

**IONIC BRANDS CORP.  
ZARA RESOURCES INC.**

(the "Company")

The Company has as its articles the following articles.

Full name and signature of a Director	Date of signing
<u>"Daniel Wettreich"</u> DANIEL WETTREICH	<u>June 25, 2013</u>

Incorporation number: C0974383

**ARTICLES**

<b>1. INTERPRETATION</b> .....	<b>1</b>
1.1 Definitions .....	1
1.2 Business Corporation Act and Interpretation Act Definitions Applicable.....	1
<b>2. SHARES AND SHARE CERTIFICATES</b> .....	<b>1</b>
2.1 Authorized Share Structure .....	1
2.2 Form of Share Certificate .....	1
2.3 Shareholder Entitled to Certificate or Acknowledgment .....	1
2.4 Delivery by Mail .....	2
2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement .....	2
2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment .....	2
2.7 Splitting Share Certificates .....	2
2.8 Certificate Fee .....	2
2.9 Recognition of Trusts.....	2
<b>3. ISSUE OF SHARES</b> .....	<b>3</b>
3.1 Directors Authorized .....	3
3.2 Commissions and Discounts .....	3
3.3 Brokerage .....	3
3.4 Conditions of Issue .....	3
3.5 Share Purchase Warrants and Rights.....	3
<b>4. SHARE REGISTERS</b> .....	<b>3</b>
4.1 Central Securities Register .....	3
4.2 Closing Register .....	4
<b>5. SHARE TRANSFERS</b> .....	<b>4</b>
5.1 Registering Transfers .....	4
5.2 Form of Instrument of Transfer.....	4
5.3 Transferor Remains Shareholder .....	4
5.4 Signing of Instrument of Transfer .....	4
5.5 Enquiry as to Title Not Required.....	4

*Articles ratified by Shareholders at the Annual and Special General Meeting held at 10:00 AM on March 4, 2019 and received for deposit on March 20, 2019 at 9:12 AM*

*Sections 26.6 and 26.7 added by resolution of the directors dated March 5, 2021, received at the Company's Registered and Records office on March 12, 2021 at 10:59 AM Pacific Time and a Notice of Alteration filed with the B.C. Corporate Registry on April 16, 2021 10:21 AM Pacific Time.*

*Sections 26.6 and 26.7 further amended by resolution of the directors dated January 1, 2022, received at the Company's Registered and Records office on January 19, 2022 at 8:21 PM Pacific Time.*

5.6	Transfer Fee .....	5
<b>6.</b>	<b>TRANSMISSION OF SHARES.....</b>	<b>5</b>
6.1	Legal Personal Representative Recognized on Death .....	5
6.2	Rights of legal Personal Representative .....	5
<b>7.</b>	<b>PURCHASE OF SHARES .....</b>	<b>5</b>
7.1	Company Authorized to Purchase Shares .....	5
7.2	Purchase When Insolvent.....	5
7.3	Sale and Voting of Purchased Shares .....	5
<b>8.</b>	<b>BORROWING POWERS .....</b>	<b>5</b>
<b>9.</b>	<b>ALTERATIONS.....</b>	<b>6</b>
9.1	Alteration of Authorized Share Structure.....	6
9.2	Special Rights and Restrictions.....	6
9.3	Change of Name .....	7
9.4	Other Alterations.....	7
<b>10.</b>	<b>MEETINGS OF SHAREHOLDERS .....</b>	<b>7</b>
10.1	Annual General Meetings .....	7
10.2	Resolution Instead of Annual General Meeting.....	7
10.3	Calling of Meetings of Shareholders .....	7
10.4	Notice for Meetings of Shareholders .....	7
10.5	Record Date for Notice .....	7
10.6	Record Date for Voting .....	8
10.7	Failure to Give Notice and Waiver of Notice .....	8
10.8	Notice of Special Business at Meetings of Shareholders.....	8
10.9	Location of Meetings of Shareholders .....	8
<b>11.</b>	<b>PROCEEDINGS AT MEETINGS OF SHAREHOLDERS .....</b>	<b>8</b>
11.1	Special Business .....	8
11.2	Special Business Public Company.....	9
11.3	Special Majority .....	9
11.4	Quorum.....	9
11.5	One Shareholder May Constitute Quorum .....	9
11.6	Other Persons May Attend .....	9
11.7	Requirement of Quorum .....	9
11.8	Lack of Quorum .....	10
11.9	Lack of Quorum at Succeeding Meeting .....	10
11.10	Chair .....	10
11.11	Selection of Alternate Chair.....	10
11.12	Adjournment .....	10
11.13	Notice of Adjourned Meeting .....	10
11.14	Decisions by Show of Hands or Poll .....	10
11.15	Declaration of Result .....	11
11.16	Motion Need Not be Seconded .....	11
11.17	Casting Vote .....	11
11.18	Manner of Taking Poll.....	11
11.19	Demand for Poll on Adjournment .....	11
11.20	Chair Must Resolve Dispute .....	11
11.21	Casting of Votes .....	11
11.22	Demand for Poll.....	11
11.23	Demand for Poll Not to Prevent Continuance of Meeting .....	12
11.24	Retention of Ballots and Proxies .....	12

<b>12. VOTES OF SHAREHOLDERS.....</b>	<b>12</b>
12.1 Number of Votes by Shareholder or by Shared .....	12
12.2 Votes of Persons in Representative Capacity .....	12
12.3 Votes by Joint Holders.....	12
12.4 Legal Personal Representatives as Joint Shareholders .....	12
12.5 Representative of a Corporate Shareholder.....	12
12.6 Proxy Provisions Do Not Apply to All Companies .....	13
12.7 Appointment of Proxy Holders.....	13
12.8 Alternate Proxy Holders.....	13
12.9 When Proxy Holder Need Not be Shareholder .....	13
12.10 Deposit of Proxy .....	14
12.11 Validity of Proxy Vote .....	14
12.12 Form of Proxy .....	14
12.13 Revocation of Proxy .....	15
12.14 Revocation of Proxy Must Be Signed.....	15
12.15 Production of Evidence of Authority to Vote.....	15
<b>13. DIRECTORS .....</b>	<b>15</b>
13.1 Number of Directors .....	15
13.2 Change in Number of Directors .....	15
13.3 Directors' Acts Valid Despite Vacancy .....	16
13.4 Qualifications of Directors.....	16
13.5 Remuneration of Directors.....	16
13.6 Reimbursement of Expenses of Directors.....	16
13.7 Special Remuneration for Directors .....	16
13.8 Gratuity, Pension or Allowance on Retirement of Director .....	16
<b>14. ELECTION AND REMOVAL OF DIRECTORS.....</b>	<b>16</b>
14.1 Election at Annual General Meeting .....	16
14.2 Consent to be a Director.....	16
14.3 Failure to Elect or Appoint Directors.....	17
14.4 Places of Retiring Directors Not Filled.....	17
14.5 Directors May Fill Casual Vacancies .....	17
14.6 Remaining Directors Power to Act.....	17
14.7 Shareholders May Fill Vacancies .....	17
14.8 Additional Directors .....	18
14.9 Ceasing to be a Director.....	18
14.10 Removal of Director by Shareholders .....	18
14.11 Removal of Director by Directors.....	18
<b>15. ALTERNATE DIRECTORS .....</b>	<b>18</b>
15.1 Appointment of Alternate Director .....	18
15.2 Notice of Meetings .....	18
15.3 Alternate for More Than One Director Attending Meetings .....	18
15.4 Consent Resolutions .....	19
15.5 Alternate Director Not an Agent.....	19
15.6 Revocation of Appointment of Alternate Director .....	19
15.7 Ceasing to be an Alternate Director .....	19
15.8 Remuneration and Expenses of Alternate Director .....	19
<b>16. POWERS AND DUTIES OF DIRECTORS .....</b>	<b>19</b>
16.1 Powers of Management.....	19
16.2 Appointment of Attorney of Company .....	20
16.3 Setting the Remuneration of Auditors .....	20

<b>17. DISCLOSURE OF INTEREST OF DIRECTORS .....</b>	<b>20</b>
17.1 Obligation to Account for Profits .....	20
17.2 Restrictions on Voting by Reason of Interest .....	20
17.3 Interested Director Counted in Quorum .....	20
17.4 Disclosure of Conflict of Interest or Property .....	20
17.5 Director Holding Other Office in the Company .....	20
17.6 No Disqualification .....	21
17.7 Professional Services by Director or Officer .....	21
17.8 Director or Officer in Other Corporations .....	21
<b>18. PROCEEDINGS OF DIRECTORS .....</b>	<b>21</b>
18.1 Meetings of Directors .....	21
18.2 Voting at Meetings .....	21
18.3 Chair of Meetings .....	21
18.4 Meetings by Telephone or Other Communications Medium .....	22
18.5 Calling of Meetings .....	22
18.6 Notice of Meetings .....	22
18.7 When Notice Not Required .....	22
18.8 Meeting Valid Despite Failure to Give Notice .....	22
18.9 Waiver of Notice of Meetings .....	22
18.10 Quorum .....	22
18.11 Validity of Acts Where Appointment Defective .....	23
18.12 Consent Resolutions in Writing .....	23
<b>19. EXECUTIVE AND OTHER COMMITTEES .....</b>	<b>23</b>
19.1 Appointment and Powers of Executive Committee .....	23
19.2 Appointment and Powers of Other Committees .....	23
19.3 Obligations of Committees .....	24
19.4 Powers of Board .....	24
19.5 Committee Meetings .....	24
<b>20. OFFICERS .....</b>	<b>24</b>
20.1 Directors May Appoint Officers .....	24
20.2 Functions, Duties and Powers of Officers .....	24
20.3 Qualifications .....	25
20.4 Remuneration and Terms of Appointment .....	25
<b>21. INDEMNIFICATION .....</b>	<b>25</b>
21.1 Definitions .....	25
21.2 Mandatory indemnification of Directors and Former Directors .....	25
21.3 Mandatory Advancement of Expenses .....	25
21.4 Indemnification of Other Persons .....	26
21.5 Non-Compliance with <i>Business Corporations Act</i> .....	26
21.6 Company May Purchase Insurance .....	26
<b>22. DIVIDENDS .....</b>	<b>26</b>
22.1 Payment of Dividends Subject to Special Rights .....	26
22.2 Declaration of Dividends .....	26
22.3 No Notice Required .....	26
22.4 Record Date .....	26
22.5 Manner of Paying Dividend .....	27
22.6 Settlement of Difficulties .....	27
22.7 When Dividend Payable .....	27
22.8 Dividends to be Paid in Accordance with Number of Shares .....	27
22.9 Receipt by Joint Shareholders .....	27
22.10 Dividend Bears No Interest .....	27

22.11	Fractional Dividends .....	27
22.12	Payment of Dividends.....	27
22.13	Capitalization of Surplus.....	28
<b>23.</b>	<b>DOCUMENTS, RECORDS AND REPORTS.....</b>	<b>28</b>
23.1	Recording of Financial Affairs.....	28
23.2	Inspection of Accounting Records.....	28
<b>24.</b>	<b>NOTICES .....</b>	<b>28</b>
24.1	Method of Giving Notice .....	28
24.2	Deemed Receipt of Mailing .....	29
24.3	Certificate of Sending .....	29
24.4	Notice to Joint Shareholders .....	29
24.5	Notice to Trustees .....	29
<b>25.</b>	<b>SEAL.....</b>	<b>29</b>
25.1	Who May Attest Seal .....	29
25.2	Sealing Copies .....	30
25.3	Mechanical Reproduction of Seal.....	30
<b>26.</b>	<b>SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO SHARES .....</b>	<b>30</b>
26.1	Common Shares.....	30
26.2	Preferred Shares .....	30
26.3	Series A Preferred Shares.....	31
26.4	Series B Preferred Shares.....	35
26.5	Series C Preferred Shares .....	40
26.6	Series D Voting Preferred Shares .....	44
26.7	Series E Voting Preferred Shares .....	53

**PROVINCE OF BRITISH COLUMBIA  
BUSINESS CORPORATIONS ACT  
ARTICLES OF  
ZARA RESOURCES INC.  
IONIC BRANDS CORP.**

**1. INTERPRETATION**

**1.1 Definitions**

In these Articles, unless the context otherwise requires:

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

**1.2 Business Corporation 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 Article 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 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**

Each 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**

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

## **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

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

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

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

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

## **2.7 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.

## **2.8 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any, and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

## **2.9 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 anyway to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share. or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

### **3. ISSUE OF SHARES**

#### **3.1 Directors Authorized**

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

#### **3.2 Commissions and Discounts**

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

#### **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:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (a) past services performed for the company;
  - (b) property;
  - (c) money; and
  - (d) 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, bond; 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**

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

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

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

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates in any other form that may be approved by the directors from time to time;

#### **5.3 Transferor Remains Shareholder**

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

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

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

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

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

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

representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

### **5.6 Transfer Fee**

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

## **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 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 and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may<sup>1</sup> 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:

- (1) the Company is insolvent; or
- (2) 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:

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

## **8. BORROWING POWERS**

The Company, if authorized by the directors, may:

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

## **9. ALTERATIONS**

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

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by a majority vote of the Board of Directors:

- (1) 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;
- (2) 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;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
  - (a) decrease the par value of those shares; or
  - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) 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;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

### **9.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may by majority vote of the Board of Directors:

- (1) 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
- (2) 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.

