted Share Units; and
- (e) amendments to this Plan that are ministerial or administrative.

### **Governing Law**

4.9 This Plan and all matters to which reference is made in this Plan will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

### **Reorganization of the Company**

4.10 The existence of this Plan or Restricted Share Units will not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, Shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

### **No Shareholder Rights**

4.11 Restricted Share Units are not considered to be Shares or securities of the Company, and a Recipient who is issued Restricted Share Units will not, as such, be entitled to receive notice of or to attend any shareholders' meeting of the Company, nor entitled to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, and will not be considered the owner of Shares by virtue of such issuance of Restricted Share Units.

### **No Other Benefit**

4.12 No amount will be paid to, or in respect of, a Recipient under this Plan to compensate for a downward fluctuation in the Fair Market Value or price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Recipient for such purpose.

### **Unfunded Plan**

4.13 For greater certainty, this Plan will be an unfunded plan, including for tax purposes and for purposes of the *Employee Retirement Income Security Act* (United States). Any Recipient to which Restricted Share Units are credited to his or her account or holding Restricted Share Units or related accruals under this Plan will have the status of a general unsecured creditor of the Company with respect to any relevant rights that may arise thereunder.

**SCHEDULE "A"**

**FORM OF RESTRICTED SHARE UNIT AGREEMENT**

Vibe Biosciences Ltd. (the "**Corporation**") hereby confirms the grant to the undersigned Recipient of Restricted Share Units ("**RSUs**") described in the table below pursuant to the Corporation's Restricted Share Unit Plan (the "**Plan**"), a copy of which Plan has been provided to the undersigned Recipient.

No. of RSUs	Trigger Date	Expiry Date

***[include any specific/additional vesting period or Performance Conditions]***

In consideration of the grant of the RSUs pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Recipient hereby agrees and confirms that:

1. The Recipient has received a copy of the Plan, has read and understands the Plan and will abide by its terms and conditions, which terms and conditions include the right of the Corporation to amend or terminate the Plan or any of its terms and to determine vesting and other matters in respect of an RSU.
2. The Recipient acknowledges and agrees that this Agreement amends and restates in its entirety, and supersedes, any and all agreements, commitments and understandings between the Corporation and the Recipient with respect to the grant of restricted share units of the Corporation prior to the date hereof.
3. The Recipient recognizes that (A) during the period between the Grant Date and the Trigger Date, the value of the RSUs and any Shares issuable in respect thereof may be subject to a number of factors; and (B) the Corporation accepts no responsibility for any fluctuations in the value of the RSUs or any Shares issuable in respect thereof.
4. The Recipient accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all *bona fide* actions or decisions made by the Board or any person to whom the Board may delegate administrative duties and powers in relation to the Plan, which terms and consent shall also apply to and be binding on the legal representatives, permitted assigns, beneficiaries and successors of the Recipient.
5. The Recipient will not make any claim under any consulting, employment or other agreement for any rights or entitlement under the Plan or damages in lieu thereof except as expressly provided in the Plan.
6. The Recipient represents and warrants to, and covenants with, the Corporation (and agrees to execute an instrument in a form acceptable to the Corporation confirming the following, if so

requested by the Corporation) that if you are or become a resident of the United States of America, that you:

- (a) will acquire any shares upon the redemption of your RSUs as an investment and not with a view to distribution;
  - (b) undertake not to offer or sell or otherwise dispose of the common shares issuable in respect of the RSUs unless such shares are subsequently registered under the Securities Act of 1933 (United States), as amended, or an exemption from registration is available;
  - (c) consent to the placing of a restrictive legend on any share certificates issued to you should such be necessary in order to comply with securities laws and stock exchange rules applicable to you and/or the Corporation; and
  - (d) acknowledge that securities laws applicable to you and/or the Corporation may require you to hold any shares issued to you for a certain period prior to resale thereof.
7. You acknowledge that neither the Corporation nor its affiliates or associates (as such term is defined in the *Securities Act* (British Columbia), "**Associates**"), nor their respective advisors, assume any responsibility in regards to the tax consequences that participation in the Plan, issuance of RSUs hereunder and/or the vesting and redemption thereof will have for the Recipient and the Recipient is urged to consult his or her own tax advisors in such regard.
8. You acknowledge that you are solely liable for any taxes or penalties which may be payable pursuant to the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or to the Canada Revenue Agency under the *Income Tax Act* (Canada) or any other taxing authority in respect of the grant, vesting or settlement of the RSUs (including any taxes or penalties that may arise under Section 409A of the Code) and agree to make arrangements satisfactory to the Corporation for the payment of cash to the Corporation sufficient to satisfy any income or employment taxes in respect of the grant, vesting or delivery of the RSUs or any shares issuable in respect thereof, and provided further that the delivery of common shares and/or cash, as applicable, pursuant to the vesting of the RSUs is contingent upon satisfaction of applicable withholding requirements and applicable taxes may be withheld from any payments due to you, including such payment in settlement of the RSUs.
9. You agree that you will, at all times, act in strict compliance with applicable laws and all policies of the Corporation applicable to you in connection with the Plan and the RSUs, which applicable laws and policies shall include, without limitation, those governing "insiders" and "reporting issuers" as those terms are defined in applicable securities laws.
10. You confirm and acknowledge that you have not been induced to enter into this Restricted Share Unit Award Agreement or acquire any RSUs by expectation of employment or continued employment with the Corporation or any of its Affiliates or Associates.
11. You agree and consent to the Corporation:



- (a) collecting your Personal Information (as hereinafter defined) for the purposes of this Agreement;
  - (b) retaining the Personal Information for as long as permitted or required by applicable law or business practices; and
  - (c) providing to various governmental and regulatory authorities, as may be required by applicable laws, including securities laws, stock exchange rules, and the rules of the Investment Industry Regulatory Organization of Canada (IIROC), or to give effect to this agreement any Personal Information provided by you, including (a) the disclosure of Personal Information by the Corporation to the Stock Exchange including Personal Information contained in certain forms or for purposes as otherwise identified by the Stock Exchange. “**Personal Information**” means any information about an identifiable individual.
12. To the extent applicable, the grant of the RSUs are intended to be exempt from the requirements of Section 409A of the Code and applicable regulations and guidance under the statute and shall be construed and interpreted to be exempt from Section 409A; provided however, that the Corporation does not guarantee the tax result of participation in the Plan.
13. The grant of the RSUs and the issuance/and or delivery of the common shares and/or cash issuable in respect thereof are subject to the terms and conditions of the Plan (as modified or varied by this Agreement), all of which are incorporated into and form an integral part of this Agreement.
14. This Agreement shall enure to the benefit of and be binding upon the Corporation and the Recipient and their respective successors (including any successor by reason of amalgamation), transferees, permitted assigns, legal representatives and beneficiaries, as applicable.
15. This Agreement, the grant of the RSUs hereunder and under the Plan, and the vesting and redemption of the RSUs and delivery of the Shares issuable in respect thereof shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to principles of conflicts of laws that would impose the laws of another jurisdiction. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom. Capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Plan.
16. In the event of any conflict or inconsistency between the provisions of this Agreement and the Plan, the provisions of this Agreement shall govern and rank paramount.
17. Any terms used herein but not otherwise defined shall have the meaning ascribed thereto in the Plan.

*[signature page follows]*

**The Company and the undersigned Recipient hereby confirm that the undersigned Recipient is a bona fide Employee or Consultant as the case may be.**

**DATED** \_\_\_\_\_, 20\_\_\_\_.

**VIBE BIOSCIENCES LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

**DATED** \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Witness (Signature)

\_\_\_\_\_  
Recipient's Signature

\_\_\_\_\_  
Name (please print) Address

\_\_\_\_\_  
Name of Recipient (please print)

\_\_\_\_\_  
City, Province

\_\_\_\_\_  
Occupation

**SCHEDULE "E"**  
**Continuation Resolution**

"RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The Corporation is hereby authorized to make application under section 181 of the *Business Corporations Act* (Ontario) to the Director for the Province of Ontario to continue the Corporation out of the Province of Ontario and into the Province of British Columbia.
2. The Corporation is hereby authorized to make a continuance application to the Registrar of Corporations for the Province of British Columbia pursuant to section 302 of the *Business Corporations Act* (British Columbia) for continuation into British Columbia and to request the Registrar to issue a certificate of continuance.
3. The Corporation adopt new Notice of Articles and Articles prepared in accordance with the requirements of the *Business Corporations Act* (British Columbia) in substitution for the existing articles and bylaws of the Corporation and any and all amendments to the Notice of Articles and Articles of the Corporation, are approved including, if required by the Registrar of Corporations for the Province of British Columbia, a change of name of the Corporation to a name selected by the board of directors of the Corporation and approved by the Registrar of Companies for the Province of British Columbia and the Canadian Securities Exchange.
4. The directors of the Corporation be and they are hereby authorized, in their discretion, by resolution to abandon the application for continuance of the Corporation under the *Business Corporations Act* (British Columbia) without further approval, ratification or confirmation by the shareholder.
5. Any one officer or director of the Corporation be and he is hereby authorized and directed to do, sign and execute all such things, deeds and documents necessary or desirable to carry out the foregoing including, without limitation, signing the Articles, the Notice of Articles, and the continuance application."

**SCHEDULE "F"**  
**Proposed Articles Under BCBCA**

**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) "Canadian securities legislation" means the securities legislation in any province or territory of Canada and includes the Securities Act;
- (e) "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;
- (f) "legal personal representative" means the personal or other legal representative of a shareholder;
- (g) "protected purchaser" has the meaning assigned in the Securities Transfer Act;
- (h) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;
- (i) "seal" means the seal of the Company, if any;
- (j) "Securities Act" means the **Securities 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;
- (k) "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;
- (l) "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; and
- (m) "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.

## 1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the Business Corporations Act and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were 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.