### **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 directors' 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 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 director may, whenever they think fit, call a meeting of shareholders.

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

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

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

### **10.5 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:

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

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

### **10.6 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.

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

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

### **10.8 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 or 11.2, the notice of meeting must:

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

### **10.9 Location of Meetings of Shareholders**

Meetings of shareholders may be held at any location within Canada, or at any location outside of Canada if authorized by directors' resolution.

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

### **11.1 Special Business**

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

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
  - (a) business relating to the conduct of or voting at the meeting;
  - (b) consideration of any financial statements of the Company presented to the meeting;

- (c) consideration of any reports of the directors or auditor;
- (d) the setting or changing of the number of directors;
- (e) the election or appointment of directors;
- (f) the appointment of an auditor;
- (g) the setting of the remuneration of an auditor;
- (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
- (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

### **11.2 Special Business Public Company**

If and for so long as the Company is a public company, Article 11.1 does not apply and any business presented to a general meeting of shareholders, is special business if a special resolution is being submitted to shareholders to approve such business.

### **11.3 Special Majority**

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

### **11.4 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is 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.

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

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

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

### **11.6 Other Persons May Attend**

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

### **11.7 Requirement of Quorum**

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

**11.8 Lack of Quorum**

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

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

**11.9 Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.8(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

**11.10 Chair**

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

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president or chief executive officer, if any.

**11.11 Selection of Alternate Chair**

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

**11.12 Adjournment**

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

**11.13 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.

**11.14 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.

**11.15 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.14, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

**11.16 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.

**11.17 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.

**11.18 Manner of Taking Poll**

Subject to Article 11.19, if a poll is duly demanded at a meeting of shareholders:

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

**11.19 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.

**11.20 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.

**11.21 Casting of Votes**

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

**11.22 Demand for Poll**

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



### **11.23 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.

### **11.24 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 a vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

## **12. VOTES OF SHAREHOLDERS**

### **12.1 Number of Votes by Shareholder or by Shared**

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

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter as 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:

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

### **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:

- (1) or that purpose, the instrument appointing a representative must:
  - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days 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
  - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 12.5:
  - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

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

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

Article 12.9 will not apply to the Company if and for so long as it is a public company.

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

#### **12.8 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 When Proxy Holder Need Not be Shareholder**

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

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

**12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified in the notice calling the meeting, for the receipt of proxies, at least the number of business days 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
- (2) unless the notice provides otherwise, be provided at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

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

**12.11 Validity of Proxy Vote**

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

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

**12.12 Form of Proxy**

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

*name of company*

(the "Company")

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

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

\_\_\_\_\_

*Signed [month, day, year]*

\_\_\_\_\_

*[Signature of shareholder]*

\_\_\_\_\_

*[Name of shareholder-printed]*

\_\_\_\_\_

### **12.13 Revocation of Proxy**

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

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

### **12.14 Revocation of Proxy Must Be Signed**

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

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

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

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

## **13. DIRECTORS**

### **13.1 Number of Directors**

The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) if the Company is a public company, the greater of three and the most recently set of:
  - (a) the number of directors set by ordinary resolution at a shareholders meeting (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4 and subject to Article 14.8;
- (2) if the Company is not a public company, the most recently set of:
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4.

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

If the number of directors is set under Articles 13.1(1)(a) or 13.1(1)(b):

- (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 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 remuneration for acting as directors, if any, as the directors may from time to time determine. The directors may determine the remuneration of any officers of the Company by majority vote, and may delegate that power to the Chief Executive Officer of the Company, who may appoint a remuneration committee of which the Chief Executive Officer is the chair.

### **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, 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:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph 14.1(1) 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:

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

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

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporation Act*, or
- (2) 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:

- (3) the date in which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

#### **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, these 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 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 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(1), but is eligible for re-election or re-appointment.

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

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 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 ordinary 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 convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

### **15. ALTERNATE DIRECTORS**

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

The directors' may determine to approve an appointee as an alternate director to an existing director in their sole discretion.

#### **15.2 Notice of Meetings**

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

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

If a person has been accepted as an alternate director by the directors, then an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

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

#### **15.4 Consent Resolutions**

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

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

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

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

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

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

The appointment of an alternate director ceases when:

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

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

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct

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

#### **16.1 Powers of Management**

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



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

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

## **16.3 Setting the Remuneration of Auditors**

The directors may from time to time set the remuneration of the auditors of the Company.

## **17. DISCLOSURE OF INTEREST OF DIRECTORS**

### **17.1 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 of 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*.

### **17.2 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.

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

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

### **17.4 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*.

### **17.5 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.

### **17.6 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or 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.

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

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

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

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

## **18. PROCEEDINGS OF DIRECTORS**

### **18.1 Meetings of Directors**

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

### **18.2 Voting at Meetings**

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

### **18.3 Chair of Meetings**

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

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

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

A director may participate in a meeting of the directors or of any committee of the directors 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 an 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 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

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

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

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

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

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

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

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

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

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

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

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

#### **18.10 Quorum**

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

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

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

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

A resolution of the directors or of any committee of the directors consented to in writing by any of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

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

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

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

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

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

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - (a) the power to fill vacancies in the board 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) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 Obligations of Committees**

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

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

### **19.4 Powers of Board**

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

- (1) 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;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

### **19.5 Committee Meetings**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) 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;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) 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.

## **20. OFFICERS**

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

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

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

The directors may, for each officer:

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

### 20.3 Qualifications

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

### 20.4 Remuneration and Terms of Appointment

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

## 21. INDEMNIFICATION

### 21.1 Definitions

In this Article 21:

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

### 21.2 Mandatory indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director, senior officer, former senior officer or alternate director of the Company and his or her heirs and legal personal representatives (each, an “**indemnitee**”) against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each indemnitee is deemed to have contracted with the Company on the terms of the indemnity contained in these Articles 21.2 and 21.3.

### 21.3 Mandatory Advancement of Expenses

The Company must pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an indemnitee in respect of that proceeding but the Company must first receive from the indemnitee a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited by the *Business Corporations Act*, the indemnitee will repay the amounts advanced.

**21.4 Indemnification of Other Persons**

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

**21.5 Non-Compliance with *Business Corporations Act***

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

**21.6 Company May Purchase Insurance**

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

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

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

**22. DIVIDENDS****22.1 Payment of Dividends Subject to Special Rights**

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

**22.2 Declaration of Dividends**

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

**22.3 No Notice Required**

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

**22.4 Record Date**

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

**22.5 Manner of Paying Dividend**

A directors' 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.

**22.6 Settlement of Difficulties**

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

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

**22.7 When Dividend Payable**

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

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

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

**22.9 Receipt by Joint Shareholders**

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

**22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

**22.11 Fractional Dividends**

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

**22.12 Payment of Dividends**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the 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.



### **22.13 Capitalization of Surplus**

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

## **23. DOCUMENTS, RECORDS AND REPORTS**

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

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

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

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

## **24. NOTICES**

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

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

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

**24.2 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 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

**24.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

**24.4 Notice to Joint Shareholders**

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

**24.5 Notice to Trustees**

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

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph 24.5(1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

**25. SEAL****25.1 Who May Attest Seal**

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

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

## **25.2 Sealing Copies**

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

## **25.3 Mechanical Reproduction of Seal**

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

## **26. SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO SHARES**

### **26.1 Common Shares**

The special rights and restrictions attached to the Common shares are as follows:

- (1) Each holder of a Common share shall be entitled to receive notice of and to attend an meetings of shareholders of the Company, except meetings at which only holders of other Classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each Common share held by such holder.
- (2) The holders of Common shares shall be entitled to receive dividends if and when declared by the directors.
- (3) In the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the company among its shareholders for the purpose of winding-up its affairs, the holders of Common shares shall be entitled, subject to the rights of the holders of shares of any class ranking prior to the Common shares, to receive the remaining property or assets of the Company.

### **26.2 Preferred Shares**

The directors may create different series of preferred shares with different rights and restrictions as determined by the directors.

- (1) Unless the directors otherwise determine in the Articles designating a series, the holder of each share of a series of Preferred Shares shall be entitled to one vote at a meeting of shareholders.
- (2) The Preferred shares may from time to time be issued in one or more series and subject to the following provisions, the directors may fix from time to time before such issuance the number of shares thalis to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred shares, including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the redemption, purchase and / or conversion prices-and terms and conditions of redemption, purchase and / or conversion, and any sinking fund or other provisions.

- (3) The Preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank on a parity with the Preferred shares of every other series and be entitled to preference over the Common shares and over any other shares of the Company ranking Junior to the Preferred shares. The Preferred shares of any series may also be given such other preferences, not inconsistent with these Articles, over the Preferred shares and any other shares of the Company ranking junior to the Preferred shares as provided herein
- (4) If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred shares are not paid in full, all series of Preferred' shares so all participate rateably in respect of such dividends and return of capital.
- (5) The Preferred shares of any series may be made convertible into Preferred shares of any other series or Common shares at such rate and upon such basis as the directors may determine.

### **26.3 Series A Preferred Shares**

The first series of Special Shares shall be designated as the Series A Preferred Shares and shall have attached thereto, in addition to the rights, privileges, restrictions, conditions and limitations attaching to the Preferred Shares as a class, the following rights, privileges, restrictions and conditions (the "Series A Provisions"):

#### (1) GENERAL

##### 1.1 Definitions

Where used in these Series A Provisions, the following words and phrases shall, unless there is something in the context otherwise inconsistent therewith, have the following meanings, respectively:

- (a) "business day" means a day other than a Saturday, Sunday or any other day treated as a holiday in the municipality in Canada in which the Company's registered office is then situated;
- (b) "CNSX" means the Canadian National Stock Exchange;
- (c) "Common Shares" means the common shares in the capital of the Company as currently constituted, or as such shares may be changed from time to time, provided that any adjustment in the Conversion Rate required by clause 26.33.2 hereof has been made;
- (d) "Conversion Rate" at any time means the number of Common Shares into which one Series A Preferred Share may be converted at such time in accordance with the provisions of paragraph ((3));
- (e) "Current Market Price" means, in respect of the Common Shares on any applicable date, except as otherwise provided, an amount in Canadian dollars equal to the average of the ten days closing market price of the . Common Shares on the CNSX on the trading day immediately prior to such date or, if the Common Shares are not listed on the CNSX, on another stock exchange, provided that if the Common Shares are listed on more than one stock exchange, the Current Market Price shall be calculated on the stock exchange on which the volume of transactions in the Common Shares is the largest on such trading day, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market;

- (f) “herein”, “hereto”, “hereunder”, “hereof”, “hereby” and similar expressions mean or refer to these Series A Provisions and not to any particular Article, paragraph, clause, subclause, subdivision or portion hereof, and the expressions “Article”, “paragraph”, “clause” and “subclause” followed by a number or a letter mean and refer to the specified Article, paragraph, clause or subclause hereof;
- (g) “Liquidation Distribution” means the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs;
- (h) “Original Issue Price” means \$0.10;
- (i) “ranking as to capital” means ranking or priority with respect to the distribution of assets in the event of a Liquidation Distribution;
- (j) “Series A Holder” means a person recorded on the securities register of the Company as being the registered holder of one or more Series A Preferred Shares;
- (k) “trading day” means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business; and
- (l) “transfer agent” means the transfer agent appointed by the Company for the Series A Preferred Shares and, in the event that no such person is appointed, “transfer agent” means the Company.