## 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

The Company may issue shares in certificate or uncertificated form. In the event that shares are issued in certificated form, the share certificate issued by the Company must 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 within the meaning of the Business Corporations Act, each shareholder is entitled, without charge, to:

- (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or
- (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate,

provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or an acknowledgement to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

### 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 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 must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (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.

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

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must 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 judgement 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 under any 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 the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

## 2.9 Certificate Fee

The Company may charge a fee in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8; provided, however, that the amount of the fee, if any, must not exceed the amount prescribed under the Business Corporations Act.

## 2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or shared 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 Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may

determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

### 3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person:

- (a) purchasing or agreeing to purchase shares of the Company from the Company or any other person; or
- (b) procuring or agreeing to procure purchasers for shares of the Company.

### 3.3 Brokerage

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

### 3.4 Conditions of Issue

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

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

### 3.5 Share Purchase Warrants and Rights

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

## 4. SHARE REGISTERS

### 4.1 Central Securities Register

As required by and subject to the Business Corporations Act, the Company must maintain in British Columbia a central securities register. The directors may, subject to the Business Corporations Act, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

#### 4.2 Closing Register

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

### 5. SHARE TRANSFERS

#### 5.1 Registering Transfers

The Company must register a transfer of a share of the Company if either:

- (a) the Company or the transfer agent or registrar for the class or series of share to be transferred has received:
  - (i) in the case where the Company has issued a share certificate 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;
  - (ii) in the case of a share that is not represented by a share certificate (including an uncertificated share within the meaning of the Business Corporations Act and including the case where the Company has issued a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
  - (iii) 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; or
- (b) all the preconditions for a transfer of a share under the Securities Transfer Act have been met and the Company is required under the Securities Transfer Act to register the transfer.

#### 5.2 Waiver of Requirements for Transfer

The Company may waive any of the requirements set out in Article 5.1(a) and any of the preconditions referred to in Article 5.1(b).

#### 5.3 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 from time to time.

#### 5.4 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.

#### 5.5 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.

#### 5.6 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.

#### 5.7 Transfer Fee

The Company may charge a fee in relation to the registration of any transfer in such amount as may be determined by the directors, from time to time.

### 6. TRANSMISSION OF SHARES

#### 6.1 Legal Personal Representative Recognized on Death

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

#### 6.2 Rights of Legal Personal Representative

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

### 7. PURCHASE OF SHARES

#### 7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights or restrictions attached to the shares of any class or series 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 specified in such resolution.

#### 7.2 Purchase When Insolvent

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

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

### 7.3 Sale and Voting of Purchased Shares

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

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

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

## 9. ALTERATIONS

### 9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the Business Corporations Act, the Company may by directors' resolution, unless an alteration to the Company's Notice of Articles would be required, in which case by ordinary resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) decrease the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Business Corporations Act;

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

## 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 alter its Articles and Notice of Articles accordingly.

## 9.3 Change of Name

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

## 9.4 Other Alterations

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

# 10. MEETINGS OF SHAREHOLDERS

## 10.1 Annual General Meetings

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

## 10.2 Resolution Instead of Annual General Meeting

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

## 10.3 Calling of Meetings of Shareholders

The chairman of the board, the chief executive officer or president (in the absence of a chief executive officer), or a majority of the directors, by resolution, may, at any time, call a meeting of shareholders. Subject to compliance with the Business Corporations Act, shareholders holding no less than 1/20<sup>th</sup> (5%) of the issued shares of

the Company that carry the right to vote may request a meeting of shareholders.

#### 10.4 Location of Meetings of Shareholders

Subject to the Business Corporations Act, a meeting of shareholders may be held in or outside of British Columbia as determined by a resolution of the directors. For greater certainty, and without limiting the generality of the foregoing, a meeting of shareholders may be held electronically, by tele-conference, or in the United States of America as may be determined by a resolution of the directors.

#### 10.5 Notice for Meetings of Shareholders

Notice of the time and place of a meeting of shareholders must be sent not less than twenty-one days and not more than fifty days before the meeting:

- (a) to each shareholder entitled to vote at the meeting;
- (b) to each director; and
- (c) to the auditor of the Corporation.

#### 10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than 21 days.

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

#### 10.7 Record Date for Voting

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

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

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

#### 10.9 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 presented to the meeting;
  - (iii) consideration of any reports of the directors or auditor;
  - (iv) the setting or changing of the number of directors;
  - (v) the election or appointment of directors;
  - (vi) the appointment of an auditor;
  - (vii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
  - (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 Voting Thresholds**

The majority of votes required for the Company to pass an ordinary resolution at a meeting of shareholders is a simple majority of the votes cast on the resolution.

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

### **11.3 Quorum**

Subject to the special rights or restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders shall be two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

#### 11.4 Other Persons May Attend

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

#### 11.5 Requirement of Quorum

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

#### 11.6 Lack of Quorum

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

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

#### 11.7 Chair

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

- (a) the chair of the board, if any; or
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any; or
- (c) if the chair of the board and the president are absent or unwilling to act as chair of the meeting, the chief executive officer, if any; or
- (d) if the chair of the board, the president and the chief executive officer are absent or unwilling to act as chair of the meeting, the chief financial officer.

#### 11.8 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board, president, chief executive officer or chief financial officer present within 15 minutes after the time set for holding the meeting, or if all of the foregoing are unwilling to act as chair of the meeting or 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 at the meeting 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 at the meeting, 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.

#### 11.9 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. For greater certainty, a meeting of shareholders may be adjourned multiple times if so required.

#### 11.10 Notice of Adjourned Meeting

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

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

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

#### 11.12 Declaration of Result

The chair of a meeting of shareholders may declare to the meeting the decision on a question in accordance with the result of the show of hands or the poll, as the case may be, and that decision, if so declared, 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 11.11, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

#### 11.13 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.

#### 11.14 Casting Vote

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

#### 11.15 Manner of Taking Poll

Subject to Article 11.16, 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.

#### 11.16 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.

#### 11.17 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.

#### 11.18 Casting of Votes

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

#### 11.19 Demand for Poll

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

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

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

#### 11.21 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.

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

A shareholder or proxy holder who is entitled to participate in, including vote, at a meeting of shareholders may do so by telephone or other communications medium if all shareholders participating in the meeting, whether in person, by telephone or other communications medium, are able to communicate with each other. Nothing in this Article 11.24 obligates the company to take any action or provide any facility to permit or facilitate the use of any communications medium at a meeting of shareholders. A shareholder who participates in a meeting in a manner contemplated by this Article 11.24 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.

### 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, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting, 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.

### 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:
  - (i) 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 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
  - (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
  - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the 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.

### 12.6 When Proxy Provisions Do Not Apply to the Company

Articles 12.7 to 12.15 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.

### 12.7 Appointment of Proxy Holders

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

holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

#### 12.8 Alternate Proxy Holders

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

#### 12.9 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
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

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

#### 12.10 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 at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

#### 12.11 Form of Instrument of Proxy

An instrument of proxy, whether for a specified meeting or otherwise, must be in substantially 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 \_\_\_\_\_ or, failing that person, \_\_\_\_\_, 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 \_\_\_\_\_ and at any adjournment of that meeting.

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

\_\_\_\_\_

Signed \_\_\_\_\_

(month, day, year)

\_\_\_\_\_

(Signature of shareholder) - print name

#### 12.12 Revocation of Instrument of Proxy

Subject to Article 12.13, every instrument of proxy may be revoked by an instrument in writing that is:

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

#### 12.13 Revocation of Instrument of Proxy Must Be Signed

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

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

#### 12.14 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.

#### 12.15 Chair to Determine Validity

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

#### 12.16 Consent Resolution In Counterparts

A resolution consented to in writing by the shareholders may be consented to in any number of counterparts which together shall be deemed to constitute one resolution in writing. A consent resolution passed in this manner which meets the requirements of the Business Corporations Act is effective on the date stipulated in the resolution or, if no date is stipulated, then on the latest date stated on any counterpart.

#### 12.17 Consent Resolution

A resolution or any counterpart thereof consented to in writing by the shareholders which has been sent to the records office of the Company by fax or any other method of transmitting such resolution or counterpart thereof which indicates written consent of such resolution by such shareholders shall, subject to evidence to the contrary, be deemed to be proof that the resolution has been passed.

### **13. DIRECTORS**

#### 13.1 First Director; 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 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.

### 13.2 Election or Appointment of Directors

If the number of directors is set under Article 13.1:

- (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 in the capital of the Company as qualification for his or her office but must be qualified as required by the Business Corporations Act to become, act or continue to act as a director.

### 13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. 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 Article 14.1(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) the date on which his or her successor is elected or appointed; and
- (d) the date on which he or she otherwise ceases to hold office under the Business Corporations Act or these Articles.

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

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

#### 14.5 Directors May Fill Casual Vacancies

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

#### 14.6 Remaining Directors Power to Act

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

#### 14.7 Shareholders May Fill Vacancies

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

#### 14.8 Additional Directors

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

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

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

#### 14.9 Ceasing to be a Director

A director ceases to be a director when:

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

#### 14.10 Removal of Director by Shareholders

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

#### 14.11 Removal of Director by Directors

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

### 15. POWERS AND DUTIES OF DIRECTORS

#### 15.1 Powers of Management

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

#### 15.2 Appointment of Attorney of Company

Subject to the provisions of Part 24 of these Articles, 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 resolution of appointment 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. INTERESTS OF DIRECTORS AND OFFICERS

#### 16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the Business Corporations Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Business Corporations Act.

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

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

#### 16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

#### 16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or

interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Business Corporations Act.