## 1.2 Gender, etc.

Words importing only the singular number include the plural and vice versa and words importing any gender include all genders.

## 1.3 Currency

All monetary amounts referred to herein shall be in lawful money of Canada.

## 1.4 Headings

The division of these Series A Provisions into Articles, paragraphs, clauses, subclauses or other subdivisions and the insertions of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

## 1.5 Business Day

In the event that any date upon which any dividends on the Series A Preferred Shares are payable by the Company, or upon or by which any other action is required to be taken by the Company or any Series A Holder hereunder, is not a business day, then such dividend shall be payable or such other action shall be required to be taken on or by the next succeeding day which is a business day.

## (2) DIVIDENDS

### 2.1 Declaration and Payment of Dividends

The Series A Holders shall, prior and in preference to any declaration or payment of any dividends to the holders of any other shares of the Company, receive a dividend in the amount of five percent (5%) of the Original Issue Price per fiscal year per share, payable in Common Shares at the Current Market Price on the payment date. Such dividends shall be cumulative and the right to such dividends shall accrue to the

holders of Series A Preferred Shares. Any accumulation of dividends on Series A Preferred Shares shall not bear interest. Such dividends shall accrue from and including the date of issue of Series A Preferred Shares and, subject as hereinafter provided, shall be payable on the 1st day of January in each year (each of which date is hereinafter referred to as a "dividend payment date"). The first dividend payment date shall be January 1, 2014.

## 2.2 Amount of Dividend

The amount of the dividend for any period which is less than a full calendar year with respect to any Series A Preferred Share which is issued or purchased shall be equal to the amount calculated by multiplying (i) (5%) of the Original Issue Price by (ii) a fraction the numerator of which is the number of days in such calendar year for which such share has been outstanding (including the dividend payment date at the beginning of such calendar year if such share was outstanding on that date), and the denominator of which is the number of days in such calendar year (including the dividend payment date at the beginning thereof and excluding the next succeeding dividend payment date).

## 2.3 Cumulative Dividends

If on any dividend payment date a dividend accrued to and payable on such date is not paid in full on the Series A Preferred Shares then issued and outstanding, the dividend or the unpaid part thereof shall be paid on a subsequent dividend payment date or dividend payment dates determined by the board of directors of the Company. The Series A Holders shall not be entitled to any dividends other than or in excess of the fixed preferential cumulative dividends provided for in this paragraph ((2)).

## 2.4 Method of Payment

Any dividends declared on the Series A Preferred Shares shall be paid on the applicable payment date therefor, as determined by the Company by the Company issuing to each Series A Holder the applicable number of Common Shares as provided for herein, in each case, registered in the name of the registered Series A Holder and, as soon as practicable, the Company shall deliver to the Series A Holder at such Series A Holder's address as it appears on the books of the Company a certificate or certificates for such Common Shares. The Company shall be entitled to deduct from any such dividend payment, a number of Common Shares with a Market Value equal to the amount of any tax or other amounts required to be deducted or withheld by the Company.

## (3) CONVERSION

### 3.1 Automatic Conversion

At such time as the board of directors of the Company may direct, in its sole discretion, each Series A Preferred Share shall be automatically converted into such number of Common Shares equal to the quotient of (i) the Original Issue Price divided by (ii) the Current Market Price on the date of conversion (the "Automatic Conversion Date"). Upon any such direction, the Series A Preferred Shares shall be converted automatically without any further action by the Series A Holders and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; provided however, that all holders of Series A Preferred Shares being converted shall be given written notice of such automatic conversion including the date such event occurred, and the Company shall not be obligated to issue certificates evidencing the Common Shares issuable upon such conversion unless certificates evidencing such Series A Preferred Shares being converted are either delivered to the Company or its transfer agent, or the Series A Holder notifies the Company or any transfer agent that such certificates have been lost, stolen, or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any costs incurred by it in connection therewith and, if the Company so elects, provides an appropriate indemnity bond and the holder of the Common Shares. On the Automatic Conversion Date, all rights with respect to the Series A Preferred Shares so converted shall terminate except for any of the rights of the holder thereof upon surrender of the Series A Holder's certificate or certificates therefor to receive certificates for the number of Common Shares into which such Series A Preferred Shares have been converted. Upon the automatic conversion of the Series A Preferred Shares, the Series A Holder shall

surrender the certificates representing such shares at the office of the Company or of its transfer agent. If so required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Company, duly executed by the registered holder or by the holder's attorney duly authorized in writing. Upon surrender of such certificates, the Company shall promptly issue and deliver to such Series A Holder registered in such holder's name as shown on such surrendered certificate or certificates a certificate or certificates for the number of Common Shares into which the Series A Preferred Shares surrendered were convertible on the Automatic Conversion Date. Upon the automatic conversion of the Series A Preferred Shares, all declared or accrued and unpaid dividends on the Series A Preferred Shares shall be paid in the manner specified in clause 2.4.

### 3.2 Adjustment of Conversion Rate

If and whenever at any time and from time to time the Company shall (i) subdivide, redivide or change its then outstanding Common Shares into (i) greater number of Common Shares. (ii) reduce, combine or consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend (other than a stock dividend paid in the ordinary course) (any of such events being herein called a "Common Share Reorganization"), the Conversion Rate shall be adjusted effective immediately after the record date at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization by multiplying the Conversion Rate in effect immediately prior to such record date by the quotient obtained when:

- (a) the numerator of which shall be the number of Common Shares outstanding on such record date before giving effect to such Common Share Reorganization; and
- (b) the denominator of which shall be the number of Common Shares outstanding as of the record date after giving effect to such Common Shares Reorganization.

### 3.3 Entitlement to Dividends

Each Series A Holder on the record date for any dividend declared payable on the Series A Preferred Shares shall be entitled to such dividend notwithstanding that any Series A Preferred Share owned by him is converted after such record date and before the payment date of such dividend. The registered holder of any Common Share resulting from any conversion effected pursuant to this paragraph ((3)) shall be entitled to rank equally with the registered holders of all other Class A convertible in respect of all dividends declared payable to holders of Common Shares of record on or after the date of conversion.

### 3.4 Fractional Shares

No fractional Common Shares shall be issued with respect to the payment of any dividend or upon the conversion of any Series A Preferred Share. All Common Shares (including fractions thereof) issuable with respect to the payment of any dividend or upon the conversion of any Series A Preferred Shares shall be aggregated for purposes of determining whether the dividend payment or conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the dividend payment or conversion, as the case may be, would result in the issuance of a fraction of a Common Share, the number of Common Shares issuable with respect to such payment or upon such conversion shall be rounded down to the nearest whole number of Common Shares and the Company shall have no obligation to make any further payment with respect to such payment or conversion, or otherwise compensate the Series A Holder in any manner with respect to such fractional Common Shares.

### 3.5 Reservation of Common Shares

So long as any of the Series A Preferred Shares are outstanding, the Company will:

- (a) At all times reserve and hold out of its unissued Common Shares a sufficient number of unissued Common Shares to enable (i) the payment of dividends as provided in paragraph ((2)), and (ii) all of the Series A Preferred Shares

outstanding to be converted upon the basis and upon the terms and conditions herein provided in this paragraph ((3)); provided that nothing contained in this clause 3.5(a) shall affect or restrict the right of the Company to issue Common Shares from time to time; and

- (b) Use its best efforts to have the Common Shares issued upon the payment of dividends or the conversion of Series A Preferred Shares listed and posted for trading on each stock exchange on which the Series A Preferred Shares are then listed and posted for trading.

#### (4) LIQUIDATION, DISSOLUTION OR WINDING-UP

In the event of any Liquidation Distribution, each Series A Holder shall be entitled to receive before any amount shall be paid by the Company or any assets of the Company shall be distributed to registered holders of shares ranking as to capital junior to the Series A Preferred Shares in connection with the Liquidation Distribution, an amount equal to the stated capital per share of all Series A Preferred Shares held by such holder, together with an amount equal to all accrued but unpaid cumulative dividends thereon. After payment to the Series A Holders of the amount so payable to them, they shall not be entitled to share in any further distribution of assets of the Company.

#### (5) VOTING RIGHTS

The holders of the Series A Preferred Shares shall not be entitled, as such to receive notice of or attend or vote at any meeting of shareholders of the Company other than a meeting of Series A Holders.

#### (6) NOTICES

Any notice required or permitted to be given to any Series A Holder shall be sent by mail, postage prepaid, or delivered to such holder at his address as it appears on the records of the Company or, in the event of the address of any such shareholder not so appearing, to the last known address of such shareholder. The accidental failure to give notice to one or more shareholder, shall not affect the validity of any action requiring the giving of notice by the Company. Any notice given as aforesaid shall be deemed to be given on the date upon which it is mailed or delivered.

### **26.4 Series B Preferred Shares**

The series of Special Shares shall be designated as the Series B Preferred Shares and shall have attached thereto, in addition to the rights, privileges, restrictions; conditions and limitations attaching to the Special Shares as a class, the following rights, privileges, restrictions and conditions (the "Series B Provisions"):

#### (1) GENERAL

##### 1.1 Definitions

Where used in these Series B Provisions, the following words and phrases shall, unless there is something in the context otherwise inconsistent therewith, have the following meanings, respectively:

- (a) "business day" means a day other than a Saturday, Sunday or any other day treated as a holiday in the municipality in Canada in which the Company's registered office is then situated;
- (b) "CNSX" means the Canadian National Stock Exchange;
- (c) "Common Shares" means the common shares in the capital of the Company as currently constituted, or as such shares may be changed from time to time,



provided that any adjustment in the Conversion Rate required by clause 3.2 hereof has been made;

- (d) "Conversion Rate" at any time means the number of Common Shares into which one Series B Preferred Share may be converted at such time in accordance with the provisions of paragraph ((3));
- (e) "Current Market Price" means, in respect of the Common Shares on any applicable date, except as otherwise provided, an amount in Canadian dollars equal to the 10 day volume weighted average closing price of the Common Shares on the CNSX for the 10 trading days immediately prior to such date or, if the Common Shares are not listed on the CNSX, on another stock exchange, provided that if the Common Shares are listed on more than one stock exchange, the Current Market Price shall be calculated on the stock exchange on which the volume of transactions in the Common Shares is the largest on such trading days, or if the Common Shares are not listed on any stock exchange, then the Original Issue Price;
- (f) "herein", "hereto", "hereunder", "hereof" "hereby" and similar expressions mean or refer to these Series B Provisions and not to any particular Article, paragraph, clause, subclause, subdivision or portion hereof, and the expressions "Article", "paragraph", "clause" and "subclause" followed by a number or a letter mean and refer to the specified Article, paragraph, clause or subclause hereof;
- (g) "Liquidation Distribution" means the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs;
- (h) "Original Issue Price" means \$0.10;
- (i) "ranking as to capital" means ranking or priority with respect to the distribution of assets in the event of a Liquidation Distribution;
- (j) "Series B Holder" means a person recorded on the securities register of the Company as being the registered holder of one or more Series B Preferred Shares;
- (k) "trading day" means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business; and
- (l) "transfer agent" means the transfer agent appointed by the Company for the Series B Preferred Shares and, in the event that no such person is appointed, "transfer agent" means the Company.