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

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

#### 16.6 No Disqualification

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

#### 16.7 Professional Services by Director or Officer

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

#### 16.8 Director or Officer in Other Corporations

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

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

#### 17.1 Meetings of Directors

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

#### 17.2 Voting at Meetings

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

#### 17.3 Chair of Meetings

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

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



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

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

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

#### 17.5 Calling of Meetings

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

#### 17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

#### 17.7 When Notice Not Required

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

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

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

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

#### 17.9 Waiver of Notice of Meetings

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

#### 17.10 Quorum

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

#### 17.11 Validity of Acts Where Appointment Defective

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

#### 17.12 Consent Resolutions in Writing

A resolution of the directors consented to in writing by all of the directors entitled to vote on it is as valid and effective as if it had been passed at a meeting of the directors duly called and held that satisfies all the requirements of the Business Corporations Act and all the requirements of these Articles relating to meetings of the directors. A resolution of the directors consented to in writing in accordance with this Article 17.12 is deemed to be a proceeding at a meeting of directors.

#### 17.13 Consent Resolution in Counterparts

A resolution consented to in writing by each of the directors entitled to vote on it may be consented to in any number of counterparts which together shall be deemed to constitute one resolution in writing. A consent resolution passed in this manner is effective on the date stipulated in the resolution or on the latest date stated on any counterpart.

#### 17.14 Consent Resolution

A resolution or any counterpart thereof consented to in writing by each of the directors entitled to vote on it which has been sent to the records office of the Company by fax or any other method of transmitting such resolution or counterpart thereof which indicates written consent of such resolution shall, subject to evidence to the contrary, be deemed to be proof that the resolution has been passed.

### **18. EXECUTIVE AND OTHER COMMITTEES**

#### 18.1 Appointment and Powers of Executive Committee

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

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

#### 18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under Article 18.2(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 Article 18.2(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### 18.3 Obligations of Committees

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

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

### 18.4 Powers of Board

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

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

### 18.5 Committee Meetings

Subject to Article 18.3(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 18.1 or 18.2:

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

#### 18.6 Consent Resolutions in Writing

A resolution of a committee of the directors appointed under this Article 18 consented to in writing by all of the directors entitled to vote on it is as valid and effective as if it had been passed at a meeting of such committee of the directors duly called and held that satisfies all the requirements of the Business Corporations Act and all the requirements of these Articles relating to meetings of such committee of the directors. A resolution of such committee of the directors consented to in writing in accordance with this Article 18.6 is deemed to be a proceeding at a meeting of such committee of the directors.

#### 18.7 Consent Resolution in Counterparts

A resolution consented to in writing by each member of a committee entitled to vote on it may be consented to in any number of counterparts which together shall be deemed to constitute one resolution in writing. A consent resolution passed in this manner is effective on the date stipulated in the resolution or on the latest date stated on any counterpart.

#### 18.8 Consent Resolution

A resolution or any counterpart thereof consented to in writing by each of the members of a committee entitled to vote on it which has been sent to the records office of the Company by fax or any other method of transmitting such resolution or counterpart thereof which indicates written consent of such resolution shall, subject to evidence to the contrary, be deemed to be proof that the resolution has been passed.

### 19. OFFICERS

#### 19.1 Appointment of Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment. Without limiting the generality of the foregoing, the directors may delegate the authority to appoint and terminate officers on such terms and conditions as the directors may determine from time to time.

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

The directors may, for each officer:

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

#### 19.3 Qualifications

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

#### 19.4 Remuneration and Terms of Appointment

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

## **20. INDEMNIFICATION**

### **20.1 Definitions**

In this Article 20:

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

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

Subject to the Business Corporations Act, the Company must indemnify a director or former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, either as they are incurred in advance of the final disposition of an eligible proceeding, or after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

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

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

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

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

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

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

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

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

## **21. DIVIDENDS**

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

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

### **21.2 Declaration of Dividends**

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

### **21.3 No Notice Required**

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

### **21.4 Record Date**

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

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

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

### **21.6 Settlement of Difficulties**

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

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

### **21.7 When Dividend Payable**

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

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

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

## 21.9 Receipt by Joint Shareholders

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

## 21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

## 21.11 Fractional Dividends

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

## 21.12 Payment of Dividends

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

## 21.13 Capitalization of 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.

## **22. ACCOUNTING RECORDS AND AUDITORS**

### 22.1 Recording of Financial Affairs

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

### 22.2 Inspection of Accounting Records

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

### 22.3 Remuneration of Auditor

The directors may set the remuneration of the auditor of the Company. Without limiting the generality of the foregoing, the directors may delegate the authority to set the remuneration of the auditor of the Company to the Company's audit committee on such terms as the directors may determine, from time to time.

## **23. NOTICES**

### 23.1 Method of Giving Notice

Unless the Business Corporations Act or these Articles provides otherwise, a notice, statement, report or

other record required or permitted by the Business Corporations Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

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

#### 23.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

#### 23.3 Certificate of Sending

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

#### 23.4 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, notice to one of those persons is sufficient notice to all of them. A notice must be addressed to all those joint holders and the address to be used by the Corporation must be the address appearing in the securities register of the Corporation in respect of that joint holding or the first address appearing if there is more than one address.



## **24. EXECUTION OF DOCUMENTS**

### **24.1 Execution of Documents**

All instruments in writing requiring execution by the Company shall be signed by the person or persons authorized by board from time to time. The Board shall have power from time to time by resolution to appoint any person or persons on behalf of the Company either to sign instruments generally or to sign specific instruments.

### **24.2 Who May Execute Documents**

In the absence of any resolution passed pursuant to Article 24.1, all instruments in writing requiring execution by the Company may be signed by any one officer, or his or her delegate, on behalf of the Company.

### **24.3 Mechanical Reproduction of Signature**

The directors may authorize the signature of any director, officer or agent of the Company be printed, lithographed, engraved or otherwise mechanically reproduced upon all instruments executed or issued by the Company as they may determine appropriate from time to time. Instruments on which the signature of any such person of the Company is so reproduced in accordance with the Business Corporations Act or these Articles, shall be deemed to have been manually signed by such person whose signature is so reproduced and shall be as valid to all intents and purposes as if such instrument had been signed manually and notwithstanding that the person whose signature is so reproduced may have ceased to hold office at the date of the delivery or issue of such instrument. The term "instrument" as used in this Article shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, agreements, releases, receipt and discharges for the payment of money or other obligations, certificates of the Company's shares, share warrants of the Company, bonds, debentures and other debt obligations of the Company, and all paper writings.

### **24.4 Electronic Signatures**

An instrument or any other document required to be signed by a director, officer or agent of the Company may be signed electronically in accordance with the applicable laws.

## **25. SPECIAL RIGHTS OR RESTRICTIONS**

The Common Shares (the "**Common Shares**") shall have the following rights and be subject to the following restrictions, conditions and limitations:

### **25.1 Voting**

The holders of the Common Shares shall be entitled to one vote for each Common Share held by them at all meetings of shareholders except meetings at which, pursuant to the Business Corporations Act, only holders of a specified class of shares are entitled to vote.

### **25.2 Dividends**

- (a) The holders of the Common Shares shall be entitled, in each financial year of the Company, to receive, if declared by the directors of the Company out of the monies or other property of the Company properly applicable to the payment of dividends, non-cumulative dividends in an amount to be determined by and in the discretion of the directors of the Company. If in any year the directors of the Company, in their discretion, decide to declare a dividend, the same amount of dividend must be declared on each such share, without preference or distinction. If in any year the directors in their discretion do not declare any dividend, then the rights of the holders of Common Shares to any dividend for the year shall forever be extinguished.
- (b) It shall be in the sole discretion of the directors of the Company whether, in any financial year of the Company, any dividend is declared on the shares of the Company, provided that the provisions

of Article 25.2(a) shall always be complied with. For purposes of greater certainty, it is herewith stated that a dividend may be paid in money or property or by issuing fully paid shares of the Company.

These Articles bearing a signature of an incorporator sent by facsimile or other electronic communication medium will for all purposes be treated and accepted as an original copy.

FULL NAME AND SIGNATURE  
OF EACH INCORPORATOR

DATE OF SIGNING

\_\_\_\_\_  
Mark Waldron

\_\_\_\_\_ 2020

**SCHEDULE "G"**  
**Section 185 of the *Business Corporations Act* (Ontario)**

**Rights of dissenting shareholders**

- (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,
- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
  - (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
  - (c) amalgamate with another corporation under sections 175 and 176;
  - (d) be continued under the laws of another jurisdiction under section 181; or
  - (e) sell, lease or exchange all or substantially all its property under subsection 184 (3), a holder of shares of any class or series entitled to vote on the resolution may dissent.

**Idem**

- (2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in, (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or (b) subsection 170 (5) or (6).

**One class of shares**

- (2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

**Exception**

- (3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,
- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
  - (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

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

- (4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

**No partial dissent**

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

shareholder.

### **Objection**

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

### **Idem**

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

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

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

### **Idem**

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

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

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

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and(c) a demand for payment of the fair value of such shares.

### **Certificates to be sent in**

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

### **Idem**

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

### **Endorsement on certificate**

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

### **Rights of dissenting shareholder**

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a

shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

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

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

**Same**

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

- (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
- (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,
  - (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and
  - (ii) to be sent the notice referred to in subsection 54 (3).

**Same**

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled, (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and (b) to be sent the notice referred to in subsection 54 (3).

**Offer to pay**

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice, (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

**Idem**

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

**Idem**

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

**Application to court to fix fair value**

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

**Idem**

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

**Idem**

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

**Costs**

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

**Notice to shareholders**

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given, (a) has sent to the corporation the notice referred to in subsection (10); and (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made, of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

**Parties joined**

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

**Idem**

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

### **Appraisers**

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

### **Final order**

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

### **Interest**

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

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

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

### **Idem**

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

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

### **Idem**

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that, (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

### **Court order**

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

### **Commission may appear**

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

## **SCHEDULE "H"**

### **Certain Differences Between the OBCA And BCBCA**

The following is a summary only of certain differences between the BCBCA, the statute that will govern the corporate affairs of the Corporation upon the Continuance, and the OBCA, the statute which currently governs the corporate affairs of the Corporation. 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.