## 1.2 Gender, etc.

Words importing only the singular number include the plural and vice versa and words importing any gender include all genders.

## 1.3 Currency

All monetary amounts referred to herein shall be in lawful money of Canada.

## 1.4 Headings

The division of these Series B Provisions into Articles, paragraphs, clauses, subclauses or other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

## 1.5 Business Day

In the event that any date upon which any dividends on the Series B Preferred Shares are payable by the Company, or upon or by which any other action is required to be taken by the Company or any Series B Holder hereunder, is not a business day, then such dividend shall be payable or such other action shall be required to be taken on or by the next succeeding day which is a business day.

## (2) DIVIDENDS

### 2.1 Declaration and Payment of Dividends

The Series B Holders shall, prior and in preference to any declaration or payment of any dividends to the holders of any other shares of the Company, receive a dividend in the amount of five percent (5%) of the Original Issue Price per fiscal year per share, payable in Common Shares at the Current Market Price on the payment date. Such dividends shall be cumulative and the right to such dividends shall accrue to the holders of Series B Preferred Shares. Any accumulation of dividends on Series B Preferred Shares shall bear interest at a rate of 5% per annum. Such dividends shall accrue from and including the date of issue of Series B Preferred Shares and, subject as hereinafter provided, shall be payable on the 1st day of January in each year (each of which date is hereinafter referred to as a "dividend payment date"). The first dividend payment date shall be January 1, 2014.

### 2.2 Amount of Dividend

The amount of the dividend for any period which is less than a full calendar year with respect to any Series B Preferred Share which is issued or purchased shall be equal to the amount calculated by multiplying (i) (5%) of the Original Issue Price by (ii) a fraction the numerator of which is the number of days in such calendar year for which such share has been outstanding (including the dividend payment date at the beginning of such calendar year if such share was outstanding on that date), and the denominator of which is the number of days in such calendar year (including the dividend payment date at the beginning thereof and excluding the next succeeding dividend payment date).

### 2.3 Cumulative Dividends

If on any dividend payment date a dividend accrued to and payable on such date is not paid in full on the Series B Preferred Shares then issued and outstanding, the dividend or the unpaid part thereof shall be paid on a subsequent dividend payment date or dividend payment dates determined by the board of directors of the Company. The Series B Holders shall not be entitled to any dividends other than or in excess of the fixed preferential cumulative dividends provided for in this paragraph ((2)). Any accumulation of dividends will accrue interest at an annual rate of 5% per annum.

### 2.4 Method of Payment

Any dividends declared on the Series B Preferred Shares shall be paid on the applicable payment date therefor by the Company issuing to each Series B Holder the applicable number of Common Shares as provided for herein, in each case, registered in the name of the registered Series B Holder and, as soon as practicable, the Company shall deliver to the Series B Holder at such Series B Holder's address as it appears on the books of the Company a certificate or certificates for such Common Shares. The Company shall be entitled to deduct from any such dividend payment, a number of Common Shares with a Market Value equal to the amount of any tax or other amounts required to be deducted or withheld by the Company under applicable tax legislation, if any.

### (3) CONVERSION

#### 3.1 Automatic Conversion

Provided that and so long as the Company's Common Shares are at that time trading on a recognized stock exchange, the board of directors of the Company may direct, in its sole discretion, each Series B Preferred Share shall be automatically converted into such number of Common Shares equal to the quotient of (i) the Original Issue Price, divided by (ii) the Current Market Price on the date of conversion (the Automatic Conversion Date"). Upon any such direction, the Series B Preferred Shares shall be converted automatically without any further action by the Series B Holders and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; provided, however, that all holders of Series B Preferred Shares being converted shall be given written notice of such automatic conversion including the date such event occurred, and the Company shall not be obligated to issue certificates evidencing the Common Shares issuable upon such conversion unless certificates evidencing such Series B Preferred Shares being converted are either delivered to the Company or its transfer agent, or the Series B Holder notifies the Company or any transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith and, if the Company so elects, provides an appropriate indemnity bond and the holder of the Common Shares. On the Automatic Conversion Date, all rights with respect to the Series B Preferred Shares so converted shall terminate, except for any of the rights of the holder thereof, upon surrender of the Series B Holder's certificate or certificates therefor, to receive certificates for the number of Common Shares into which such Series B Preferred Shares have been converted. Upon the automatic conversion of the Series B Preferred Shares, the Series B Holder shall surrender the certificates representing such shares at the office of the Company or of its transfer agent. If so required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Company, duly executed by the registered holder or by the holder's attorney duly authorized in writing. Upon surrender of such certificates, the Company shall promptly issue and deliver to such Series B Holder, registered in such holder's name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of Common Shares into which the Series B Preferred Shares surrendered were convertible on the Automatic Conversion Date. Upon the automatic conversion of the Series B Preferred Shares, all declared or accrued and unpaid dividends on the Series B Preferred Shares shall be paid in then in the manner specified in clause 2.4.

#### 3.2 Adjustment of Conversion Rate

If and whenever at any time and from time to time the Company shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend (other than a stock dividend paid in the ordinary course) (any of such events being herein called a "Common Share Reorganization"), the Conversion Rate shall be adjusted effective immediately after the record date at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization by multiplying the Conversion Rate in effect on such record date by the quotient obtained when:

- (a) the numerator of which shall be the number of Common Shares outstanding on such record date before giving effect to such Common Share Reorganization; and
- (b) the denominator of which shall be the number of Common Shares outstanding as of the record date after giving effect to such Common Shares Reorganization.

#### 3.3 Entitlement to Dividends

Each Series B Holder on the record date for any dividend declared payable on the Series B Preferred Shares shall be entitled to such dividend notwithstanding that any Series B Preferred Share owned by him is conveyed earlier such record date and before the payment date of such dividend. The registered holder

of any Common Share resulting from any conversion effected pursuant to this paragraph ((3)) shall be entitled to rank equally with the registered holders of all other Series B Preferred Shares in respect of all dividends declared payable to holders of Common Shares of record on or after the date of conversion.

#### 3.4 Fractional Shares

No fractional Common Shares shall be issued with respect to the payment of any dividend or upon the conversion of any Series B Preferred Share. All Common Shares (including fractions thereof) issuable with respect to the payment of any dividend or upon the conversion of any Series B Preferred Shares shall be aggregated for purposes of determining whether the dividend payment or conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the dividend payment or conversion, as the case may be, would result in the issuance of a fraction of a Common Share, the number of Common Shares issuable with respect to such payment or upon such conversion shall be rounded down to the net whole number of Common Shares and the Company shall have no obligation to make any further payment with respect to such payment or conversion, or otherwise compensate the Series B Holder in any manner with respect to such fractional Common Shares.

#### 3.5 Reservation of Common Shares

So long as any of the Series B Preferred Shares are outstanding, the Company will:

- (a) At all times reserve and hold out of its unissued and authorized Common Shares a sufficient number of unissued and authorized Common Shares to enable (i) the payment of dividends as provided in paragraph ((2)), and (ii) the conversion into Common Shares of all of the Series B Preferred Shares outstanding to be converted into Common Shares hereunder upon the basis and upon the terms and conditions herein provided in this paragraph ((3)); provided that nothing contained in this clause 3.5 shall affect or restrict the right of the Company to issue Common Shares from time to time; and
- (b) Use its best efforts to have the Common Shares issued upon the payment of dividends or the conversion of Series B Preferred Shares listed and posted for trading on each stock exchange on which the Series B Preferred Shares are then listed and posted for trading.

#### (4) LIQUIDATION, DISSOLUTION OR WINDINGUP

In the event of any Liquidation Distribution, each holder will be entitled to receive, before any amount shall be paid or any assets distributed to registered holders of the Common Shares, Series A Preferred Shares or any other shares ranking junior to the Series B Preferred, an amount equal to the Original Issue Price per share of all Series B Preferred Shares held by such holder, together with an amount equal to all accrued but unpaid cumulative dividends and interest thereon.

#### (5) VOTING RIGHTS

The holders of the Series B Preferred Shares shall not be entitled, as such, to receive notice of or attend or vote at any meeting of shareholders of the Company other than a meeting of Series B Holders.

#### (6) NOTICES

Any notice required or permitted to be given to any Series B Holder shall be sent by mail, postage prepaid, or delivered to such holder at his address as it appears on the records of the Company or, in the event of the address of any such shareholder not so appearing, to the last known address of such shareholder. The accidental failure to give notice to one or more of such shareholders shall not affect the validity of any action requiring the giving of notice by the Company. Any notice given as aforesaid shall be deemed to be given on the date upon which it is mailed or delivered.

## 26.5 Series C Preferred Shares

The special rights and restrictions attached to the Series C Preferred shares are as follows:

### (1) VOTING

Subject to the provisions of the *Business Corporations Act* (British Columbia), the holders of the Series C Preferred Shares shall, as holders of the Series C Preferred shares, have a right to vote at a general meeting of the Company, and shall be entitled to notice of or to attend shareholders' meetings, including those meetings of the class of shareholders holding Preferred Shares or meetings of the series of shareholders holding Series C Preferred shares.

### (2) DEFINITIONS

Where used in this Article 26.5, the following words and phrases shall, unless there is something in the context otherwise inconsistent therewith, have the following meanings:

- (a) "business day" means a day other than a Saturday, Sunday or any other day treated as a holiday in the municipality in Canada in which the Company's Registered Office is then situated;
- (b) "CNSX" means the Canadian National Stock Exchange;
- (c) "Conversion Rate" at any time means the number of Common shares into which one Series A Preferred share may be converted at such time in accordance with the provisions of paragraph ((4));
- (d) "Current Market Price" means, in respect of the Common shares on any applicable date, except as otherwise provided, an amount in Canadian dollars equal to the average of the 10 days closing market price of the Common shares on the CNSX on the trading day immediately prior to such date or, if the Common shares are not listed on the CNSX, on another stock exchange, provided that if the Common shares are listed on more than one stock exchange, the Current Market Price shall be calculated on the stock exchange on which the volume of transactions in the Common Shares is the largest on such trading day, or if the Common shares are not listed on any stock exchange, then on the over-the-counter market;
- (e) "Liquidation Distribution" means the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up in affairs;
- (f) "Original Issue Price" means \$0.12;
- (g) "ranking as to capital" means ranking or priority with respect to the distribution of assets in the event of a Liquidation Distribution;
- (h) "Series C Holder" means a person recorded on the securities register of the Company as being the registered holder of one or more Series A Preferred shares;
- (i) "trading day" means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business: and
- (j) "transfer agent" means the transfer agent appointed by the Company for the Series C Preferred shares and, in the event that no such person is appointed, "transfer agent" means the Company.