If the Continuance Resolution is approved, shareholders will hold securities in a company governed by the BCBCA. This Circular summarizes some of the differences that could materially affect the rights and obligations of Shareholders after giving effect to the Continuance. In exercising their vote, Shareholders should consider the distinctions between the BCBCA and the OBCA, only some of which are outlined below.

**Nothing that follows should be construed as legal advice to any particular Shareholder, all of whom are advised to consult their own legal advisors respecting all of the implications of the Continuance.**

#### *Sale of the Corporation's Undertaking*

The OBCA requires approval of the holders of two-thirds of the shares of a corporation represented at a duly called meeting to approve a sale, lease or exchange of all or substantially all of the property of a corporation, other than in the ordinary course of business. If a sale, lease or exchange of all or substantially all of the property of a corporation would affect a particular class or series of shares in a manner that is different than the shares of another class or series entitled to vote, then such class or series of shares are entitled to a separate class or series vote, regardless of whether or not such shares otherwise carry the right to vote.

Under the BCBCA, the directors of a company may sell, lease or otherwise dispose of all or substantially all of the undertaking of the company only if: (i) if it does so in the ordinary course of the company's business; or (ii) it has been authorized to do so by special resolution. Under the BCBCA a special resolution requires the approval of a "special majority", which means the majority specified in a company's Articles, which must be at least two-thirds and not more than three-quarters of the votes cast on the resolution.

#### *Amendments to the Articles of a Corporation*

Under the OBCA, amendments to the articles of a corporation require a resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution authorizing the amendments and, where certain specified rights of the holders of a class or series of shares are affected differently by the amendments than the rights of the holders of other classes or series of shares, such holders are entitled to vote separately as a class or series, whether or not such class or series of shares otherwise carry the right to vote. A resolution to amalgamate an OBCA corporation requires a special resolution passed by the holders of each class or series of shares, whether or not such shares otherwise carry the right to vote, if such class or series of shares are affected differently.

The requirements for alterations to the Articles of a company under the BCBCA depend upon the type of resolution specified as necessary in the company's Articles, which, for many alterations, including a change of name, can be by a resolution of the directors. In the absence of a lesser requirement in the Articles, most corporate alterations will require a special resolution, which is a resolution passed by a majority of at least 2/3 and not more than 3/4 of the votes cast, depending on the majority specified in the Articles. Alteration of the special rights and restrictions attached to issued shares requires, subject to the type of resolution specified in the company's Articles, consent by a special resolution of the holders of the class or series of shares affected. A proposed amalgamation or continuation of a company out of British Columbia requires a special resolution.

#### *Rights of Dissent and Appraisal*

The OBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholders at the fair value of such shares.



This dissent right is available when a corporation proposes to: (a) amend its articles to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class; (b) amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on; (c) amend its articles to add or remove an express statement establishing the unlimited liability of shareholders; (d) amalgamate with another corporation pursuant to certain statutory provisions; (e) be continued under the laws of another jurisdiction; or (f) sell, lease or exchange all or substantially all its property. The BCBCA contains a similar dissent remedy, although the procedure for exercising this remedy is different from that contained in the OBCA.

Similarly, the BCBCA provides shareholders of a BC company with a dissent remedy, regardless of whether the shareholders' shares carry the right to vote, where a company proposes to: (a) alter its articles to alter restrictions on the powers of the company or on the business it is permitted to carry on; (b) adopt an amalgamation agreement; (c) approve an amalgamation with a foreign corporation; (d) approve an arrangement, the terms of which arrangement permit dissent; (e) authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking; and (f) authorize the continuation of the company into a jurisdiction other than British Columbia. Under the BCBCA, the dissent right is also applicable to any other resolution, if dissent is authorized by the resolution, or under any court order that permits dissent.

#### *Shareholder Derivative Actions*

Under the BCBCA, a shareholder, defined as including a beneficial shareholder and any other person whom the court considers to be an appropriate person to make an application under the BCBCA, or a director of a company, may, with leave of the court, prosecute a civil, criminal, quasi-criminal, administrative or regulatory action or 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. An applicant may also, with leave of the court, defend a legal proceeding brought against a company, in the name of and on behalf of the company.

The OBCA contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group. In addition to shareholders and directors, the right under the OBCA is available to former shareholders, former directors, officers, former officers, any affiliate of the foregoing, and any person who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action.

#### *Oppression Remedies*

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

The oppression remedy under the BCBCA is similar to the remedy found in the OBCA, with a few differences. Under the OBCA, the applicant can complain not only about acts of the corporation and its directors but also acts of an affiliate of the corporation and the affiliate's directors, whereas under the BCBCA, registered and beneficial shareholders, and any other person whom the court considers appropriate, can only complain that the affairs of the company are or have been conducted, or that the powers of the directors are being or have been exercised, in a manner that is oppressive to one or more of the shareholders. In addition, under the BCBCA the applicant must bring the application in a timely manner, which is not required under the OBCA.