## (3) DIVIDENDS

- (a) The Series C Holders shall, prior and in preference to any declaration or payment of any dividends to the holders of any other shares of the Company receive a dividend in the amount of five percent (5%) of the Original Issue Price per fiscal year per share, payable in Common shares at the Current Market Price on the payment date. Such dividends shall be cumulative and the right to such dividends shall accrue to the holders of Series C Preferred shares. Any accumulation of dividends on Series C Preferred shares shall not bear interest. Such dividends shall accrue from and including the date of issue of Series C Preferred shares and, subject as hereinafter provided, shall be payable on the day of January in each year (each of which date is hereinafter referred to as a "dividend payment date"). The first dividend payment date shall be January 1, 2014.
- (b) The amount of the dividend for any period which is less than a full calendar year with respect to any Series C Preferred share which is issued or purchased shall be equal to the amount calculated by multiplying (i) five percent (5%) of the Original Issue Price by (ii) a fraction the numerator of which is the number of days in such calendar year for which such share has been outstanding (including the dividend payment date at the beginning of such calendar year if such share was outstanding on that date), and the denominator of which is the number of days in such calendar year (including the dividend payment date at the beginning thereof and excluding the next succeeding dividend payment date).
- (c) If on any dividend payment date a dividend accrued to and payable on such date is not paid in full on the Series C Preferred shares then issued and outstanding, the dividend or the unpaid part thereof shall be paid on a subsequent dividend payment date or dividend payment dates determined by the directors of the Company. The Series C Holders shall not be entitled to any dividends other than or in excess of the fixed preferential cumulative dividends provided for in this paragraph ((3)).
- (d) Any dividends declared on the Series C Preferred shares shall be paid on the applicable payment date therefor, as determined by the Company, by the Company issuing to each Series C Holder the applicable number of Common shares as provided for herein, in each case, registered in the name of the registered Series C Holder, and the directors shall avoid the issuance of fractional shares in so doing. As soon as practicable, the Company shall deliver to the Series C Holder at such Series C Holder's address as it appears on the books of the Company a certificate or certificates for such Common shares. The Company shall be entitled to deduct from any such dividend payment, a number of Common shares with a Market Value equal to the amount of any tax or other amounts required to be deducted or withheld by the Company.



## (4) CONVERSION

- (a) At such time as the owners of the Series C Preferred Shares may direct, each Series C Preferred share shall be converted into such number of Common shares equal to the quotient of (i) the Original Issue Price, divided by (ii) the Current Market Price on the date of conversion (the "Automatic Conversion Date"), and in so doing, the directors shall use their best efforts to avoid the issuance of fractional shares. Upon any such direction, the Series C Preferred shares shall be converted without any further action by the Series C Holders and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent: provided, however, that all holders of Series C Preferred shares being converted shall be given written notice of such conversion including the date such event occurred, and the Company shall not be obligated to issue certificates evidencing the Common shares issuable upon such conversion unless certificates evidencing such Series C Preferred shares being converted are either delivered to the Company or its transfer agent, or the Series C Holder notifies the Company or any transfer agent that such certificates have been lost, stolen, or destroyed and executes a statutory declaration satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith and, if the Company so elects, provides an appropriate indemnity bond and the holder of the Common shares. On the Conversion Date, all rights with respect to the Series C Preferred shares so converted shall terminate, except for any of the rights of the holder thereof, upon surrender of the Series C Holder's certificate or certificates therefor, to receive certificates for the number of Common shares into which such Series C Preferred shares have been converted. Upon the conversion of the Series C Preferred shares, the Series C Holder shall surrender the certificates representing such shares at the office of the Company or of its transfer agent. If so required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Company, duly executed by the registered holder or by the holder's attorney duly authorized in writing. Upon surrender of such certificates, the Company shall promptly issue and deliver to such Series C Holder registered in such holder's name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of Common shares into which the Series C Preferred shares surrendered were convertible on the Conversion Date. Upon the conversion of the Series C Preferred shares, all declared or accrued and unpaid dividends on the Series C Preferred shares shall be paid in the manner specified in clause ((3))(d) above.
- (b) if and whenever at any time and from time to time the Company shall (i) subdivide, redivide or change its then outstanding Common shares into a greater number of Common shares, (ii) reduce, combine or consolidate or change its then outstanding Common shares into a lesser number of Common shares, or (iii) issue Common shares of the Company to the holders of all or substantially all of its then outstanding Common shares by way of a stock dividend, other than a stock dividend paid in the ordinary course (any of such events being called a "Common Share Reorganization") the Conversion Rate shall be adjusted effective immediately after the record date at which the holders of Common shares are determined for the purpose of the Common Share Reorganization by multiplying the Conversion Rate in effect on such record date by the quotient obtained when:
- i) the numerator of which shall be the number of Common Shares outstanding on such record date before giving effect to such Common Share Reorganization; and

- ii) the denominator of which shall be the number of Common Shares outstanding as of the record date after giving effect to such Common Shares Reorganization.

(5) LIQUIDATION, DISSOLUTION OR WINDING UP

In the event of any Liquidation Distribution, each Series C Holder shall be entitled to receive before any amount shall be paid by the Company or any assets of the Company shall be distributed to registered holders of shares ranking junior as to capital to the Series C Preferred shares in connection with the Liquidation Distribution, an amount equal to the paid-up capital per share of all Series C Preferred shares held by such holder, together with an amount equal to all accrued but unpaid cumulative dividends thereon. After payment to the Series C Holders of the amount so payable to them, they shall not be entitled to share in any further distribution of assets of the Company.



Sections 26.6 and 26.7 added by resolution of the directors dated March 5, 2021, received at the Company's Registered and Records office on March 12, 2021 at 10:59 AM Pacific Time and a Notice of Alteration filed with the B.C. Corporate Registry on April 16, 2021 10:21 AM Pacific Time.

## 26.6 Series D Voting Preferred Shares

The special rights and restrictions attached to the Series D Voting Preferred Shares (the "**Series D Preferred Shares**") are as follows:

### (1) Definitions

Where used herein, the following terms shall have the following respective meanings:

- (a) "10% Insider Restriction" means the maximum number of Common Shares that can be issued upon the conversion of Series D Preferred Shares to any particular Series D Holder without resulting in such Series D Holder becoming, following the completion of the conversion of Series D Preferred Shares, a reporting insider of the Corporation by virtue of post-conversion beneficial ownership of securities of the Corporation pursuant to NI 55-104;
- (b) "Annual Dividend" has the meaning ascribed to such term in Section 3;
- (c) "Averaging Period" has the meaning ascribed to such term in Section 8(d);
- (d) "Board of Directors" means the board of directors of the Corporation;
- (e) "Capital Reorganization" has the meaning ascribed to such term in Section 8(e);
- (f) "Capital Stock" of any person means any and all shares of, interests in, rights to purchase, warrants or options for, participations in, or other equivalents of, in each case however designated, the equity of such person;
- (g) "Change of Control" means, collectively, (i) any transaction (whether by purchase, merger or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquire(s) the right to cast, at a general meeting of shareholders of the Corporation, more than 50% of the votes that may be ordinarily cast at a general meeting; (ii) the Corporation's amalgamation, consolidation or merger with or into any other person, any merger of another person into the Corporation, unless the holders of voting securities of the Corporation immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Corporation or the successor entity upon completion of the amalgamation, consolidation or merger; or (iii) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Corporation's and the Corporation's subsidiaries' assets and properties, taken as a whole, to another arm's length person;
- (h) "Closing Share Price" means the closing market price of the Common Shares on the CSE (or the principal securities exchange or market on which the Common Shares are listed or quoted or if no such prices are available, the fair market value of a Common Share as reasonably determined by the Board of Directors) on the trading day preceding the applicable date;
- (h) "Common Shares" means the common shares in the capital of the Corporation as currently constituted, or as such shares may be changed from time to time;
- (i) "Conversion Rate" has the meaning ascribed to such term in Section 5.1;
- (j) "Corporation" means IONIC Brands Corp.;

- (k) "CSE" means the Canadian Securities Exchange;
- (l) "Debentures" means the 10.0% secured convertible debentures of the Purchaser due May 16, 2022 governed by the Indenture;
- (m) "Effective Date" means the first date on which the Common Shares trade on the CSE, reflecting the relevant share split or share combination, as applicable;
- (n) "Ex-Date" when used with respect to any issuance, dividend or distribution, means the first date on which the Common Shares (or other applicable security) trade on the applicable exchange or in the applicable market, without the right to receive such issuance, dividend or distribution in question from the Corporation or, if applicable, from the seller or the Common Shares (or other applicable security) on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market;
- (o) "Forced Conversion" has the meaning ascribed to such term in Section 7.1;
- (p) "Forced Conversion Date" has the meaning ascribed to such term in Section 7.1;
- (q) "Indenture" means the amended and restated indenture dated December 20, 2019, as supplemented on February 21, 2020 and April 20, 2021, between the Corporation and Odyssey Trust Company, as trustee;
- (r) "Initial Amount" means the aggregate amount of outstanding principal amount and accrued and unpaid interest of the Debentures which were converted into Series D Preferred Shares pursuant to the Indenture;
- (s) "Liquidation Distribution" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (t) "Liquidation Preference" has the meaning ascribed to such term in Section 4;
- (u) "NI 55-104" means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*;
- (v) "Original Issuance Date" means the date the Series D Preferred Shares were issued;
- (w) "person" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof;
- (x) "Record Date" means, when used with respect to any dividend, distribution or other transaction or event in which the holders of the Common Shares (or other applicable security) have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Shares (or other applicable security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise);
- (y) "Retraction Cash Amount" has the meaning ascribed to such term in Section 6.1;
- (z) "Retraction Conversion Time" has the meaning ascribed to such term in Section 6.1;

- (aa) "Retraction Date" means the date that is four years from the issuance date;
- (bb) "reporting insider" has the meaning given to such term in NI 55-104;
- (cc) "Series D Holder" means a holder of Series D Preferred Shares;
- (dd) "Series E Preferred Shares" has the meaning ascribed to such term in Section 4;
- (ee) "Spin-Off" means the Corporation makes a dividend or distribution to all or substantially all holders of Common Shares consisting of Capital Stock of, or similar equity interests in, or relating to, a subsidiary or other business unit of the Corporation that, upon issuance, will be traded on a U.S. or Canadian national securities exchange;
- (ff) "Tender Offer Expiration Date" has the meaning ascribed to such term in Section 8(d);
- (gg) "trading day" means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business;
- (hh) "Transfer Agent" means the transfer agent appointed by the Corporation for the Series D Preferred Shares and, in the event that no such person is appointed, "Transfer Agent" means the Corporation;
- (ii) "Valuation Period" has the meaning ascribed to such term in Section 8(c); and
- (jj) "VWAP" means the per share volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the CSE (or if the Common Shares are no longer traded on the CSE, on such other recognized stock exchange as the Common Shares are then traded).

(2) Meetings and Voting Rights

Subject to the provisions of the *Business Corporations Act* (British Columbia), the holders of the Series D Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation. At each such meeting, each Series D Preferred Share shall entitle the holder thereof to one (1) vote per number of Common Shares into which each Series D Preferred Share is convertible at the applicable time.

(3) Dividends

For the first two (2) years following the issuance of the Series D Preferred Shares, Series D Holders shall be entitled to receive an annual, cumulative, preferential dividend equal to thirteen percent (13%) of the Initial Amount (the "Annual Dividend"), accrued daily and paid annually or, if earlier, on the date of conversion of the Series D Preferred Shares, as the case may be. On the date that is two (2) years following the date of the issuance of the Series D Preferred Shares, the Annual Dividend shall increase to fourteen percent (14%). On the fourth anniversary date of the issuance of the Series D Preferred Shares, the Annual Dividend shall expire and Series D Holders shall be entitled to dividend if and when declared by the Board of Directors and at a rate determined by the Board of Directors. The dividend may be settled with cash or Common Shares at the option of the Corporation. Common Shares shall be issued at the Closing Share Price. Dividends shall be declared and paid for so long as any Series D Preferred Shares are issued and outstanding.

(4) Rights on Liquidation, Dissolution, or Winding-Up

In the event of any Liquidation Distribution, Series D Holders shall be entitled to receive from the assets of the Corporation, in preference and priority to the Common Shares and all other classes or series of shares of the Corporation, except for the Series E Non-Voting Preferred Shares (the "Series E Preferred Shares") which rank *pari passu* with the Series D Preferred Shares on the distribution of the assets of the Corporation, a sum equivalent to one hundred percent (100%) of the Initial Amount plus any accrued and unpaid dividends thereon (the "Liquidation Preference") (calculated cumulative with all prior distributions in respect of the Liquidation Preference). Upon a sale of less than substantially all of the assets of the Corporation (other than ordinary course and *de minimis* transactions), each Series D Holder shall be entitled to share in the distributable cash or assets of the Corporation in preference and priority to the Common Shares and all other classes or series of shares of the Corporation, except for the Series E Preferred Shares which rank *pari passu* with the Series D Preferred Shares, in an amount up to one hundred percent (100%) of the Liquidation Preference (calculated cumulatively with all prior distributions in respect of the Liquidation Preference). If the remaining property and assets of the Corporation are not sufficient to provide for payment in full to the Series D Holders of the amounts provided above, and to the holders of any Series E Preferred Shares, then such remaining property and assets of the Corporation shall be allocated to the holders of the Series D Preferred Shares and Series E Preferred Shares on a pro rata basis without preference or distinction.

(5) Conversion

- 5.1 Each issued Series D Preferred Share may at any time on or before the Retraction Date be converted, at the option of the Series D Holder and subject to complying with the 10% Insider Restriction, into one (1) Common Shares, subject to adjustments set out herein) (the "Conversion Rate"), and such Series D Preferred Shares may not be reissued by the Corporation.
- 5.2 The conversion privilege provided for in Section 5.1 may be exercised by notice in writing given by a Series D Holder to the Transfer Agent for the Series D Preferred Shares, through the book based registration system in a manner acceptable to the Transfer Agent, or accompanied by the certificate or certificates representing the Series D Preferred Shares (or, if such Holder indicates that such a certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of such lost, stolen or destroyed certificate) in respect of which the Series D Holder desires to exercise such right of conversion and such notice will specify the number of Series D Preferred Shares which the Series D Holder desires to have converted. Upon receipt of such notice, the Transfer Agent or the Corporation will issue either through the book based registration system or a certificate representing fully paid Common Shares upon the basis above prescribed and in accordance with the provisions hereof to the Series D Holder. If less than all of the Series D Preferred Shares represented by any certificate are to be converted, the Series D Holder will be entitled to receive a new certificate for the Series D Preferred Shares representing the shares comprised in the original certificate which are not to be converted. Such converted Series D Preferred Shares shall be retired and cancelled and may not be reissued, and the Corporation may thereafter take such appropriate action as may be necessary to reduce the authorized number of Series D Preferred Shares accordingly.

(6) Retraction

- 6.1 On the Retraction Date (i) any outstanding Series D Preferred Shares shall automatically be converted into Common Shares at the Conversion Rate or (ii) the Corporation may choose to redeem all of the outstanding Series D Preferred Shares at a price of CAD\$0.35 per Series D Preferred Share plus the payment in cash of any accrued and unpaid dividends (the "Retraction Cash Amount"). If the Corporation chooses to convert the Series D Preferred Shares on the Retraction Date, the time of conversion shall be deemed to be 12:00 a.m. on the Retraction Date (the "Retraction Conversion Time"). The Corporation shall not elect to convert Series D Preferred Shares in respect of any holder above an amount which would exceed the 10% Insider Restriction without the written consent of such Series D Holder.

- 6.2 No less than 30 days prior to the Retraction Date, the Corporation shall announce by way of dissemination of a press release, whether it elects to convert the Series D Preferred Shares into Common Shares (including notice of the Conversion Rate applicable at the time) or redeem the Series D Preferred Shares for cash on the Retraction Date, in accordance with Section 6.1.
- 6.3 If the Corporation chooses to convert the outstanding Series D Preferred Shares on the Retraction Date, on the Retraction Date any Series D Preferred Shares held through the book entry registration system shall be converted or exchanged for fully-paid Common Shares at the Conversion Ratio, and, in respect of any Series D Preferred Shares held in physically certificated form, as soon as practicable after the Retraction Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit) for Series D Preferred Shares, the Corporation shall issue and deliver to such Series D Holder, or to his, her or its nominees, a certificate or certificates for the number of fully paid Common Shares issuable on such conversion in accordance with the provisions hereof (rounded down in the case of any fractional shares). Such converted Series D Preferred Shares shall be retired and cancelled.
- 6.4 If the Corporation chooses to redeem the outstanding Series D Preferred Shares for cash on the Retraction Date, the Corporation shall on the Retraction Date redeem such Series D Preferred Shares by paying to each Series D Holder the Retraction Cash Amount for each such Series D Preferred Share being redeemed. Such payment shall be made through CDS Clearing and Depository Services Inc. (if Series D Preferred Shares are held through the book entry registration system) or by cheque payable at par at any branch of the Corporation's bankers for the time being in Canada or any other form of payment acceptable to the Series D Holders. The said Series D Preferred Shares shall be redeemed on the Retraction Date and from and after the Retraction Date the Series D Holders shall not be entitled to exercise any of the rights of a Series D Holder in respect thereof unless payment of the Retraction Cash Amount is not made on the Retraction Date, in which event the rights of the Series D Holders shall remain unaffected.

(7) Forced Conversion

- 7.1 If prior to the Retraction Date, there is a Change of Control or the VWAP for the preceding 20 consecutive days exceeds CAD\$0.40 (subject to adjustment in accordance with the principals set out in Section 8, below), the Corporation shall have the right to convert all the outstanding Series D Preferred Shares, including any accrued and unpaid dividend, into Common Shares (the "Forced Conversion") by providing notice to the Series D Holders by disseminating a news release. The news release shall indicate the conversion date (the "Forced Conversion Date"), which shall be no fewer than 30 days following the date of the news release, and shall indicate the Conversion Rate applicable at the time. The Corporation shall not elect to convert Series D Preferred Shares in respect of any holder above an amount which would exceed the 10% Insider Restriction, without the written consent of such Series D Holder.
- 7.2 The Forced Conversion shall follow the procedures set out in Section 6.3, above.

(8) Adjustments to Conversion

- (a) *Adjustments for issuances of common shares, share splits and share combinations.* If the Corporation shall, at any time and from time to time while any Series D Preferred Shares are outstanding, issue Common Shares as a dividend or distribution to all or substantially all holders of its Common Shares or the Corporation shall effect a share split or share combination of the Common Shares into a greater or lesser number of Common Shares (in each case excluding an issuance solely pursuant to a Capital Reorganization, as to which Section 8(e) will apply), then the then-applicable Conversion Rate will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times OS_0 / OS_1$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the close of business on the Record Date for such dividend or distribution or immediately prior to the open of business on the Effective Date for such share split or share combination, as the case may be;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on such Record Date or immediately after the open of business on such Effective Date, as the case may be;

$OS_0$  = the number of Common Shares outstanding immediately prior to the close of business on such Record Date or immediately prior to the open of business on such Effective Date, as the case may be (in either case, prior to giving effect to such event); and

$OS_1$  = the number of Common Shares that would be outstanding immediately after, and solely as a result of, such dividend, distribution, share split or share combination.

Any adjustment to the Conversion Rate made pursuant to this Section 8(a) shall become effective immediately after the close of business on the Record Date for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this Section 8(a) is declared but not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to make such dividend or distribution, to such Conversion Rate that would be in effect if such dividend or distribution had not been declared.

- (b) *Adjustments for certain rights, options and warrants.* If the Corporation shall, at any time or from time to time, while any Series D Preferred Shares are outstanding, issue to all or substantially all holders of Common Shares rights, options or warrants (other than rights issued pursuant to a Spin-Off, as to which Section 8(c) will apply) entitling such holders, for a period of up to 45 calendar days from the date of issuance of such rights, options or warrants, to subscribe for or purchase Common Shares at a price per share less than the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, then the then-applicable Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_0 + Y) / (OS_0 + X)$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the opening of business on the Record Date for such issuance;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on such Record Date;

$OS_0$  = the number of Common Shares outstanding immediately prior to the close of business on such Record Date;

$X$  = the total number of Common Shares issuable pursuant to such rights, options or warrants; and

$Y$  = the total number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance.

Any adjustment to the Conversion Rate made pursuant to this Section 8(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the close of business on the Record Date for such issuance. In the event that such rights, options or warrants described in this Section 8(b) are not so issued, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to issue such rights, options or warrants, to such Conversion Rate that would then be in effect if such issuance had not been declared. To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights, options or warrants, the Conversion Rate shall be readjusted, effective as of the date of such expiration or the date it is determined such shares will not be delivered, as the case may be, to such Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered.

- (c) *Adjustments for Spin-Offs.* In a Spin-Off, the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times MP_0 / (FMV_0 + MP_0)$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the open of business on the Ex-Date for the Spin-Off;

$CR_1$  = the Conversion Rate in effect immediately after the open of business on the Ex-Date for the Spin-Off;

$FMV_0$  = the VWAP (as if references to "Common Shares" therein were references to such shares or similar equity interest distributed to holders of Common Shares) of the shares or similar equity interests so distributed applicable to one Common Share for the 10 consecutive trading day period commencing on, and including, the Ex-Date for the Spin-Off (the "Valuation Period"); and

$MP_0$  = the VWAP for the Valuation Period.

Any adjustment made pursuant to this Section 8(c) will be calculated immediately after the close of business on the last trading day of the Valuation Period but shall be given effect as of immediately after the open of business on the Ex-Date for the Spin-Off; provided that, if any conversion of the Series D Preferred Shares occurs during the Valuation Period, the Corporation shall, to the extent necessary, delay any settlement of such conversion until the second Business Day after the last day of the Valuation Period. In the event that such distribution described in this Section 8(c) is not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Rate that would then be in effect if such distribution had not been announced.

- (d) *Tender Offers or Exchange Offers.* If the Corporation or any of its subsidiaries successfully completes a tender offer or exchange offer for Common Shares (other than a normal course issuer bid under applicable Canadian securities laws) where the cash and the value of any other consideration included in the payment per Common Share validly tendered or exchanged exceeds the VWAP for the 10 consecutive trading day period (the "Averaging Period") commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Tender Offer Expiration Date"), then the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times (SP_0 \times OS_0) / (AC + (SP_0 \times OS_1))$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the close of business on the Tender Offer Expiration Date;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on the Tender Offer Expiration Date;

$SP_0$  = the VWAP over the Averaging Period;

$OS_0$  = the number of Common Shares outstanding immediately prior to the Tender Offer Expiration Date, prior to giving effect to the purchase of any shares accepted for purchase or exchange in such tender offer or exchange offer;

AC = the aggregate value of all cash and the fair market value (as determined by the Board of Directors) on the Tender Offer Expiration Date of any other consideration paid or payable for Common Shares acquired pursuant to such tender offer or exchange offer; and

$OS_1$  = the number of Common Shares outstanding immediately after the Tender Offer Expiration Date, after giving effect to the purchase of all shares accepted for purchase or exchange in such tender offer or exchange offer.

The Conversion Price will in no event be adjusted up pursuant to this Section 8(d), except to the extent provided in the last sentence of this paragraph. Any adjustment to the Conversion Rate pursuant to this Section 8(d) will be calculated as of the close of business on the last trading day of the Averaging Period, but shall be given effect immediately after the close of business on the Tender Offer Expiration Date; provided that, if any conversion of the Series D Preferred Shares occurs during the Averaging Period, the Corporation shall, if necessary, delay any settlement of such conversion until the second business day after the last day of the Averaging Period. If the Corporation or one of its subsidiaries is obligated to purchase Common Shares pursuant to any such tender or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be such Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

- (e) *Capital Reorganization Events.* In the case of:

- (i) any consolidation, amalgamation or merger of the Corporation with or into another person (other than a merger, amalgamation or consolidation in which the Corporation is the continuing or surviving corporation and in which the Common Shares outstanding immediately prior to the merger, amalgamation or consolidation are not exchanged for cash, securities or other property of the Corporation or another person);
- (ii) any direct or indirect sale, lease, assignment, transfer or conveyance or all or substantially all of the Corporation's consolidated property or assets;



- (iii) any reclassification of Common Shares into securities, including securities other than the Common Shares (other than changes in par value, if any, or resulting from a subdivision or combination); or
  - (iv) any statutory exchange of securities of the Corporation with another person (other than in connection with a merger or acquisition);
- (1) in each case, as a result of which the Common Shares would be converted into, or exchanged for, securities, cash or other property (each, a "Capital Reorganization"), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series D Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, cash, other securities or other property or assets (or any combination thereof) that a holder of a number of Common Shares equal to the amount of Common Shares such Series D Holder is entitled to immediately prior to such Capital Reorganization would have owned or been entitled to receive upon such Capital Reorganization (such shares, securities or other property or assets, the "Reference Property", with each unit of Reference Property being the kind and amount of Reference Property that a holder of one Common Share would have received in such Capital Reorganization).