### *Requisition of Meetings*

The OBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors to call and hold a meeting of the shareholders of the corporation for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

The BCBCA provides that one or more shareholders of a company holding not less than 5% of the issued shares of the company that carry the right to vote at a general meeting may give notice to the directors requiring them to call and hold a general meeting of shareholders to transact the business stated in the notice within 4 months of the date of receipt of the notice.

### *Place of Meetings*

The OBCA provides that, subject to the articles and any unanimous shareholder agreement, meetings of shareholders may be held either inside or outside Ontario as the directors may determine.

The BCBCA requires all meetings of shareholders to be held in British Columbia unless a location outside the Province is provided for in the Articles, approved by the type of resolution specified in the Articles before the meeting, or approved in writing by the Registrar.

### *Directors*

The OBCA requires that at least 25% of directors of a corporation be resident Canadians and requires that for offering corporations not fewer than three individuals be elected and at least one-third of the directors not be officers or employees of the corporation or its affiliates.

The BCBCA provides that a public company must have at least three directors but does not have any residency requirements for directors.

### *Requisite Approvals*

Under the BCBCA, a company can establish in its Articles the levels for various shareholder approvals, other than those levels that are prescribed by the BCBCA. The majority of votes required for a special resolution can be specified in the Articles of a company, and may be no less than two-thirds and no more than three-quarters of the votes cast.

The OBCA does not provide flexibility with respect to the level of shareholder approval required for ordinary resolutions and special resolutions. Under the OBCA, an ordinary resolution must be passed by no less than a majority of the votes cast by shareholders entitled to vote with respect to the resolution and a special resolution must be passed by not less than two-thirds of the votes cast by the shareholders entitled to vote with respect to the resolution.

**SCHEDULE "I"**  
**Audit Committee Charter**

**Role and Objective**

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of Vibe Bioscience Ltd. ("**Vibe**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements, and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

- To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of Vibe and related matters;
- To provide effective communication between directors and external auditors;
- To enhance the external auditors' independence; and
- To increase the credibility and objectivity of financial reports.

**Membership of Committee**

1. The Committee shall be comprised of at least three (3) directors of Vibe. At least two (2) of the directors on the Committee shall be "independent" as such term is used in National Instrument 52-110 – Audit Committees.
2. The Board shall have the power to appoint the Committee Chairman.

**Meetings**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting, and adjourning meetings of the Committee shall be the same as those governing the Board.
3. Meetings of the Committee should be scheduled to take place at least four (4) times per year. Minutes of all meetings of the Committee shall be taken.
4. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.
5. The Committee shall meet with the external auditors at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditors and the Committee consider appropriate.

**Mandate and Responsibilities of Committee**

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.
2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to Vibe's internal control system:
  - identifying, monitoring, and mitigating business risks; and
  - ensuring compliance with legal, ethical, and regulatory requirements.

3. It is a responsibility of the Committee to review the annual financial statements of Vibe prior to their submission to the Board for approval. The process should include but not be limited to:
  - reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
  - reviewing significant accruals or other estimates such as the ceiling test calculation;
  - reviewing accounting treatment of unusual or non-recurring transactions;
  - ascertaining compliance with covenants under loan agreements;
  - reviewing disclosure requirements for commitments and contingencies;
  - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - reviewing unresolved differences between management and the external auditors; and
  - obtaining explanations of significant variances within comparative reporting periods.
4. The Committee is to review the financial statements (and make a recommendation to the Board with respect to their approval), prospectuses, management discussion and analysis, and all public disclosure containing audited or unaudited financial information before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Vibe's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board, the Committee shall:
  - recommend to the Board the appointment of the external auditors;
  - recommend to the Board the terms of engagement of the external auditors, including the compensation of the external auditors and a confirmation that the external auditors shall report directly to the Committee; and
  - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
6. The Committee shall review with external auditors (and the internal auditor if one is appointed by Vibe) their assessment of the internal controls of Vibe, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Vibe and its subsidiaries.
7. The Committee must pre-approve all non-audit services to be provided to Vibe or its subsidiaries by the external auditors. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.
8. The Committee shall review risk management policies and procedures of Vibe (i.e. hedging, litigation, and insurance).
9. The Committee shall establish a procedure for:
  - the receipt, retention, and treatment of complaints received by Vibe regarding accounting, internal accounting controls, or auditing matters; and

- the confidential, anonymous submission by employees and agents of Vibe of concerns regarding questionable accounting or auditing matters.
10. The Committee shall review and approve Vibe's hiring policies regarding employees and former employees of the present and former external auditors of Vibe.
  11. The Committee shall have the authority to investigate any financial activity of Vibe. All employees and agents of Vibe are to cooperate as requested by the Committee.
  12. The Committee may retain any person having special expertise and/or obtain independent professional advice to assist in satisfying their responsibilities at the expense of Vibe without any further approval of the Board.