Prior to or at the effective time of such Capital Reorganization, the Corporation or the successor or purchasing person, as the case may be, shall execute and deliver such supplemental instruments, if any, as the Corporation reasonably determines are necessary or desirable to (x) provide for subsequent adjustments to the Conversion Rate pursuant to Section 8 in a manner consistent with this Section 8(e); and (y) give effect to such other provisions, if any, as the Corporation reasonably determines are appropriate to preserve the economic interests of the holders. If the Reference Property includes shares of stock or other securities or assets of a person other than such successor person, then such other person will also execute such supplemental instrument(s) and such supplemental instrument(s) will contain such additional provisions, if any, that the Corporation reasonably determines are appropriate to preserve the economic interests of holders.

In each case, if a Capital Reorganization causes the Common Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series D Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares. The Corporation shall notify the Series D Holders of such weighted average as soon as practicable after such determination is made.

None of the foregoing provisions shall affect (x) the right of a Series D Holder to convert its Series D Preferred Shares (1) into Common Shares prior to the effective time of such Capital Reorganization or (2) into Common Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 5, or, (y) if the event constituting a Capital Reorganization is also a Change of Control, the obligation of the Corporation to automatically convert the Series D Preferred Shares in connection with such transaction pursuant to Section 7.

The provisions of this Section 8(e) shall similarly apply to successive Capital Reorganization events. This Section 8(e) shall not apply to any share split or combination to which Section 8(a) is applicable or to a liquidation event.

- (f) *Minimum Adjustment.* The adjustments provided for in this Section 8 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 8, provided that, notwithstanding any other provision of this Section 8, no adjustment of the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Rate then in effect; provided however, that any adjustments which by reason of this Section 8(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

- (g) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no *adjustment* to the Conversion Rate need be made: (A) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in Common Shares under any plan; (B) upon the issuance of any Common Shares or rights, options, restricted share units, warrants or similar securities to purchase those shares pursuant to any present or future employee, director or consultant benefit or incentive plan or program of or assumed by the Corporation or any of its subsidiaries; (C) upon the repurchase of any Common Shares pursuant to an open market share repurchase program or other buy-back transaction, including structured or derivative transactions, that is not a tender offer or exchange offer of the nature described in Section 8(d); (D) for the sale or issuance of Common Shares, or securities convertible into or exercisable for Common Shares, for cash, including at a price per share less than the fair market value thereof or otherwise or in an acquisition, except as described in one of Section 8(a) through Section (d) above; (E) for a third-party tender offer; (F) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Original Issuance Date; or (G) for any other issuance of Common Shares or any securities convertible into or exchangeable for Common Shares or the right to purchase Common Shares or such convertible or exchangeable securities, except as described above.
- (h) *Rules of Calculation.* All calculations will be made to the nearest one *hundredth* of a cent. Except as explicitly provided herein, the number of Common Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares. The Corporation shall not be required to issue fractional Common Shares upon the conversion of Series D Preferred Shares. Any fractional Common Share shall be rounded down to the nearest whole number.
- (i) *Waiver.* Notwithstanding anything in this Section 8 to the contrary, no adjustment need be made to the Conversion Rate for any event with respect to which an adjustment would otherwise be required pursuant to this Section 8 if the Corporation receives, prior to the effective time of the adjustment to the *Conversion* Rate, written notice from the holders representing at least a majority of the then outstanding Series D Preferred Shares that no adjustment is to be made as the result of a particular issuance of Common Shares or other dividend or other distribution on Common Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or other dividend or other distribution on Common Shares or any other event not specifically provided for in such notice.
- (j) *Reservation of Shares.* For the purpose of effecting the conversion of Series D Preferred Shares, the Corporation shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized *but* unissued Common Shares the full number of Common Shares deliverable upon the conversion of all outstanding Series D Preferred Shares after taking into account any adjustments to the Conversion Rate from time to time pursuant to the terms of this Section 8 and any increases to the Liquidation Preference from time to time and assuming for the purposes of this calculation that all outstanding Serie D Preferred Shares are held by one holder. All Common Shares delivered upon conversion of Series D Preferred Shares shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the holders) and free of preemptive rights.

## 26.7 Series E Voting Preferred Shares

The special rights and restrictions attached to the Series E Nonvoting Preferred Shares (the "**Series E Preferred Shares**") are as follows:

### (1) Definitions

Where used herein, the following terms shall have the following respective meanings:

- (a) "10% Insider Restriction" means the maximum number of Common Shares that can be issued upon the conversion of Series E Preferred Shares to any particular Series E Holder without resulting in such Series E Holder becoming, following completion of the conversion of Series E Preferred Shares, a reporting insider of the Corporation by virtue of post-conversion beneficial ownership of securities of the Corporation pursuant to NI 55-104;
- (b) "Board of Directors" means the board of directors of the Corporation;
- (c) "Capital Stock" of any person means any and all shares of, interests in, rights to purchase, warrants or options for, participations in, or other equivalents of, in each case however designated, the equity of such person;
- (d) "Change of Control" means, collectively, (i) any transaction (whether by purchase, merger or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquire(s) the right to cast, at a general meeting of shareholders of the Corporation, more than 50% of the votes that may be ordinarily cast at a general meeting; (ii) the Corporation's amalgamation, consolidation or merger with or into any other person, any merger of another person into the Corporation, unless the holders of voting securities of the Corporation immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Corporation or the successor entity upon completion of the amalgamation, consolidation or merger; or (iii) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Corporation's and the Corporation's subsidiaries' assets and properties, taken as a whole, to another arm's length person;
- (e) "Closing Share Price" means the closing market price of the Common Shares on the CSE (or the principal securities exchange or market on which the Common Shares are listed or quoted or if no such prices are available, the fair market value of a Common Share as reasonably determined by the Board of Directors) on the trading day preceding the applicable date;
- (f) "Common Shares" means the common shares in the capital of the Corporation as currently constituted, or as such shares may be changed from time to time;
- (g) "Conversion Rate" has the meaning ascribed to such term in Section 5;
- (h) "Corporation" means IONIC Brands Corp.;
- (i) "CSE" means the Canadian Securities Exchange;
- (j) "Effective Date" means the first date on which the Common Shares trade on the CSE, reflecting the relevant share split or share combination, as applicable;
- (k) "Ex-Date" when used with respect to any issuance, dividend or distribution, means the first date on which the Common Shares (or other applicable security) trade on the applicable exchange or in the applicable market, without the right to receive such issuance, dividend or distribution in question from the Corporation or, if applicable, from the seller or the Common Shares (or other applicable security) on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market;
- (l) "Initial Amount" means the issuance of price of \$0.30;
- (m) "Liquidation Distribution" means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;

- (n) "Liquidation Preference" has the meaning ascribed to such term in Section 4;
- (o) "NI 55-104" means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*;
- (p) "Original Issuance Date" means March 5, 2021;
- (q) "person" means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof;
- (r) "Record Date" means, when used with respect to any dividend, distribution or other transaction or event in which the holders of the Common Shares (or other applicably security) have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Shares (or other applicable security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise);
- (s) "Retraction Date" means the date that is four years from the issuance date;
- (t) "Series E Holder" means a holder of Series E Preferred Shares;
- (u) "Spin-Off" means the Corporation makes a dividend or distribution to all or substantially all holders of Common Shares consisting of Capital Stock of, or similar equity interests in, or relating to, a subsidiary or other business unit of the Corporation that, upon issuance, will be traded on a U.S. or Canadian national securities exchange;
- (v) "trading day" means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business;
- (w) "Transfer Agent" means the transfer agent appointed by the Corporation for the Series E Preferred Shares and, in the event that no such person is appointed, "Transfer Agent" means the Corporation;
- (x) "Valuation Period" has the meaning ascribed to such term in Section 8(c);
- (y) "VWAP" means the per share volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the CSE (or if the Common Shares are no longer traded on the CSE, on such other recognized stock exchange as the Common Shares are then traded); and
- (z) "Yearly Dividend" has the meaning ascribed to such term in Section 3.

(2) Meetings and Voting Rights

Subject to the provisions of the *Business Corporations Act* (British Columbia), Series E Holders shall not be entitled, as such to receive notice of or to attend or vote at any meetings of shareholders of the Corporation, other than a meeting of Series E Holders.

(3) Dividends

For the first two (2) years following the issuance of the Series E Preferred Shares, the Series E Holders shall be entitled to receive an annual, cumulative, preferential dividend equal to thirteen percent (13%) of the Initial Amount per Series E Preferred Share (the "Yearly Dividend"), accrued daily and paid annually, or on the date of conversion of the Series E Preferred Shares, as the case may be, and payable in Common Shares at the Closing Share Price on the applicable payment date. Any accumulation of dividends on the Series E Preferred Shares shall not bear interest. Such dividends shall accrue from and including the date of issue of the Series E Preferred Shares, and, subject as hereinafter provided, shall be payable on the 31st day of December in each year. The first dividend payment date shall be December 31, 2021. After two (2) years following the date of the issuance of the Series E Preferred Shares, the Yearly Dividend will cease. Subject to the *Business Corporations Act* (British Columbia), the Board of Directors may from time to time declare and authorize payment of dividends as they may deem advisable. The dividend may be settled with cash or Common Shares at the option of the Corporation. Common Shares shall be issued at the Closing Share Price.

(4) Rights on Liquidation, Dissolution, or Winding-Up

In the event of any Liquidation Distribution, each Series E Holder shall be entitled to receive one hundred percent (100%) of distributable cash on a priority basis ahead of all Common Shares and any other shares of the Corporation ranking junior to the Series E Preferred Shares (and, for greater certainty, the Series D Voting Preferred Shares of the Corporation shall rank *pari passu* with the Series E Preferred Shares), in an amount up to one hundred percent (100%) of the Initial Amount (the "Liquidation Preference") (calculated cumulative with all prior distributions in respect of the Liquidation Preference). Upon a sale of less than substantially all of the assets of the Corporation (other than ordinary course and *de minimis* transactions), each Series E Holder shall be entitled to share in the distributable cash on a priority basis ahead of all Common Shares and any other shares of the Corporation ranking junior to the Series E Preferred Shares (and, for greater certainty, the Series D Voting Preferred Shares of the Corporation shall rank *pari passu* with the Series E Preferred Shares) in an amount up to one hundred percent (100%) of the Liquidation Preference (calculated cumulatively with all prior distributions in respect of the Liquidation Preference). If the remaining property and assets of the Corporation are not sufficient to provide for payment in full to the Series E Holders of the amounts provided above, and to the holders of any Series D Voting Preferred Shares of the Corporation, then such remaining property and assets of the Corporation shall be allocated to the holders of the Series E Preferred Shares and Series D Voting Preferred Shares of the Corporation on a *pro rata* basis without preference or distinction.

(5) Conversion

At such time as the Series E Holders may direct, each Series E Preferred Share may be converted into one Common Share (as the same may be adjusted from time to time pursuant to Section 8 below, (the "Conversion Rate") and any accrued and unpaid dividend shall be paid in Common Shares at the Closing Share Price at the time of conversion and such Series E Preferred Shares so converted may not be reissued by the Corporation. At no time, shall a Series E holder convert Series E Preferred Shares into Common Shares if such conversion would result in such Series E Holder owning or controlling, directly or indirectly Common Shares that would exceed the 10% Insider Restriction on a post-conversion basis.

(6) Retraction

On or after the Retraction Date, any outstanding Series E Preferred Shares shall automatically be converted into Common Shares at the Conversion Rate and any accrued and unpaid dividends shall be converted into Common Shares at the Closing Share Price; provided that, in the event a conversion of Series E Preferred Shares hereunder would result in a Series E Holder exceeding the 10% Insider Restriction on a post-conversion basis, the effectiveness of such conversion will be conditional upon the Corporation obtaining the prior written consent of such Series E Holder.

(7) Forced Conversion

If prior to the Retraction Date, there is a Change of Control, the Corporation shall have the right to convert all the outstanding Series E Preferred Shares into Common Shares at one Common Share for each Series E Preferred Share and any accrued and unpaid dividend, into Common Shares at the Closing Share Price by providing notice to the holders of the Series E Preferred Shares by disseminating a news release; provided that, in the event a conversion of Series E Preferred Shares hereunder would result in a Series E Holder exceeding the 10% Insider Restriction on a post-conversion basis, the effectiveness of such conversion will be conditional upon the Corporation obtaining the prior written consent of such Series E Holder.

(8) Adjustments to Conversion

- (a) *Adjustments for issuances of common shares, share splits and share combinations.* If the Corporation shall, at any time and from time to time while any Series E Preferred Shares are outstanding, issue Common Shares as a dividend or distribution to all or substantially all holders of its Common Shares or the Corporation shall effect a share split or share combination of the Common Shares into a greater or lesser number of Common Shares (in each case excluding an issuance solely pursuant to a Capital Reorganization, as to which Section 8(e) will apply), then the then-applicable Conversion Rate will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times OS_0 / OS_1$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the close of business on the Record Date for such dividend or distribution or immediately prior to the open of business on the Effective Date for such share split or share combination, as the case may be;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on such Record Date or immediately after the open of business on such Effective Date, as the case may be;

$OS_0$  = the number of Common Shares outstanding immediately prior to the close of business on such Record Date or immediately prior to the open of business on such Effective Date, as the case may be (in either case, prior to giving effect to such event); and

$OS_1$  = the number of Common Shares that would be outstanding immediately after, and solely as a result of, such dividend, distribution, share split or share combination.

Any adjustment to the Conversion Rate made pursuant to this Section 8(a) shall become effective immediately after the close of business on the Record Date for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this Section 8(a) is declared but not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to make such dividend or distribution, to such Conversion Rate that would be in effect if such dividend or distribution had not been declared.

- (b) *Adjustments for certain rights, options and warrants.* If the Corporation shall, at any time or from time to time, while any Series E Preferred Shares are outstanding, issue to all or substantially all holders of Common Shares rights, options or warrants (other than rights issued pursuant to a Spin-Off, as to which Section 8(c) will apply) entitling such holders, for a period of up to 45 calendar days from the date of issuance of such rights, options or warrants, to subscribe for or purchase Common Shares at a price per share less than the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such

issuance, then the then-applicable Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_0 + Y) / (OS_0 + X)$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the opening of business on the Record Date for such issuance;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on such Record Date;

$OS_0$  = the number of Common Shares outstanding immediately prior to the close of business on such Record Date;

$X$  = the total number of Common Shares issuable pursuant to such rights, options or warrants; and

$Y$  = the total number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance.

Any adjustment to the Conversion Rate made pursuant to this Section 8(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the close of business on the Record Date for such issuance. In the event that such rights, options or warrants described in this Section 8(b) are not so issued, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to issue such rights, options or warrants, to such Conversion Rate that would then be in effect if such issuance had not been declared. To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights, options or warrants, the Conversion Rate shall be readjusted, effective as of the date of such expiration or the date it is determined such shares will not be delivered, as the case may be, to such Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered.

(c) *Adjustments for Spin-Offs.* In a Spin-Off, the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times MP_0 / (FMV_0 + MP_0)$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the open of business on the Ex-Date for the Spin-Off;

$CR_1$  = the Conversion Rate in effect immediately after the open of business on the Ex-Date for the Spin-Off;

$FMV_0$  = the VWAP (as if references to "Common Shares" therein were references to such shares or similar equity interest distributed to holders of Common Shares) of the shares or similar equity interests so distributed applicable to one Common Share for the 10

consecutive trading day period commencing on, and including, the Ex-Date for the Spin-Off (the "Valuation Period"); and

$MP_0$  = the VWAP for the Valuation Period.

Any adjustment made pursuant to this Section 8(c) will be calculated immediately after the close of business on the last trading day of the Valuation Period but shall be given effect as of immediately after the open of business on the Ex-Date for the Spin-Off; provided that, if any conversion of the Series E Preferred Shares occurs during the Valuation Period, the Corporation shall, to the extent necessary, delay any settlement of such conversion until the second Business Day after the last day of the Valuation Period. In the event that such distribution described in this Section 8(c) is not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Rate that would then be in effect if such distribution had not been announced.

- (d) *Tender Offers or Exchange Offers.* If the Corporation or any of its subsidiaries successfully completes a tender offer or exchange offer for Common Shares (other than a normal course issuer bid under applicable Canadian securities laws) where the cash and the value of any other consideration included in the payment per Common Share validly tendered or exchanged exceeds the VWAP for the 10 consecutive trading day period (the "Averaging Period") commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Tender Offer Expiration Date"), then the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times (SP_0 \times OS_0) / (AC + (SP_0 \times OS_1))$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the close of business on the Tender Offer Expiration Date;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on the Tender Offer Expiration Date;

$SP_0$  = the VWAP over the Averaging Period;

$OS_0$  = the number of Common Shares outstanding immediately prior to the Tender Offer Expiration Date, prior to giving effect to the purchase of any shares accepted for purchase or exchange in such tender offer or exchange offer;

AC = the aggregate value of all cash and the fair market value (as determined by the Board of Directors) on the Tender Offer Expiration Date of any other consideration paid or payable for Common Shares acquired pursuant to such tender offer or exchange offer; and

$OS_1$  = the number of Common Shares outstanding immediately after the Tender Offer Expiration Date, after giving effect to the purchase of all shares accepted for purchase or exchange in such tender offer or exchange offer.

The Conversion Price will in no event be adjusted up pursuant to this Section 8(d), except to the extent provided in the last sentence of this paragraph. Any adjustment to the Conversion Rate pursuant to this Section 8(d) will be calculated as of the close of business on the last trading day of the Averaging Period, but shall be given effect immediately after the close of business on the Tender Offer Expiration Date; provided that, if any conversion of the Series E Preferred Shares occurs during the Averaging Period, the Corporation shall, if necessary, delay any settlement of such conversion until the second business day after the last day of the Averaging Period. If the Corporation or one of its subsidiaries is obligated to purchase Common Shares pursuant to any



such tender or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be such Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(e) *Capital Reorganization Events.* In the case of:

- (i) any consolidation, amalgamation or merger of the Corporation with or into another person (other than a merger, amalgamation or consolidation in which the Corporation is the continuing or surviving corporation and in which the Common Shares outstanding immediately prior to the merger, amalgamation or consolidation are not exchanged for cash, securities or other property of the Corporation or another person);
- (ii) any direct or indirect sale, lease, assignment, transfer or conveyance of all or substantially all of the Corporation's consolidated property or assets;
- (iii) any reclassification of Common Shares into securities, including securities other than the Common Shares (other than changes in par value, if any, or resulting from a subdivision or combination); or
- (iv) any statutory exchange of securities of the Corporation with another person (other than in connection with a merger or acquisition);

In each case, as a result of which the Common Shares would be converted into, or exchanged for, securities, cash or other property (each, a "Capital Reorganization"), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series E Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, cash, other securities or other property or assets (or any combination thereof) that a holder of a number of Common Shares equal to the amount of Common Shares such Series E Holder is entitled to immediately prior to such Capital Reorganization would have owned or been entitled to receive upon such Capital Reorganization (such shares, securities or other property or assets, the "Reference Property", with each unit of Reference Property being the kind and amount of Reference Property that a holder of one Common Share would have received in such Capital Reorganization).

Prior to or at the effective time of such Capital Reorganization, the Corporation or the successor or purchasing person, as the case may be, shall execute and deliver such supplemental instruments, if any, as the Corporation reasonably determines are necessary or desirable to (x) provide for subsequent adjustments to the Conversion Rate pursuant to Section 8 in a manner consistent with this Section 8(e); and (y) give effect to such other provisions, if any, as the Corporation reasonably determines are appropriate to preserve the economic interests of the holders. If the Reference Property includes shares of stock or other securities or assets of a person other than such successor person, then such other person will also execute such supplemental instrument(s) and such supplemental instrument(s) will contain such additional provisions, if any, that the Corporation reasonably determines are appropriate to preserve the economic interests of holders.

In each case, if a Capital Reorganization causes the Common Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series E Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares. The Corporation shall notify the Series E Holders of such weighted average as soon as practicable after such determination is made.

None of the foregoing provisions shall affect (x) the right of a Series E Holder to convert its Series E Preferred Shares (1) into Common Shares prior to the effective time of such Capital Reorganization or (2) into Common Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 5, or, (y) if the event

constituting a Capital Reorganization is also a Change of Control, the obligation of the Corporation to automatically convert the Series E Preferred Shares in connection with such transaction pursuant to Section 7.

The provisions of this Section 8(e) shall similarly apply to successive Capital Reorganization events. This Section 8(e) shall not apply to any share split or combination to which Section 8(a) is applicable or to a liquidation event.

- (f) *Minimum Adjustment.* The adjustments provided for in this Section 8 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 8, provided that, notwithstanding any other provision of this Section 8, no adjustment of the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Rate then in effect; provided however, that any adjustments which by reason of this Section 8(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (g) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no adjustment to the Conversion Rate need be made: (A) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in Common Shares under any plan; (B) upon the issuance of any Common Shares or rights, options, restricted share units, warrants or similar securities to purchase those shares pursuant to any present or future employee, director or consultant benefit or incentive plan or program of or assumed by the Corporation or any of its subsidiaries; (C) upon the repurchase of any Common Shares pursuant to an open market share repurchase program or other buy-back transaction, including structured or derivative transactions, that is not a tender offer or exchange offer of the nature described in Section 8(d); (D) for the sale or issuance of Common Shares, or securities convertible into or exercisable for Common Shares, for cash, including at a price per share less than the fair market value thereof or otherwise or in an acquisition, except as described in one of Section 8(a) through Section (d) above; (E) for a third-party tender offer; (H) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Original Issuance Date; or (F) for any other issuance of Common Shares or any securities convertible into or exchangeable for Common Shares or the right to purchase Common Shares or such convertible or exchangeable securities, except as described above.
- (h) *Rules of Calculation.* All calculations will be made to the nearest one hundredth of a cent. Except as explicitly provided herein, the number of Common Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares. The Corporation shall not be required to issue fractional Common Shares upon the conversion of Series E Preferred Shares. Any fractional Common Share shall be rounded down to the nearest whole number.
- (i) *Waiver.* Notwithstanding anything in this Section 8 to the contrary, no adjustment need be made to the Conversion Rate for any event with respect to which an adjustment would otherwise be required pursuant to this Section 8 if the Corporation receives, prior to the effective time of the adjustment to the Conversion Rate, written notice from the holders representing at least a majority of the then outstanding Series E Preferred Shares that no adjustment is to be made as the result of a particular issuance of Common Shares or other dividend or other distribution on Common Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or other dividend or other distribution on Common Shares or any other event not specifically provided for in such notice.
- (j) *Reservation of Shares.* For the purpose of effecting the conversion of Series E Preferred Shares, the Corporation shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized but unissued Common Shares the full number of Common Shares deliverable upon the conversion of all outstanding Series E Preferred Shares after taking into account any adjustments to the Conversion Rate from time to time pursuant to the terms of this

Section 8 and any increases to the Liquidation Preference from time to time and assuming for the purposes of this calculation that all outstanding Series E Preferred Shares are held by one holder. All Common Shares delivered upon conversion of Series E Preferred Shares shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the holders) and free of preemptive rights.